

E.SUN FINANCIAL HOLDING CO., LTD.

GENERAL SHAREHOLDERS MEETING 2019

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, 14 June 2019 (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 8,164,937,057 shares (including 6,908,285,670 shares represented by the shareholders by electronic voting method), representing 75.40% of the total issued shares of the Company (10,828,900,000 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, Mao-Chin Chen

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

Ying-Chou Chen, CPA 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 report

1. Report on the state of business of the Company in fiscal year 2018 by the President.

Decision: Report noted.

2. Report on the inspection and auditing of the final account for fiscal year 2018 and communications with internal auditing officers by the Audit Committee.

Explanation:

(1) The Company's financial statements for 2018 were audited by the Audit Committee, and all the independent directors jointly issued an audit report thereof.

(2) The communication between the Audit Committee and the internal audit supervisor is as follows:

Date	Object	Issues to communicate	Result
January 16, 2018	General Auditor	Submission of the 2017 Q4 audit working papers	Duly noted without further recommendations
April 25, 2018	General Auditor	Submission of the 2018 Q1 audit working papers	Duly noted and proceed as recommended.
August 07, 2018	General Auditor	Submission of the 2018 Q2 audit working papers	Duly noted without further recommendations.
November 08, 2018	General Auditor	Submission of the 2018 Q3 audit working papers and the reports from the securities and banking subsidiaries to the directors	Duly noted and proceed as recommended.
		Submission of the 2019 audit plan	1. The plan was passed by a unanimous vote and submitted to the Board of Directors for approval. 2. Proceed as recommended.

Decision: Shareholder with A/C No. 262911 raised questions regarding annual report disclosures and shareholder with A/C No. 289946 raised questions regarding international trends, overseas markets, and the Company's prospects. The Chairman and the President replied to the shareholder and report noted.

3. Amendment of the "Corporate Social Responsibility Best Practice Principles" and report of plans for promoting CSR.

Explanation:

(1) This report is made in accordance with the Corporate Social Responsibility Best Practice Principles, Article 5 and Article 7.

(2) A summary of the key amendments to the Company's Corporate Social Responsibility Best Practice Principles is as follows. A comparison chart can be found below (please refer to Appendix 1 on p.57~p.65 of this Handbook for the full amended version).

2.1 Add wording to incorporate ESG into the Company's management guidelines and specify it as the direction for operating activities (Article 3).

2.2 Specify the major international corporate social responsibility principles the Company complies with (Article 5).

2.3 Revise wording to accommodate actual practices (articles 13, 15, 23)

2.4 Revise departmental name to accommodate organizational adjustment (Article 14).

(3) To fulfill its social responsibility as well as sustainable development, the Company, with a long-term commitment and systematic measures, endeavors to focus on three main dimensions; economic, social, and environmental. A summary of the Company's 2019 Plan for Fulfilling Corporate Social Responsibility is as follows:

3.1 Economic Dimension

3.1 Economic Dimension

3.1.1 Legal Compliance:

In order to implement compliance evaluation mechanism and control risk well, E.SUN refine whistleblowing policy to improve the procedure. The Company has set up dedicated teams, kept the whistleblower's identity and provided protection against retaliation.

3.1.2 Information Security:

Established Security Operations Center (SOC) and dedicated information security officers in every business unit. We also enhance the number of employee to acquire the ISO27001 Lead Auditor Certificate.

3.1.3 Anti-Money Laundering:

E.SUN builds and refines an anti-money laundering system in accordance with international anti-money laundering standards including CDD functions, suspicious transaction monitoring logic and parameter settings. We also strengthen training on Anti-Money Laundering to help employees to keep pace with time in terms of expertise and skills.

3.1.4 Corporate Governance:

E.SUN will enhance the information transparency in English official website and improve the quality of non-financial information disclosure. We aims to issue handbook for Board of Directors to help them discharge the responsibilities.

3.2 Social Aspect

3.2.1 Care For Employees:

Continued to improve diversified employee communication and promote work-life balance. E.SUN works hard to implement benefits that cultivate a happy workplace and team environment.

3.2.2 Financial Inclusion:

All physical channels in Taiwan will provided JPY and USD in foreign currency ATM. On digital channel, we have received the AAA certification from the National Communications Commission in 2019. E.SUN aims to create convenient service experiences for online users, thereby achieving the goal of financial inclusion.

3.2.3 Talent Cultivation:

Continue to strengthen training, job rotation, and learning at E.SUN in response to E.SUN's long-term development strategy, and thereby enhance employees' future competitiveness.

3.2.4 Social Welfare:

3.2.4.1 Academic Education

Human resource is the valuable asset of the company, so E.SUN makes a great effort in academic education, including building 13 E.SUN libraries by Golden Seed Project, an industry-academia cooperation with 13 universities, E.SUN Outstanding Management Talent Scholarship and International Masters Forum.

3.2.4.2 Social Engagement

E.SUN continued to promote activities such social enterprise development which works with Taipei city government, The Concern for Schoolchildren Program, partnered with corporates of industry leader to co-host the blood donation event, overseas volunteer clinics and Community Housing Project in Cambodia. We hope to bring love and care to the community.

3.2.4.3 Sports

E.SUN focus on junior baseball development and hold a series of activities such as E.SUN Cup International AAA Baseball Tournament, E.SUN Junior Baseball Camp, E.SUN Junior Baseball Protection Camp and Remote Caring Program.

3.2.4.4 Arts and Humanities

E.SUN always holds the For Mother - Mother's Day Music Concert in May and being a long term supporter of arts and culture. We has invited the Vienna Boys' Choir to perform in Taiwan every year since 2011. The heavenly voices of the Bruckner members of the Vienna Boys Choir were enjoyed by 6,000 in five

concerts in Taipei, Taichung, Chiayi, Kaohsiung, and Hualien.

3.3 Environmental Aspect

3.3.1 Environmental protection and saving energy:

E.SUN continued to acquire the green building license for newly built bank buildings or build solar-powered branches. Continue to implement energy conservation and carbon reduction measures with the goal of reducing annual emissions by 1% per capita. E.SUN also installs sanitation equipment with EPA certification for water efficiency.

3.3.2 Low Carbon Operations:

E.SUN is actively working to introduce greater accountability into our head office and 138 nationwide branches by adopting the ISO14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064-1 Organizational Greenhouse Gas Inventory, ISO 14046 Water Footprint Inventory, and ISO 14064 Greenhouse Gas Inventory System (Scope 3), allowing us to comprehensively assess and manage our carbon emissions and formulate corresponding actions plans to reduce greenhouse gas emissions.

3.3.3 Climate Change Risks:

E.SUN delivers periodic reports to the Board of Directors and the Financial Holdings Risk Management Committee to ensure that board members and senior management are keenly aware of how climate change is impacting the company. Moreover, E.SUN has developed a robust reporting framework based on the Recommendations of the Task Force on Climate-related Financial Disclosures to provide relevant and reliable information concerning the company's financial fundamentals to investors, financiers, and other stakeholders.

3.3.4 Sustainable Finance:

E.SUN focus on green finance and promote Equator Principles. E.SUN Bank Investment Policy attaches importance to the corporate social responsibility performance of the investee target. Based on the Principles for Responsible Investment (PRI), ESG issues were incorporated in investment analyses and decision-making processes. In 2019, we will issue zero-carbon credit cards and to have great impact to the society.

The foregoing programs may, if the circumstance required or if needed, be adjusted by the Chairman or its designated person on the basis of the environment or special needs.

Decision: Report noted.

Comparison Chart:

Amendment of the Corporate Social Responsibility Best Practice Principles of E.SUN FHC

After amended	Before amended	Explanations
<p>Article 3 In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society, and corporate governance.</p> <p><u>Over the course of KYC, business evaluation, and product and service development, the Company shall, by means of rendering financial services or channeling funds, take account of such sustainable development elements as society and the environment and incorporate them into relevant processes. These include introducing assessment of the impact on society and environmental sustainability, building relevant mechanisms, and gradually reducing negative effects on society and the environment, thereby facilitating social development and environmental sustainability.</u></p>	<p>Article 3 In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society, and corporate governance.</p>	<p>To demonstrate its commitment to ESG, the Company decides to incorporate ESG into its management guidelines and specify it as the direction for operating activities.</p>
<p>Article 5 The Company shall <u>continue to track international trends on the corporate social responsibility front, including the Sustainable Development Goals of the U.N., the Principles for Responsible Banking, the Principles for Responsible Investment, and the Paris Agreement while complying with the Equator Principles and signing up for relevant requirements issued by the Task Force on Climate-Related Financial Disclosures.</u> The Company shall also take into consideration the correlation between the development of domestic and foreign corporate social responsibility principles and corporate core business operations, and the effect of the operation of the Company and of</p>	<p>Article 5 The Company shall take into consideration the correlation between the development of domestic and foreign corporate social responsibility principles and corporate core business operations, and the effect of the operation of the Company and of its respective subsidiaries as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported in the shareholders meeting.</p> <p>When a shareholder proposes a motion involving corporate social</p>	<p>To demonstrate its commitment to ESG, the Company decides to incorporate ESG into its management guidelines and specify it as the direction for operating activities.</p>

After amended	Before amended	Explanations
<p>its respective subsidiaries as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported in the shareholders meeting.</p> <p>When a shareholder proposes a motion involving corporate social responsibility, the Company's board of directors should review and consider including it in the shareholders meeting agenda.</p>	<p>responsibility, the Company's board of directors should review and consider including it in the shareholders meeting agenda.</p>	
<p>Article 13</p> <p>The Company shall establish proper environment management systems. Such systems shall include the following tasks:</p> <p>I. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.</p> <p>II. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.</p> <p>III. Adopting enforcement measures such as concrete plans or action plans, and examining the results of its operation on a regular basis.</p>	<p>Article 13</p> <p>The Company shall establish proper environment management systems <u>based on the characteristics of its industry</u>. Such systems shall include the following tasks:</p> <p>I. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.</p> <p>II. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.</p> <p>III. Adopting enforcement measures such as concrete plans or action plans, and examining the results of its operation on a regular basis.</p>	<p>Wording revision.</p>
<p>Article 14</p> <p>The Company shall appoint the <u>Administration Division</u> as the dedicated environmental management unit for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and shall hold environment education courses for managerial officers and other employees on a periodic basis.</p>	<p>Article 14</p> <p>The Company shall appoint the <u>FHC Head Office Administrative Management Division (Management)</u> as the dedicated environmental management unit for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and shall hold environment education courses for managerial officers and other employees on a periodic basis.</p>	<p>Revise departmental name to accommodate organizational adjustment.</p>

After amended	Before amended	Explanations
<p>Article 15 The Company shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations: III. Provide digital financial services and <u>promote paperless transactions.</u></p>	<p>Article 15 The Company shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations: III. Provide digital financial services and <u>prolong the durability of products to improve product and service performance.</u></p>	<p>Revise wording to accommodate actual practices and the trends toward going digital and doing without paper.</p>
<p>Article 23 The Company shall take responsibility for its products and services and take marketing ethics seriously. In the process of <u>delivering financial products</u> and services, the Company shall ensure the transparency and safety of its products and services, establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations in order to prevent products and services from adversely impacting the rights, interests, health, and safety of consumers.</p>	<p>Article 23 The Company shall take responsibility for its products and services and take marketing ethics seriously. In the process of <u>research and development, procurement, production, operations,</u> and services, the Company shall ensure the transparency and safety of its products and services, establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations in order to prevent products and services from adversely impacting the rights, interests, health, and safety of consumers.</p>	<p>Revise wording to accommodate actual practices.</p>

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

Explanation:

- (1) This proposal is made in accordance with Article 36 of the Articles of Incorporation of the Company.
- (2) Prior to remuneration distribution to employees and directors, the Company's pretax profit for 2018 came in at NT\$17,167,681,097. In accordance with the ratios in the Articles of Incorporation, employee compensation (2.7%) was NT\$463,527,390 (including stock and cash compensation), and director compensation (not exceeding 0.9%) was NT\$111,800,000 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.

5. Report on directors' and managers' remuneration policy

Explanation:

- (1) The percentage of total profits distributed to directors as remuneration is based on the regulations set forth in Article 36 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on the regulations set forth in Article 27-1. The remuneration is meant to reflect the level of involvement in and contribution to the Company's operations. With remuneration granted by industry peers also taken into account, the board is authorized to determine the level of such remuneration.
- (2) The Company amended the Director Remuneration Policy at the 14th meeting of the 6th board of directors on March 15, 2019. The amendment added a provision that the amount of director salary, payment method, and future risks for the company would have to be considered in negotiation for director remuneration. Furthermore, another provision was added to follow the New Corporate Governance Blueprint and require that when a company sustains a material decline in net income, director remuneration not increase more than it did in the previous year. Moreover, to create a link between director performance evaluation and remuneration and personal performance and future risks, a number of "personal performance" criteria were added to the calculation and distribution of director remuneration. The policy was also made to explicitly state that director remuneration might be reduced or rescinded if a director was found involved in a moral risk incident or any other

incident that might have a negative impact on the company's image or reputation. The amended calculation and distribution of director remuneration above shall come into effect in 2020 when the 2019 director remuneration will be processed.

(3)The performance review of the Company's senior managers and the policy, system, criteria, and structure with regard to their remuneration are subject first to deliberations of the Remuneration Committee and then to approval of the Board of Directors. With salary levels of the Company, industry peers, and the market at large taken into account, such remuneration is granted on the basis of managers' professional experience and in accordance with the E.SUN FHC Guidelines for Remuneration of Managers. To motivate managers to achieve and exceed corporate goals, create earnings, and advance business performance, the Company evaluates the remuneration of managers on a regular basis, during which the correlation with future risk is also taken into account. Meanwhile, a reward deferral mechanism is implemented in accordance with the E.SUN Company Guidelines for Long-Term Incentives so that the remuneration of managers can be linked to the Company's business performance more closely. On the other hand, bonuses for managers are bound to be adversely affected in the event of any major risk event that threatens to undermine corporate reputation, management deficiencies, abuses of various sorts, etc. Meanwhile, the Company will conduct stress tests and scenario simulations to gauge risk that is likely to emerge in the future, based on which the Risk Management Committee will submit a quarterly risk exposure report to the Board of Directors.

Decision: Report noted.

6. Amendment of the "Ethical Corporate Management Best Practice Principles"

Explanation:

(1)The key point of the amendment is as follows:

In line with the Company's newly adopted Regulations for Handling Whistleblower Reports, it is made clear that the handling and investigation of whistleblower reports shall be conducted in accordance with provisions of the said regulations (Article 23).

(2) Please refer to Appendix 2 on p.66~p.72 of this Handbook for the full text of the Ethical Corporate Management Best Practice Principles.

Decision: Report noted.

Comparison Chart:

Amendment of the Ethical Corporate Management Best Practice Principles of E.SUN FHC

After amended	Before amended	Explanations
<p>Article 23 (Whistleblower System) <u>In accordance with Article 34-2 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, the Company enacts the Regulations for Handling Whistleblower Reports to govern its whistleblower system, based on which an independent unit at headquarters is charged with handling and investigating whistleblower reports.</u></p>	<p>Article 23 (Whistleblower System) <u>E.SUN FHC shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</u> <u>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.</u> <u>2. The Administrative Management unit shall be appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</u> <u>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</u> <u>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</u> <u>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u> <u>6. Whistle-blowing incentive measures. When material misconduct or likelihood of material impairment to E.SUN FHC comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</u></p>	<p>The handling and investigation of whistleblower reports shall be conducted in accordance with provisions of the Company's Regulations for Handling Whistleblower Reports.</p>

7. Report on 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\$3.8 billion in subordinated corporate bonds due to be maturing on June 29, 2019, the Company sought and secured approval of the Taipei Exchange in its letters of January 7, 2019 (ref. Zheng-Gui-Zhai-Zi No. 10700328741) to issue NT\$4 billion respectively in unsecured corporate bonds. Please refer to Appendix 3 on p.73~p.74 of this Handbook for details concerning the issuance regulations.

Decision: Shareholder with A/C No. 262911 raised questions regarding the purpose of the Company's corporate bond offering and use of funds thus raised, and shareholder with A/C No. 289946 raised questions regarding accounts receivable, the cost of constructing the Company's new head office building, and internal control. The Chairman, President and CFO replied to the shareholder and report noted.

III. Matters for ratification

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

Proposal: Recognition of the Company's business report and financial statements for fiscal year 2018.

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 statements of the Company produced on the year 2018 along with the books and accounts including the business report approved on 15 March 2019 by the 14th meeting of the 6th Board of Directors were audited and certified by Mr. Chen Yin-Chou and Mr. Huang Jui-Chan, both of whom were CPA of Deloitte & Touche (Taiwan). The books and accounts were inspected by the Audit Committee and further examined by the independent directors in their inspection report as containing no irregularity afterwards. (Please refer to appendices 4 and 5 on p.75~p.91 of this Handbook.)

Resolution: 1. Shareholder with A/C No. 262911 raised questions regarding the use of funds raised from the Company's corporate bond offering, NPL provisions, and status of ongoing construction of the Company's new head office building as well as made suggestions regarding mobile payment applications, and shareholder with A/C No. 289946 raised questions regarding non-recourse accounts receivable financing and financial statements. The President replied to the shareholder and instructed to put to the vote.

2. This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	6,975,958,622 (5,782,152,674 shares)	85.44%	1,783,725 (1,660,725 shares)	1,187,194,710 (1,124,472,271 shares)

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

Proposal: Proposal of net income distribution for fiscal year 2018.

Explanation:

1. The proposed is in accordance with Article 36-1 of the Articles of Incorporation of the Company.
2. With beginning retained earnings of NT\$7,240,840 for fiscal 2018 and considering the retroactive application adjustment of NT\$172,330,930, the Company's adjusted preliminary undistributed earnings for the year came in at NT\$179,571,770. After deductions of NT\$6,676,922 in retained earnings from remeasurements of defined benefit plans and NT\$139,209,527 in retained earnings adjusted for investments under the equity method, the adjusted cumulative earnings stood at NT\$33,685,321. Plus the year's net income of NT\$17,068,493,236 and minus a NT\$1,706,849,324 appropriation of legal reserve, the Company has an amount of NT\$15,395,329,233 in earnings distributable for the current year. It is planned to allocate shareholders bonuses totaling TWD15,387,866,900, where share bonuses will be NT\$ \$0.711 per share (totaling NT\$7,699,500,000) while cash dividends will be TWD \$0.710 per share (totaling NT\$ 7,688,366,900). The balance of TWD 7,462,333 is retained as non-distributed earnings as of the end of the period.
3. The said share bonuses, to be issued on the distribution record date, shall be distributed, with no consideration paid, to the shareholders as registered in the shareholders roster at the rate of 71.101405 per 1,000 shares in proportion to their shareholding. Fractional shares may be paired with one another, held by other shareholders, into a whole share within the specified time period. For shares remained factional with or without being paired, upon expiration of the said period, cash will nevertheless be paid according to their par value (and rounded to the nearest full Taiwan Dollar) and the Chairman is 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; where there is any cash dividends less than TWD 1, its calculation 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 fully authorized 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 shareholders' meeting, the Board of Directors and /or the chairman of the Company is authorized to determine the cash dividend record date. Upon approval of the competent authority, the Board of Directors and /or the Chairman of the Company is authorized to determine the stock dividend record date.

Resolution: 1. Shareholder with A/C No. 289946 raised questions regarding the Company's capital increasing and dividend policy, and shareholder with A/C No. 262911 made suggestions regarding director remunerations and employee benefits. The Chairman and President replied to the shareholder and instructed to put to the vote.

2. This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	7,002,836,043 (5,809,030,095 shares)	85.77%	2,821,935 (2,698,935 shares)	1,159,279,079 (1,096,556,640 shares)

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

As of 31 December 2018

Currency: TWD

Balance of beginning undistributed earnings	7,240,840
Retroactive application adjustment	172,330,930
Adjusted preliminary undistributed earnings	179,571,770
Retained earnings from confirmed benefit plan re-assessment number	(6,676,922)
Retained earnings from the adjusted investments due to employing the equity method	(139,209,527)
Undistributed earnings after adjustment	33,685,321
Net profit after tax for the year	17,068,493,236
Ten percent (10%) to be recorded as legal reserve	(1,706,849,324)
Distributable earnings for the period	15,395,329,233
Distribution items:	
Stock dividend (TWD0.711 per share)	(7,699,500,000)
Cash dividend (TWD 0.710 per share)	(7,688,366,900)
Total shareholders' bonuses	(15,387,866,900)
Profit undistributed as of the end of the period	7,462,333

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: Amendment to article of incorporation

Explanation:

1. This proposal is made pursuant to provisions of the revised Company Act promulgated on November 1, 2018.
2. The key points of the amendments are as follows:
 - (1) To facilitate talent retention and offer greater flexibility in making use of the Company's employee compensation regime, the Company, in accordance with articles 167-1, 167-2, and 267 of the revised Company Act promulgated on November 1, 2018, specifies in its Articles of Incorporation that it may compensate employees by issuing new shares, share subscription warrants, and restricted stock and conducting buybacks. The intended recipients shall include employees of affiliate companies who meet certain criteria (articles 5 and 36).
 - (2) To retain operational flexibility, a range rather than a fixed figure is set for the number of board seats (Article 19).
 - (3) An amendment is made with regard to the distribution of employee compensation in percentage terms, replacing a fixed percentage with a specific range (Article 36).
3. A comparison chart on amendments to the Company's Articles of Incorporation can be found below (please refer to Appendix 6 on p.92~p.101 of this Handbook for the full amended version).

- Resolution:
1. Shareholder with A/C No. 289946 raised questions regarding the Company's outlook for the second half of this year, EPS profits, and the impact of possible interest rate cuts. The Chairman and President replied to the shareholder and instructed to put to the vote.
 2. This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	6,927,320,361 (5,733,514,413 shares)	84.84%	42,541,733 (42,418,733 shares)	1,195,074,963 (1,132,352,524 shares)

Comparison Chart :
Amendment of Articles of Incorporation of E.SUN FHC

After amended	Before amended	Explanation
<p>Article 5 The total capital amount of the Company shall be One Hundred and Fifty Billion New Taiwan Dollars (NT\$150,000,000,000), divided into Fifteen Billion (15,000,000,000) shares at a par value of Ten New Taiwan Dollars (NT\$10) per share. The board of directors is authorized to issue such shares in installments.</p> <p><u>Within the total amount of shares given above, the Company may conduct buybacks and issue share subscription warrants and restricted stock for employees, with the Board of Directors authorized to resolve on doing so in installments. The intended recipients shall include employees of affiliate companies who meet certain criteria.</u></p>	<p>Article 5 The total capital amount of the Company shall be One Hundred and Fifty Billion New Taiwan Dollars (NT\$150,000,000,000), divided into Fifteen Billion (15,000,000,000) shares at a par value of Ten New Taiwan Dollars (NT\$10) per share. The board of directors is authorized to issue such shares in installments.</p>	<p>To facilitate talent retention and offer greater flexibility in making use of the Company's employee compensation regime, the Company, in accordance with articles 167-1, 167-2, and 267 of the revised Company Act promulgated on November 1, 2018, specifies in its Articles of Incorporation that it may compensate employees by issuing share subscription warrants, and restricted stock and conducting buybacks. The intended recipients shall include employees of affiliate companies who meet certain criteria.</p>
<p>Article 19 The Company shall have <u>nine (9) to thirteen (13)</u> directors, who shall form the board of directors. A director shall hold office for a term of three (3) years and shall be eligible for reelection. Directors shall be elected by the shareholders meeting from persons with capacity and good morals. The aggregate number of shares held by the aforementioned board of directors may not be lower than the minimum percentage stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".</p>	<p>Article 19 The Company shall have <u>thirteen (13)</u> directors, who shall form the board of directors. A director shall hold office for a term of three (3) years and shall be eligible for reelection. Directors shall be elected by the shareholders meeting from persons with capacity and good morals. The aggregate number of shares held by the aforementioned board of directors may not be lower than the minimum percentage stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".</p>	<p>To retain operational flexibility, a range rather than a fixed figure is set for the number of board seats.</p>

After amended	Before amended	Explanation
<p>Article 36 The earnings of the Company in a given year (pretax profit before distribution of employee and director compensation) shall be reserved to cover the losses accumulated from previous years. <u>2% to 5%</u> of the balance from the above shall be allocated as employee compensation, while not more than 0.9% shall be allocated as director compensation.</p> <p><u>If employee compensation is to be distributed in the form of shares, the Company may either issue new shares or repurchase existing shares.</u> Recipients of employee compensation shall include employees of affiliate companies who fulfill certain criteria. Proposals of employee and director compensation distribution shall be presented to shareholders' meetings.</p>	<p>Article 36 The earnings of the Company in a given year (pretax profit before distribution of employee and director compensation) shall be reserved to cover the losses accumulated from previous years. <u>2.7%</u> of the balance from the above shall be allocated as employee compensation, while not more than 0.9% shall be allocated as director compensation.</p> <p>Recipients of employee compensation shall include employees of affiliate companies who fulfill certain criteria. Proposals of employee and director compensation distribution shall be presented to shareholders' meetings.</p>	<p>1. Pursuant to the explanation of ratio setting with regard to employee compensation provided for in Article 235-1, paragraph 1 of the Company Act given by the Ministry of Economic Affairs in its letter ref. Jing-Shang-Zi No. 10402413890, the Company may opt for a fixed ratio, a range, or a minimum. The Company decides to amend Article 36, paragraph 1 of its Articles of Incorporation, specifying that the distribution of employee compensation shall be conducted within a specific range.</p> <p>2. To facilitate talent retention and offer greater flexibility in making use of the Company's employee compensation regime, the Company, in accordance with Article 235-1 of the revised Company Act promulgated on November 1, 2018, specifies in its Articles of Incorporation that it may compensate employees by issuing new shares or conducting buybacks.</p>

After amended	Before amended	Explanation
<p>Article 40 These Articles are established on December 10, 2001. The first amendment was made in the shareholders' meeting of June 26, 2002 The second amendment was made in the shareholders' meeting of June 11, 2004. The third amendment was made in the shareholders' meeting of June 10, 2005. The fourth amendment was made in the shareholders' meeting of June 9, 2006. The fifth amendment was made in the shareholders' meeting of June 13, 2008. The sixth amendment was made in the shareholders' meeting of June 22, 2012. The seventh amendment was made in the shareholders' meeting of June 21, 2013. The eighth amendment was made in the shareholders' meeting of June 20, 2014. The ninth amendment was made in the shareholders' meeting of June 8, 2016. The tenth amendment was made in the shareholders' meeting of June 16, 2017. <u>The eleventh amendment was made in the shareholders' meeting of June 14, 2019.</u></p>	<p>Article 40 These Articles are established on December 10, 2001. The first amendment was made in the shareholders' meeting of June 26, 2002 The second amendment was made in the shareholders' meeting of June 11, 2004. The third amendment was made in the shareholders' meeting of June 10, 2005. The fourth amendment was made in the shareholders' meeting of June 9, 2006. The fifth amendment was made in the shareholders' meeting of June 13, 2008. The sixth amendment was made in the shareholders' meeting of June 22, 2012. The seventh amendment was made in the shareholders' meeting of June 21, 2013. The eighth amendment was made in the shareholders' meeting of June 20, 2014. The ninth amendment was made in the shareholders' meeting of June 8, 2016. The tenth amendment was made in the shareholders' meeting of June 16, 2017.</p>	<p>List the amended date.</p>

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 both earnings and employee compensation.

Explanation:

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

The Company currently has TWD 108,289,000,000 in paid-in capital from a total of 10,828,900,000 issued shares. It is proposed that 769,950,000 new shares be issued on the amount of TWD 7,699,500,000 which is the profit distributable to shareholders as dividend; while employee compensation of NT\$463,527,390 included cash and stock remuneration, 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\$22.35 per share on one day immediately before the date when the Board resolution is made. A total of 20,650,000 new shares were issued. The foregoing recapitalized earnings totaled NT\$7,906,000,000 and 790,600,000 shares with a face value of NT\$10 per share were issued. After recapitalization, the Company's paid-in capital was increased to NT\$116,195,000,000, and 11,619,500,000 shares were issued.

2. Source of the fund proposed to be capitalized:

Shareholder stock bonuses and employee stock bonuses from fiscal year 2018 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 with a par value of TWD 10 per share. Holders of the new shares shall hold the same rights and bear the same obligations as the holders of the original issued shares.

5. 769,950,000 shares of the new 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 71.101405 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 10,828,900,000 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: This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	6,966,974,012 (5,773,168,064 shares)	85.33%	3,098,065 (2,975,065 shares)	1,194,864,980 (1,132,142,541 shares)

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

Proposal: Amendment to the Company's "Procedures for assets acquisition or disposal" .

Explanation:

1. This proposal is made pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission on November 26, 2018.
2. The key points of the amendments are as follows:
 - (1) Expand the scope of right-of-use assets; ease the approval procedures for public companies and their parents and subsidiaries to handle the acquisition and disposal of equipment for business use and its rights-of-use assets or the rights-of-use assets of real estate for business use, or such transactions between their directly or indirectly wholly owned subsidiaries; and exempt such companies from the evaluation of cost reasonableness for their acquisition of right-of-use assets of real estate for business use (Article 2, Article 4, Article 6, Article 12, Article 13, Article 15, and Article 25).
 - (2) Specify the scope of derivatives to accommodate the definition of financial instruments under IFRS 9 (Article 3).
 - (3) To clearly define the responsibility of external experts, the Company specifies both the negative qualifications for external experts and the matters in relation to their presentation of evaluation and audits of and statements on appraisal reports or opinions (Article 8).
 - (4) To accommodate actual practices with regard to the leasing of real estate such as plant buildings, the Company proposes to ease provisions governing the acquisition of real estate right-of-use assets from related parties so that it may draw on leasing transactions involving unrelated parties in neighboring areas during the past year as reference points for imputing and estimating the reasonableness of the transaction price (Article 14).
3. A comparison chart on amendments to the Company's Procedures for the Acquisition and Disposal of Assets can be found below (please refer to Appendix 7 on p.102~p.117 of this Handbook for the full amended version).

Resolution: This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	6,967,423,858 (5,773,617,910 shares)	85.33%	2,120,006 (1,997,006 shares)	1,195,393,193 (1,132,670,754 shares)

Comparison Chart :

Amendment of the Procedures for assets acquisition or disposal of E.SUN FHC

After amended	Before amended	Explanations
<p>Article 2</p> <p>These Procedures apply to the following asset categories:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>(2) Real estate (including land, houses and buildings, investment property, <u>and rights to use land</u>) and equipment.</p> <p>(3) Memberships.</p> <p>(4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(5) <u>Right-of-use assets.</u></p> <p>(6) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>(7) Derivatives.</p> <p>(8) Assets acquired or disposed of through mergers, divestments, business acquisitions or share exchange.</p> <p>(9) Other key assets.</p>	<p>Article 2</p> <p>These Procedures apply to the following asset categories:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>(2) Real estate (including land, houses and buildings, investment property, <u>and rights to use land</u>) and equipment.</p> <p>(3) Memberships.</p> <p>(4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>(6) Derivatives.</p> <p>(7) Assets acquired or disposed of through mergers, divestments, business acquisitions or share exchange.</p> <p>(8) Other key assets.</p>	<p>In accordance with the requirements of Article 3 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as revised and issued in Financial Supervisory Commission Order Jin-Guan-Zheng-Fa-Zi No. 1070341072 of Nov. 26, 2018, the scope of right-of-use assets has been enlarged in keeping with rental announcement regulations in International Financial Reporting Standards No. 16.</p>
<p>Article 3</p> <p>Terms used in these Regulations are defined as follows:</p> <p>(1) Derivatives: Forward contracts, option contracts, futures contracts, leveraged guarantee contracts, or swap contracts whose value is determined by <u>specific interest rates, the prices of financial instruments or products, exchange rates, price or fee rate indices, credit ratings or credit indices, or other variables, or combinations of the foregoing</u></p>	<p>Article 3</p> <p>Terms used in these Regulations are defined as follows:</p> <p>(1) Derivatives: Forward contracts, option contracts, futures contracts, leveraged guarantee contracts, or swap contracts whose value is determined by assets, interest rates, exchange rate, indices, or <u>other gains or products, and composite contracts formed from combinations of the foregoing products.</u> As used here, forward contracts do not include</p>	<p>(1) The scope of derivatives in Subparagraph 1 has been revised in conformity with the definition of financial instruments in International Financial Reporting Standards No. 9, and accompanying textual revisions made.</p> <p>(2) Revised in conjunction with Article 107 of the Company Act, where the citation of the</p>

After amended	Before amended	Explanations
<p><u>contracts, or composite contracts or structured products with embedded derivatives</u>. As used here, forward contracts do not include insurance contracts, contract performance contracts, after-sales service contracts, long-term rental contracts, or long-term stocking (sales) <u>contracts</u>.</p> <p>(2) Assets acquired or disposed of through mergers, divestments, business acquisitions or share exchange: Refers to assets acquired or disposed of through mergers, divestments, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156-3</u> of the Company Act.</p> <p>(3) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>(5) Date of Occurrence: Refers to, the earliest of, the signing date, payment date, deal date, date of ownership transfer, the board of directors' resolution date or any other dates when the transaction counterparty and the amount can be verified with certainty. ; Provided, for investment for which approval</p>	<p>insurance contracts, contract performance contracts, after-sales service contracts, long-term rental contracts, or long-term stocking (sales) <u>contracts</u>.</p> <p>(2) Assets acquired or disposed of through mergers, divestments, business acquisitions or share exchange: Refers to assets acquired or disposed of through mergers, divestments, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156, Paragraph 6</u> of the Company Act.</p> <p>(3) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>(5) Date of Occurrence: Refers to, the earliest of, the signing date, payment date, deal date, date of ownership transfer, the board of directors' resolution date or any other dates when the transaction counterparty and the amount can be verified with certainty. ; Provided, for investment for which approval is required, the earlier of the above date or the date of</p>	<p>Company Act in Subparagraph 2 has been corrected to "Article 156-3."</p> <p>(3) Futures commission merchants, securities investment trust enterprises, and securities investment consulting enterprises engaging in proprietary trading have been included within the scope of professional investment enterprises, and the statute has been simplified.</p> <p>(4) Clearly defines the place of business of domestic and foreign stock exchanges and securities dealers.</p>

After amended	Before amended	Explanations
<p>of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(6) Investment in the Mainland Area: Refers to investments in the Mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area announced by the Investment Commission of the Ministry of Economic Affairs.</p> <p>(7) <u>Professional investment enterprises: Financial holding companies, banks, insurance companies, bills finance companies, trust enterprises, securities dealers engaging in proprietary trading or underwriting services, and futures commission merchants, securities investment trust enterprises, securities investment consulting enterprises, and funds engaging in proprietary trading that have been established in accordance with law and are under the management of the local financial competent authority.</u></p> <p>(8) <u>Stock exchanges: Domestic stock exchanges refer to the Taiwan Stock Exchange Corporation; foreign stock exchanges refer to all securities markets that have an organization and are managed by the securities competent authority of the country where they are located.</u></p> <p>(9) <u>Place of business of securities dealers: The place of business of domestic securities dealers refers to the place where a</u></p>	<p>receipt of approval by the competent authority shall apply.</p> <p>(6) Investment in the Mainland Area: Refers to investments in the Mainland China area conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area announced by the Investment Commission of the Ministry of Economic Affairs.</p>	

After amended	Before amended	Explanations
<p><u>securities dealer has established a counter for the implementation of transactions in accordance with the requirements of the Regulations Governing Trading of Securities on Over-The-Counter Markets; the place of business of foreign securities dealers refers to the place of business of a financial institution under the management of a foreign country's securities competent authority and permitted to engage in securities business.</u></p>		
<p>Article 4 In acquiring or disposing of real property, <u>equipment or their right-of-use assets</u>, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, acquiring or disposing of equipment for business use, <u>or their right-of-use assets</u>, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> If, for any reason, the company needs to use restrictive, specific or special pricing to serve as reference for the transaction price, then the transaction must be resolved by the board of directors before proceeding. <u>Likewise in the case of any changes to the terms of the transaction are made subsequently.</u> Where the transaction amount is NT\$1 billion or more, appraisals from two or more 	<p>Article 4 In acquiring or disposing of real property <u>or</u> equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring <u>or</u> disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> If, for any reason, the company needs to use restrictive, specific or special pricing to serve as reference for the transaction price, then the transaction must be resolved by the board of directors before proceeding. <u>Any future changes to the terms of the transaction are also subject to the above procedures.</u> Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 	<ol style="list-style-type: none"> Revised to clarify that this is limited to only domestic government agencies in accordance pursuant to the revision of International Financial Reporting Standards No. 9. Right-of-use assets have been included in this article in keeping with rental announcement regulations in International Financial Reporting Standards No. 16. Revision of text of Paragraph 1, Subparagraph 1.

After amended	Before amended	Explanations
<p>professional appraisers shall be obtained.</p> <p>3. If a valuation conducted by a professional value exhibits any of the following, a CPA must be engaged to provide an opinion with regards to the discrepant value and the reasonableness of the transaction price in accordance with Statement on Auditing Standards No. 20, published by the Accounting Research and Development Foundation of the Republic of China (ARDF), except in situations where the valued price is higher than the acquisition price or lower than the selling price:</p> <p>(1)The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2)The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may be issued by the original professional appraiser.</p> <p>In the event that the appraisal results are obtained from two or more professional appraisers in pursuant to the second provision in the preceding paragraph, the different professional appraisers or appraisal personnel may not be a related party.</p>	<p>3. If a valuation conducted by a professional value exhibits any of the following, a CPA must be engaged to provide an opinion with regards to the discrepant value and the reasonableness of the transaction price in accordance with Statement on Auditing Standards No. 20, published by the Accounting Research and Development Foundation of the Republic of China (ARDF), except in situations where the valued price is higher than the acquisition price or lower than the selling price:</p> <p>(1)The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2)The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may be issued by the original professional appraiser.</p> <p>In the event that the appraisal results are obtained from two or more professional appraisers in pursuant to the second provision in the preceding paragraph, the different professional appraisers or appraisal personnel may not be a related party.</p>	

After amended	Before amended	Explanations
<p>Article 6 If the dollar amount of intangible assets <u>or their right-of-use assets or memberships</u> to be acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic government agency</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the certified public accountant shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF of the ROC.</p>	<p>Article 6 If the dollar amount of <u>memberships or</u> intangible assets to be acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the certified public accountant shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF of the ROC.</p>	<p>Same as above.</p>
<p>Article 8 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>must comply with the following regulations:</u> <u>(1) Have not violated this Act, the Company Act, Banking Act, Insurance Act, Financial Holding Company Act, or Business Accounting Act, or committed any instances of fraud, breach of good faith, embezzlement, forgery of documents, or other business-related criminal behavior, and received a confirmed sentence of more than one year of imprisonment. However, this condition shall not apply after three years have passed following the completion of the sentence, probation, or pardon.</u> <u>(2) Are prohibited related parties or substantively related parties with the parties to the transaction.</u> <u>(3) If the company should obtain</u></p>	<p>Article 8 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of any party to the transaction.</u> <u>Professional appraisers and their officers in the preceding paragraph shall have neither criminal records nor involvement in legal litigation.</u></p>	<p>Revised in in conformity with the revised Article 5 of the International Financial Reporting Standards, and clearly specifying negative qualifications of relevant experts, and assessment, audit, and statement matters connected with the experts' estimation reports or opinions.</p>

After amended	Before amended	Explanations
<p><u>appraisal reports from two or more appraisers, and the different estimators or estimation personnel may not be mutually related parties or substantively related parties.</u></p> <p><u>If the foregoing personnel have provided an entertainment report or opinion, they must handle the case as follows:</u></p> <p><u>(1) Before accepting the case, they must thoroughly assess their own abilities, practical experience, and independence.</u></p> <p><u>(2) When taking an audit case, they must appropriately plan and implement suitable operating procedures, and must form conclusions and submit a report or opinion; all implemented procedures, collected data, and conclusions must be stated in detail in the case working papers.</u></p> <p><u>(3) An item-by-item account of the completeness, correctness, and reasonableness of the data sources, parameters, and information used, to provide a basis for the submitted estimation report or opinion.</u></p> <p><u>(4) Stated matters should include the professional qualifications and independence of relevant personnel, a statement that the information used was reasonable and correct, and a statement of compliance with relevant laws.</u></p>		
<p>Section 3 Total amounts of real property and its right-of-use assets and securities acquired by the company and each subsidiary for business use, and limits on individual securities Article 10 The total amounts of real estate <u>and its right-of-use assets</u> and securities acquired by the Company's subsidiary for non-business use, and limits on individual securities, shall follow the Financial Holding</p>	<p>Section 3 Total amounts of real property and securities acquired by the company and each subsidiary for business use, and limits on individual securities Article 10 The total amounts of real estate and securities acquired by the Company's subsidiary for non-business use, and limits on individual securities, shall follow the Financial Holding Company Act and relevant regulations.</p>	<p>In keeping with rental announcement regulations in International Financial Reporting Standards No. 16, the right-of-use assets of real estate not for operating purposes have been included in limit calculations.</p>

After amended	Before amended	Explanations
<p>Company Act and relevant regulations.</p> <p>Unless otherwise regulated by relevant laws of the Company's subsidiaries or where the subsidiary is an investment specialist, the real property <u>and its right-of-use assets</u> acquired by the each subsidiary for non-business use may not exceed the net value of the invested real estate <u>and its right-of-use assets</u>.</p> <p>The total amount of securities acquired may not be more than 7 times the net value. The limits on investment in single securities may not be more than 5 times the net value.</p> <p>Where each subsidiary is an investment specialist, the real property <u>and its right-of-use assets</u> acquired by each subsidiary for non-business use may not be more than two times the net value of the invested real estate; the total amount of securities acquired may not be more than 10 times the net value; and the limits on investment in a single securities may not be more than 5 times the net value.</p>	<p>Unless otherwise regulated by relevant laws of the Company's subsidiaries or where the subsidiary is an investment specialist, the real property acquired by the each subsidiary for non-business may not exceed the net value of the invested real estate. The total amount of securities acquired may not be more than 7 times the net value. The limits on investment in single securities may not be more than 5 times the net value.</p> <p>Where each subsidiary is an investment specialist, the real property acquired by each subsidiary for non-business use may not be more than two times the net value of the invested real estate; the total amount of securities acquired may not be more than 10 times the net value; and the limits on investment in a single securities may not be more than 5 times the net value.</p>	
<p>Article 12</p> <p>When this company acquires or disposes of real estate <u>or its right-of-use assets</u> from or to a related party, or acquires or disposes of assets other than real estate <u>or its right-of-use assets</u> from or to a related party, and the transaction amount exceeds 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million, except when purchasing <u>domestic</u> government bonds, bonds with repurchase (reverse repurchase) agreements, subscription or buy back of currency market funds issued by domestic securities investment trust enterprises, or otherwise specified</p>	<p>Article 12</p> <p>When this company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party, and the transaction amount exceeds 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million, except when purchasing government bonds, bonds with repurchase (reverse repurchase) agreements, subscription or buy back of currency market funds issued by domestic securities investment trust enterprises, or otherwise specified by law, this company must submit the following information to the</p>	<p>(1) This revision specifies that government bonds are limited to domestic government bonds, and in keeping with rental announcement regulations in International Financial Reporting Standards No. 16, right-of-use assets are included within the scope of this article.</p> <p>(2) In keeping with the revised Article 15 of the International Financial Reporting Standards, broadens the scope of</p>

After amended	Before amended	Explanations
<p>by law, this company must submit the following information to the Audit Committee, and obtain its approval, and may sign a transaction contract and make the payment only after the transaction has been approved by a board resolution:</p> <ol style="list-style-type: none"> 1. The purpose, necessity, and expected benefits for acquiring or disposing of the asset. 2. The reasons for transacting with the particular related party. 3. Where real estate is acquired from a related party, any information that is relevant to establish the reasonableness of transaction terms under Articles 13 and 14. 4. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. Professional value's report or CPA's opinion obtained according to the previous Article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 25, paragraph 2 herein. In the meantime, "within one year" as used herein refers to the year proceeding to the date of occurrence of the current transaction. Amounts that</p>	<p>Audit Committee, and obtain its approval, and may sign a transaction contract and make the payment only after the transaction has been approved by a board resolution:</p> <ol style="list-style-type: none"> 1. The purpose, necessity, and expected benefits for acquiring or disposing of the asset. 2. The reasons for transacting with the particular related party. 3. Where real estate is acquired from a related party, any information that is relevant to establish the reasonableness of transaction terms under Articles 13 and 14. 4. The date and price at which the related party originally acquired the asset, the original trading counterparty, as well as the relationship between the original trading counterparty and the Company/the Company's related parties. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. Professional value's report or CPA's opinion obtained according to the previous Article. 7. Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 25, paragraph 2 herein. In the meantime, "within one year" as used herein refers to the year proceeding to the date of occurrence of the current transaction. Amounts that have already been approved by the Audit</p>	<p>acquisition and disposition transactions involving equipment for operating use, its right-of-use assets, or right-of-use assets connected with real estate operating use among public companies and their parent companies, subsidiaries, or subsidiaries in which they directly or indirectly hold 100% ownership which the chairman may be authorized to handle, and accompanying textual revisions made.</p>

After amended	Before amended	Explanations
<p>have already been approved by the Audit committee and resolved by the Board of Directors may be excluded from calculation.</p> <p>When this company engages in any of the following transactions with a subsidiary, or subsidiaries in which this company holds 100% of all issued equity or total capital engage in the following transactions among themselves, the board may in accordance with Article 9 authorize the chairman to initially approve all such transactions within a certain amount, and subsequently submit the case to the next board meeting for retroactive acknowledgement:</p> <p><u>(1) Acquisition or disposition of equipment for operating use or its right-of-use assets.</u></p> <p><u>(2) Acquisition or disposition of right-of-use assets connected with real estate for operating use.</u></p>	<p>committee and resolved by the Board of Directors may be excluded from calculation.</p> <p>When this company acquires or disposes of equipment for operating use to or from a subsidiary, the board may in accordance with Article 9 authorize the chairman to initially approve all such transactions within a certain amount, and subsequently submit the case to the next board meeting for retroactive acknowledgement.</p>	
<p>Article 13</p> <p>On acquiring real estate <u>or its right-of-use assets</u> from a related party, the Company shall adopt the following methods to assess the reasonableness of the transaction costs.</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. If the related party has previously pledged the property as collateral to borrow from a financial institution, then the value estimated by the financial institution should be used as 	<p>Article 13</p> <p>On acquiring real estate from a related party, the Company shall adopt the following methods to assess the reasonableness of the transaction costs.</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. If the related party has previously pledged the property as collateral to borrow from a financial institution, then the value estimated by the financial institution should be used as reference, provided that the 	<ol style="list-style-type: none"> (1) In keeping with rental announcement regulations in International Financial Reporting Standards No. 16, right-of-use assets are included within the scope of this article. (2) The added text excludes transactions between public companies and their parent companies, subsidiaries, or subsidiaries in which they directly or indirectly hold 100% ownership from the need to meet the assessed transaction cost (the price at which a related party acquires real estate or the price paid to rent real estate) reasonableness

After amended	Before amended	Explanations
<p>reference, provided that the financial institution lent more than 70% of the property value for more than 1 year. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>Where land and buildings thereupon are combined as a single property purchased <u>or rented</u> in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When acquiring real estate <u>or their right-of-use assets</u> from a related party, the Company shall appraise the cost of the real estate in accordance with paragraph 1 and paragraph 2 above, in the meantime engaging a CPA to review the appraisal and render an opinion. Under the following circumstances, the Company shall follow the rules specified in Article 12 herein for acquiring real estate <u>or its right-of-use assets</u> from a related party. The provisions in the above three paragraphs shall not apply:</p> <p>(1)The related party has acquired the real estate <u>or its right-of-use assets</u> through inheritance or as a gift.</p> <p>(2)More than 5 years have elapsed from the time the related party signed the contract to obtain the real property <u>or its right-of-use assets</u> to the signing date for the current transaction.</p> <p>(3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p>	<p>financial institution lent more than 70% of the property value for more than 1 year. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When acquiring real estate from a related party, the Company shall appraise the cost of the real estate in accordance with paragraph 1 and paragraph 2 above, in the meantime engaging a CPA to review the appraisal and render an opinion. Under the following circumstances, the Company shall follow the rules specified in Article 12 herein for acquiring real estate from a related party. The provisions in the above three paragraphs shall not apply:</p> <p>:</p> <p>(1)The related party has acquired the real estate through inheritance or as a gift.</p> <p>(2)More than 5 years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p>	<p>requirements of this article.</p>

After amended	Before amended	Explanations
<p><u>(4) When this company acquires right-of-use assets connected with real estate for operating use from a subsidiary, or subsidiaries in which this company holds 100% of all issued equity or total capital engage in such a transaction among themselves.</u></p>		
<p>Article 14 The Company shall observe the rules prescribed in Article 15 herein if the appraised values arrived at according to paragraphs 1 and 2 of the preceding article are uniformly lower than the transaction price. The rule specified in the first paragraph, however, shall not apply to the following situations if the Company could provide objective evidence, professional appraisal reports and a CPA's opinion on the reasonableness of the transaction terms:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) The total appraised value of the undeveloped land and the buildings exceed the actual transaction price, where the undeveloped land has been evaluated in accordance with the methods prescribed in the preceding article and the buildings have been appraised by adding a reasonable construction profit to the construction cost paid by the related party. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or</p>	<p>Article 14 The Company shall observe the rules prescribed in Article 15 herein if the appraised values arrived at according to paragraphs 1 and 2 of the preceding article are uniformly lower than the transaction price. The rule specified in the first paragraph, however, shall not apply to the following situations if the Company could provide objective evidence, professional appraisal reports and a CPA's opinion on the reasonableness of the transaction terms:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) The total appraised value of the undeveloped land and the buildings exceed the actual transaction price, where the undeveloped land has been evaluated in accordance with the methods prescribed in the preceding article and the buildings have been appraised by adding a reasonable construction profit to the construction cost paid by the related party. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most</p>	<p>In keeping with practical operations involving the rental of plant buildings and other real estate, this revision broadens the scope of the acquisition of real estate right-of-use assets from related parties, and permits the use of rental transactions with non-related parties in adjacent areas within a one-year period as reference cases in the calculation and estimation of transaction prices.</p>

After amended	Before amended	Explanations
<p>the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) In cases of completed transaction cases with other non-related parties within the past year involving other floors of the same target real estate or adjacent areas, when the floor area is similar, and the transaction terms are considered similar after assessment on the basis of a reasonable floor or area price differential in accordance with accepted real estate purchase <u>or rental</u> practices.</p> <p>2. Where the Company has provided evidence that the terms and conditions for purchasing the real estate <u>or acquisition of real estate right-of-use assets by rental</u> from the related party are equivalent to the terms of the transactions concluded in neighboring areas for similarly-sized parcels by other non-related parties within one year.</p> <p>Completed transactions for neighboring parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; "Transactions for similarly-sized parcels", in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within one year" refers to one year dating back from the date of occurrence of acquiring of the real estate <u>or its</u></p>	<p>recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) In cases of completed transaction cases with other non-related parties within the past year involving other floors of the same target real estate or adjacent areas, when the floor area is similar, and the transaction terms are considered similar after assessment on the basis of a reasonable floor or area price differential in accordance with accepted real estate purchase practices.</p> <p>(3) <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>2. Where the Company has provided evidence that the terms and conditions for purchasing the real estate from the related party are equivalent to the terms of the transactions concluded in neighboring areas for similarly-sized parcels by other non-related parties within one year.</p> <p>Completed transactions for neighboring parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance</p>	

After amended	Before amended	Explanations
<u>right-of-use assets.</u>	of no more than 500 meters or parcels close in publicly announced current value; "Transactions for similarly-sized parcels", in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. "Within one year" refers to one year dating back from the date of occurrence of acquiring of the real estate.	
<p>Article 15 When the Company acquires real estate <u>or its right-of-use assets</u> from a related party and the appraised values arrived at in accordance with <u>the two previous articles</u> herein is uniformly lower than the transaction price, the following procedures shall be followed:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost for the real estate <u>or its right-of-use assets</u>. These funds may not be distributed or used for capital increase or issuance of bonus shares. For a public company adopting the equity method to account for its investment in another company, the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis according to the percentage of shares held by the investor. 2. The Audit Committee shall follow Paragraph 3, Article 14-4 of the Securities and Exchange Act and Article 218 of the Company Act. 3. Actions taken pursuant to <u>the</u> 	<p>Article 15 When the Company acquires real estate from a related party and the appraised values arrived at in accordance with <u>Article 13 and Article 14</u> herein is uniformly lower than the transaction price, the following procedures shall be followed:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost for the real estate. These funds may not be distributed or used for capital increase or issuance of bonus shares. For a public company adopting the equity method to account for its investment in another company, the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis according to the percentage of shares held by the investor. 2. The Audit Committee shall follow Paragraph 3, Article 14-4 of the Securities and Exchange Act and Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be 	<p>(1) In keeping with rental announcement regulations in International Financial Reporting Standards No. 16, when acquiring real estate right-of-use assets from a related party by rental, right-of-use assets must be included within the scope of matters to be considered when the assessed cost is less than the transaction price.</p> <p>(2) Textual revision.</p>

After amended	Before amended	Explanations
<p><u>two previous subparagraphs</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>When this company sets aside a special reserve as specified in the foregoing paragraph, the company may use monies from the special reserve only after it has recognized losses due to falling prices on assets that have been purchased <u>or leased</u> for high prices, or disposed of the assets <u>or terminated the lease contract</u>, or taken suitable action to compensate for or restore the assets' status, or taken other actions for which there is evidence confirming no unreasonable aspects, and the Financial Supervisory Commission has granted its consent.</p> <p>The rules specified in the preceding two paragraphs shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires real estate <u>or its right-of-use assets</u> from a related party.</p>	<p>reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>When this company sets aside a special reserve as specified in the foregoing paragraph, the company may use monies from the special reserve only after it has recognized losses due to falling prices on assets that have been purchased for high prices, or disposed of the assets, or taken suitable action to compensate for or restore the assets' status, or taken other actions for which there is evidence confirming no unreasonable aspects, and the Financial Supervisory Commission has granted its consent.</p> <p>The rules specified in the preceding two paragraphs shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires real estate from a related party.</p>	
<p>Article 19</p> <p>Unless otherwise regulated by law or approved in advance by the FSC for any special reason, all participants of a merger, divestment or business acquisition must convene board of directors meetings and shareholders' meetings on the same day to resolve any details related to the merger/divestment/business acquisition.</p> <p>Unless otherwise provided by law or agreed in advance by the FSC for special reasons, the Company participating in share transfer shall convene a board of directors meeting on the same day with the company participating in share</p>	<p>Article 19</p> <p>Unless otherwise regulated by law or approved in advance by the FSC for any special reason, all participants of a merger, divestment or business acquisition must convene board of directors meetings and shareholders' meetings on the same day to resolve any details related to the merger/divestment/business acquisition.</p> <p>Unless otherwise provided by law or agreed in advance by the FSC for special reasons, the Company participating in share transfer shall convene a board of directors meeting on the same day with the company participating in share</p>	Textual revision.

After amended	Before amended	Explanations
<p>transfer. When engaged in merger, divestment, acquisition or share exchange, the Company shall keep a complete written record including the following information, which shall be retained for five years for review and audit purposes:</p> <ol style="list-style-type: none"> 1. Basic Personnel Information Including the job title, name and ID number (or passport number in the case of foreign nationals) of all personnel involved in the planning or implementation of the merger, divestment, acquisition, or share exchange prior to public disclosure of the information. 2. Dates of Important Events including the dates of signing a letter of intent/memorandum of understanding, commissioning a financial or legal advisor, signing contracts or holding board of directors meetings. 3. Important Documents and Meeting Minutes Including the plans for merger, divestment, acquisition or share exchange, letter of intent or memorandum of understanding, important contracts and minutes of the board of directors meetings. <p>When participating in merger, divestment, acquisition, or share exchange, the Company shall, within 2 days from the date of passage of the board resolution, submit to the Financial Supervisory Commission for recordation the information required in subparagraphs 1 and 2 of the preceding paragraph. The information shall be compiled according to the specified format and transmitted via the Internet. If any of the participating companies in the merger,</p>	<p>transfer. When engaged in merger, divestment, acquisition or share exchange, the Company shall keep a complete written record including the following information, which shall be retained for five years for review and audit purposes:</p> <ol style="list-style-type: none"> 1. Basic Personnel Information Including the job title, name and ID number (or passport number in the case of foreign nationals) of all personnel involved in the planning or implementation of the merger, divestment, acquisition, or share exchange prior to public disclosure of the information. 2. Dates of Important Events including the dates of signing a letter of intent/memorandum of understanding, commissioning a financial or legal advisor, signing contracts or holding board of directors meetings. 3. Important Documents and Meeting Minutes Including the plans for merger, divestment, acquisition or share exchange, letter of intent or memorandum of understanding, important contracts and minutes of the board of directors meetings. <p>When participating in merger, divestment, acquisition, or share exchange, the Company shall, within 2 days from the date of passage of the board resolution, submit to the Financial Supervisory Commission for recordation the information required in subparagraphs 1 and 2 of the preceding paragraph. The information shall be compiled according to the specified format and transmitted via the Internet. If any of the participating companies in the merger,</p>	

After amended	Before amended	Explanations
divestment, acquisition, or share exchange is not a listed company or a company having its shares traded on an OTC market, the Company shall sign an agreement with such participating companies, while abiding by the provisions of <u>the previous two paragraphs</u> herein.	divestment, acquisition, or share exchange is not a listed company or a company having its shares traded on an OTC market, the Company shall sign an agreement with such participating companies, while abiding by the provisions of paragraphs 3 and 4 herein.	
Article 24 When the company involved in a merger, division, acquisition, or stock transfer case is not a public company, this company shall sign an agreement with that company, and handle the case in accordance with the requirements of Articles 19 and 20 and the <u>previous</u> article.	Article 24 When the company involved in a merger, division, acquisition, or stock transfer case is not a public company, this company shall sign an agreement with that company, and handle the case in accordance with the requirements of Articles 19, 20, and <u>23</u> .	Textual revision.
Article 25 Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format: 1. When acquiring or disposing of real estate <u>or its right-of-use assets</u> from or to a related party, or acquiring or disposing of assets other than real estate <u>or its right-of-use assets</u> from or to a related party, and the transaction amount exceeds 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million. However, the purchase of <u>domestic</u> government bonds, bonds with repurchase (reverse repurchase) agreements, or the subscription or buy back of currency market funds issued by domestic securities investment trust enterprises law shall not be subject to this restriction. 2. Mergers, divestments, business	Article 25 Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated website of the Financial Supervisory Commission using the specified format: 1. When acquiring or disposing of real estate from or to a related party, or acquiring or disposing of assets other than real estate from or to a related party, and the transaction amount exceeds 20% of the company's paid-in capital, 10% of the company's total assets, or NT\$300 million. However, the purchase of government bonds, bonds with repurchase (reverse repurchase) agreements, or the subscription or buy back of currency market funds issued by domestic securities investment trust enterprises law shall not be subject to this restriction. 2. Mergers, divestments, business acquisitions, or share exchanges. 3. Losses from derivatives trading	1. The revision specifies that government bonds are limited to domestic government bonds. 2. In keeping with rental announcement regulations in International Financial Reporting Standards No. 16, right-of-use assets are included within the scope of this article. 3. Paragraph 1, Subparagraph 5 has been revised in order to facilitate compliance by the company in view of the announced regulations clarifying related party transactions. 4. Announces the waiver on professional investment enterprises engaging in securities trading at domestic and foreign stock exchanges and securities brokerages, and unifies normative terms. 5. The revision broadens the foregoing announced waiver on securities trading by professional

After amended	Before amended	Explanations
<p>acquisitions, or share exchanges.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the provisions herein.</p> <p>4. Acquisition or disposal of operating equipment <u>or its right-of-use assets</u> with non-related parties that amounts to more than NT\$1 billion.</p> <p>5. Where land is acquired under an arrangement engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>where the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>6. Asset transactions other than the ones specified in the five preceding clauses, disposals of debt entitlement by a financial institution, or investments in Mainland China that amount to 20% of the company's paid-up capital or more than NT\$300 million. This shall not apply to the following circumstances:</p> <p>(1) Trading of <u>domestic</u> government bonds.</p> <p>(2) When purchasing or selling securities on the stock exchange or at a securities dealer's place of business, or subscribing to ordinary corporate bonds or ordinary financial bonds <u>(not including junior bonds)</u> issued on the primary market for fund-raising purposes, <u>or subscribing to or buying back securities investment trust</u></p>	<p>reaching the limits on aggregate losses or losses on individual contracts set out in the provisions herein.</p> <p>4. Acquisition or disposal of operating equipment with non-related parties that amounts to more than NT\$1 billion.</p> <p>5. Where land is acquired under an arrangement engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>6. Asset transactions other than the ones specified in the five preceding clauses, disposals of debt entitlement by a financial institution, or investments in Mainland China that amount to 20% of the company's paid-up capital or more than NT\$300 million. This shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) When purchasing or selling securities on <u>domestic or foreign</u> stock exchange or at a securities dealer's place of business, or subscribing to ordinary corporate bonds or ordinary financial bonds issued <u>on the domestic primary market</u> for fund-raising purposes, or when a securities dealer subscribes to securities in accordance with GreTai Securities Market regulations due to its underwriting services or because it is the recommended securities</p>	<p>investment enterprises, and, in view of the relatively high risk of junior securities, specifies that ordinary corporate bonds and general financial bonds not involving equity may not including junior bonds..</p> <p>6. Textual revisions to ensure legal compliance.</p>

After amended	Before amended	Explanations
<p><u>enterprise funds or future trust funds</u>, or when a securities dealer subscribes to securities in accordance with GreTai Securities Market regulations due to its underwriting services or because it is the recommended securities dealer assisting an OTC-listed company.</p> <p>(3)Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds that are issued by securities investment trust companies.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real estate <u>or its right-of-use assets</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p>	<p>dealer assisting an OTC-listed company.</p> <p>(3)Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds that are issued by securities investment trust companies.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount. The Company shall, in accordance with requirements, compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by <u>itself</u> and its subsidiaries and enter the information in the prescribed format into the information reporting website designated by the</p>	

After amended	Before amended	Explanations
<p>The Company shall, in accordance with requirements, compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by <u>Company</u> and its subsidiaries and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date on which the error or omission is known.</p> <p>After the Company publicly announces its investment in Mainland China in compliance with Subparagraph 4, Paragraph 1 herein, should the competent authority approves of such investment announcement, the Company shall disclose the date of the original public announcement, the name of the investee company in China, the estimated investment amount, trading counterparty, and the date of approval by the competent authority.</p> <p>When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of the certified public accountant, attorney and securities underwriter at the Company headquarters, where they shall be retained for five years, except where another act provides otherwise.</p>	<p>FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by the regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date on which the error or omission is known.</p> <p>After the Company publicly announces its investment in Mainland China in compliance with Subparagraph 4, Paragraph 1 herein, should the competent authority approves of such investment announcement, the Company shall disclose the date of the original public announcement, the name of the investee company in China, the estimated investment amount, trading counterparty, and the date of approval by the competent authority.</p> <p>When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of the certified public accountant, attorney and securities underwriter at the Company headquarters, where they shall be retained for five years, except where another act provides otherwise.</p>	

After amended	Before amended	Explanations
<p>Article 32 The acquisition or disposal of assets by the Company shall follow the FSC's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Procedures, except where <u>financial laws</u> provide otherwise.</p>	<p>Article 32 The acquisition or disposal of assets by the Company shall follow the FSC's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and these Procedures, except where <u>another act</u> provides otherwise.</p>	<p>The existing proviso has been revised to state that when listed financial enterprises, including banks, insurance companies, bills companies, and securities and futures enterprises, acquire or dispose of assets, they must preferentially comply with the legal requirements applicable to their own business category.</p>
<p>Article 33 These Procedures were established on March 23, 2003 in the 7th session of the 1st meeting of the board of directors. The 1st amendment was made on May 15, 2003 in the 8th session of the 1st meeting of the board of directors. The 2nd amendment was made on February 14, 2007 in the 13th session of the 2nd meeting of the board of directors. The 3rd amendment was made on March 3, 2008 in the 17th session of the 2nd meeting of the board of directors. The 4th amendment was made on March 16, 2012 in the 9th session of the 4th meeting of the board of directors. The 5th amendment was made on February 24, 2014 in the 22nd session of the 4th meeting of the board of directors. The 6th amendment was made on March 24, 2017 in the 22nd session of the 5th meeting of the board of directors. <u>The 7th amendment was made on January 18, 2019 in the 13th session of the 6th meeting of the board of directors.</u></p>	<p>Article 33 These Procedures were established on March 23, 2003 in the 7th session of the 1st meeting of the board of directors. The 1st amendment was made on May 15, 2003 in the 8th session of the 1st meeting of the board of directors. The 2nd amendment was made on February 14, 2007 in the 13th session of the 2nd meeting of the board of directors. The 3rd amendment was made on March 3, 2008 in the 17th session of the 2nd meeting of the board of directors. The 4th amendment was made on March 16, 2012 in the 9th session of the 4th meeting of the board of directors. The 5th amendment was made on February 24, 2014 in the 22nd session of the 4th meeting of the board of directors. The 6th amendment was made on March 24, 2017 in the 22nd session of the 5th meeting of the board of directors.</p>	<p>Adds the date of revision.</p>

Proposal No. 4 as proposed by the Board of Directors:

Proposal: Amendment to the Rules for Procedure of Shareholders' Meeting.

Explanation:

1. This proposal is made pursuant to Article 172 of the Company Act.

2. The key point of the amendment is as follows:

Pursuant to the amendment to Article 172 of the Company Act, wording with regard to matters that shall not be brought up as extemporary motions is revised (Article 3).

3. A comparison chart on the amendment to the Company's Rules for Procedure of Shareholders' Meeting can be found below (please refer to Appendix 8 on p.127~p.135 of this Handbook for the full amended version)

Resolution: This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	6,967,652,738 (5,773,846,790 shares)	85.34%	2,156,181 (2,033,181 shares)	1,195,128,138 (1,132,405,699 shares)

Comparison Chart :

Amendment of the Rules for Procedure of Shareholders' Meeting of E.SUN FHC

After amended	Before amended	Explanations
<p>Article 3 (Convening shareholders' meetings and giving notices) The Company's shareholders' meetings shall, unless otherwise provided for in applicable laws and regulations, be convened by the Board of Directors. A notice to convene a General Meeting of Shareholders shall be given to each shareholder not later than 30 days prior to the scheduled meeting date. The notice to shareholders who own less than 1,000 shares of nominal stock may be given in the form of a public announcement on the Market Observation Post System not later than 30 days prior to the scheduled meeting date. In case the Company intends to convene a special meeting of shareholders, a meeting notice shall be given to each shareholder not later than 15 days prior to the scheduled meeting date. The notice to shareholders who own less than 1,000 shares of nominal stock may be given in the form of a public announcement on the Market Observation Post System not later than 15 days prior to the scheduled meeting date.</p> <p>The cause(s) or subject(s) of a shareholders' meeting to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining prior consent from the recipient(s) thereof. Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, <u>reduction of capital, application for ceasing the Company's status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185,</u></p>	<p>Article 3 (Convening shareholders' meetings and giving notices) The Company's shareholders' meetings shall, unless otherwise provided for in applicable laws and regulations, be convened by the Board of Directors. A notice to convene a General Meeting of Shareholders shall be given to each shareholder not later than 30 days prior to the scheduled meeting date. The notice to shareholders who own less than 1,000 shares of nominal stock may be given in the form of a public announcement on the Market Observation Post System not later than 30 days prior to the scheduled meeting date. In case the Company intends to convene a special meeting of shareholders, a meeting notice shall be given to each shareholder not later than 15 days prior to the scheduled meeting date. The notice to shareholders who own less than 1,000 shares of nominal stock may be given in the form of a public announcement on the Market Observation Post System not later than 15 days prior to the scheduled meeting date.</p> <p>The cause(s) or subject(s) of a shareholders' meeting to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining prior consent from the recipient(s) thereof. Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, dissolution, merger, spin-off, or any matters as set forth in Article 185, paragraph 1 hereof, <u>Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be itemized in the causes or</p>	<p>Revise the article in accordance with the amendment to Article 172 of the Company Act.</p>

After amended	Before amended	Explanations
<p>paragraph 1 hereof shall be itemized in the causes or subjects to be listed in the notice to convene a shareholders' meeting, and shall not be brought up as extemporary motions.</p>	<p>subjects to be listed in the notice to convene a shareholders' meeting, and shall not be brought up as extemporary motions.</p>	
<p>Article 21 These Rules were formulated on December 10, 2001. Amended for the first time at the shareholders' meeting on June 28, 2011. Amended for the second time at the shareholders' meeting on June 22, 2012. Amended for the third time at the shareholders' meeting on June 12, 2015 <u>Amended for the fourth time at the shareholders' meeting on June 14, 2019.</u></p>	<p>Article 21 These Rules were formulated on December 10, 2001. Amended for the first time at the shareholders' meeting on June 28, 2011. Amended for the second time at the shareholders' meeting on June 22, 2012. Amended for the third time at the shareholders' meeting on June 12, 2015.</p>	<p>List the amended date.</p>

Proposal No. 5 as proposed by the Board of Directors:

Proposal: Amendment to the Rules for Election of Directors.

Explanation:

1. This proposal is made pursuant to Article 192-1 of the Company Act and the explanation given by the Ministry of Economic Affairs in its letter, ref. Jing-Shang-Zi No. 10702429010, of December 21, 2018.
2. The key points of the amendments are as follows:
 - (1) Delete wording with regard to the Board of Directors reviewing the qualifications of director candidates. When presented by shareholders with a roster of director candidates, the Board of Directors shall conduct only formality checks pursuant to Article 192-1, paragraph 5, subparagraphs 1-4 of the Company Act (Article 3).
 - (2) Revise wording to accommodate actual practices (Article 9, Article 11).
3. A comparison chart on amendments to the Company's Rules for Election of Directors can be found below (please refer to Appendix 9 on p.136~p.139 of this Handbook for the full amended version).

Resolution: This proposal is approved by vote as following. 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.

() voting by electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion (%)		
8,164,937,057 (6,908,285,670 shares)	6,967,643,580 (5,773,837,632 shares)	85.34%	2,183,544 (2,060,544 shares)	1,195,109,933 (1,132,387,494 shares)

Comparison Chart :
Amendment of the Rules for Election of Directors of E.SUN FHC

After amended	Before amended	Explanations
<p>Article 3</p> <p>The disclosed cumulative voting method shall be used to elect directors at the shareholders' meeting of the Company, and each share shall have voting rights in a number equal to the number of directors to be elected and may be cast for a single candidate or split among multiple candidates. Shareholders may opt to exercise their voting rights by way of electronic means or in person at the shareholders' meeting.</p> <p>Elections of the Company's directors (including independent directors) shall be conducted in accordance with the candidate nomination system. <u>The Board of Directors shall, unless under any of the circumstances listed in Article 192-1, paragraph 5 of the Company Act, include all qualified candidates in the final roster of director candidates.</u></p> <p>The election of independent directors and the election of non-independent directors shall be conducted at the same time, and the number of elected candidates shall be separately calculated. Candidates with the highest number of votes shall be assigned to fill independent director positions, followed by non-independent director positions.</p>	<p>Article 3</p> <p>The disclosed cumulative voting method shall be used to elect directors at the shareholders' meeting of the Company, and each share shall have voting rights in a number equal to the number of directors to be elected and may be cast for a single candidate or split among multiple candidates. Shareholders may opt to exercise their voting rights by way of electronic means or in person at the shareholders' meeting.</p> <p>Elections of the Company's directors (including independent directors) shall be conducted in accordance with the candidate nomination system. <u>The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. The Company shall furthermore provide the results of the review to shareholders for their reference to ensure that qualified directors are elected.</u></p> <p>The election of independent directors and the election of non-independent directors shall be conducted at the same time, and the number of elected candidates shall be separately calculated. Candidates with the highest number of votes shall be assigned to fill independent director positions, followed by non-independent director positions.</p>	<p>Delete wording with regard to the Board of Directors reviewing the qualifications of director candidates in accordance with Article 192-1 of the Company Act and the explanation given by the Ministry of Economic Affairs in its letter, ref. Jing-Shang-Zi No. 10702429010, of December 21, 2018. Instead, the Board of Directors shall conduct only formality checks pursuant to Article 192-1, paragraph 5, subparagraphs 1-4 of the Company Act.</p>

After amended	Before amended	Explanations
<p>Article 9</p> <p>A ballot shall become invalid under any of the following circumstances:</p> <p>I. The ballot was not prepared by the board of directors.</p> <p>II. A blank ballot was placed in the ballot box.</p> <p>III. Handwriting is illegible or has been altered.</p> <p>IV. The account name or personal name of the candidate entered in the ballot is inconsistent with the information recorded in the shareholder register or does not match the information on the candidate's identity card.</p> <p>V. The name of the candidate entered in the ballot coincides with that of another person, but a shareholder number, business tax identification number, or national identification number was not entered for identification purposes.</p> <p>VI. <u>The candidate filled in is not included in the roster of candidates published by the Company or the combined number of votes assigned to the given candidate exceeds the ballot's designated number of votes.</u></p> <p>VII. Other text was entered aside from the candidate's account name, personal name, shareholder account number, business tax identification number, national identification number, and the number of voting rights allotted.</p>	<p>Article 9</p> <p>A ballot shall become invalid under any of the following circumstances:</p> <p>I. The ballot was not prepared by the board of directors.</p> <p>II. A blank ballot was placed in the ballot box.</p> <p>III. Handwriting is illegible or has been altered.</p> <p>IV. The account name or personal name of the candidate entered in the ballot is inconsistent with the information recorded in the shareholder register or does not match the information on the candidate's identity card.</p> <p>V. The name of the candidate entered in the ballot coincides with that of another person, but a shareholder number, business tax identification number, or national identification number was not entered for identification purposes.</p> <p>VI. <u>The numbers of candidates entered in the ballot exceeds the specified number of positions, or the combined voting rights allocated to the candidate exceeds the vote's total number of voting rights.</u></p> <p>VII. Other text was entered aside from the candidate's account name, personal name, shareholder account number, business tax identification number, national identification number, and the number of voting rights allotted.</p>	<p>Revise wording to accommodate actual practices: the Company adopts a candidate nomination system.</p>
<p>Article 11</p> <p>Newly-elected directors shall be <u>respectively</u> notified of their appointment by the Company's board of directors.</p>	<p>Article 11</p> <p>Newly-elected directors shall be <u>individually</u> notified of their appointment by the Company's board of directors.</p>	<p>Revise wording to accommodate actual practices.</p>

After amended	Before amended	Explanations
<p>Article 13 These Regulations were formulated on December 10, 2001. Amended for the first time at the shareholders' meeting on June 9, 2006. Amended for the second time at the shareholders' meeting on June 13, 2008. Amended for the third time at the shareholders' meeting on June 21, 2013. Amended for the fourth time at the shareholders' meeting on June 12, 2015. <u>Amended for the fifth time at the shareholders' meeting on June 14, 2019.</u></p>	<p>Article 13 These Regulations were formulated on December 10, 2001. Amended for the first time at the shareholders' meeting on June 9, 2006. Amended for the second time at the shareholders' meeting on June 13, 2008. Amended for the third time at the shareholders' meeting on June 21, 2013. Amended for the fourth time at the shareholders' meeting on June 12, 2015.</p>	<p>List the amended date.</p>

V. Extempore motion

VI. Meeting adjourned (at about 11:20 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.

VII. Appendices

<Appendices 1>

Business Report

Dear Shareholders :

2018 was a year characterized by international turmoil. Major economies wrestled for dominance in the midst of regional economic integration and trade protectionism, causing exacerbated volatility in the international financial market. Climate change has led to an increase in the occurrence of natural disasters in many regions as it tests countries' abilities to respond to environmental emergencies. Meanwhile, as technological advances create new business models, information security and privacy protection issues have emerged as a result. Macroeconomic conditions kept improving but were accompanied by many challenges. We face an increasingly complex environment that has many downsides, but we believe that this moment in time also provides us with the chance to rise as it becomes a turning point for our business. That is, we hold the opportunity to demonstrate careful planning, exercise competitive advantages and create change in order to build a different future.

Overall Performance Reaffirmed

In 2018, E.SUN again excelled in terms of overall performance as the winner of many domestic and international honors and awards. We received the National Quality Award for the 4th time, thus attaining the best-ever record for a Taiwanese company. The Dow Jones Sustainability Index (DJSI) has included the Company for 5 consecutive years and the DJSI World for 3 years. The Bank has also been named as the best bank in Taiwan by The Banker, Asiamoney and The Asset. Other international recognitions include that given by Moody's, which has upgraded E.SUN Bank to an A2 rating and E.SUN FHC to an A3, making the two the highest rated private sector bank and financial holding company, respectively, in Taiwan.

In terms of financial indicators, E.SUN FHC reported another record-breaking after-tax earnings amount of NT\$17,068 million, with EPS at NT\$1.58, ROE at 11.04%, ROA at 0.78% and capital adequacy ratio at 137.28%. In particular, E.SUN Bank reported an ROE of 11.20%, the highest among banks under financial holding companies. Asset quality maintained at a sound level with an NPL ratio of 0.23% and an NPL coverage ratio of 523.85%.

As business indicators kept following an upward trend, the total assets of E.SUN FHC have reached NT\$2.29 trillion while total deposits amounted to NT\$1.89 trillion and total loans NT\$1.35 trillion. Both foreign currency deposits and loans displayed steady growth. Total foreign currency deposits have increased by 20.68% to equivalent of NT\$642.9 billion, while total foreign currency loans have increased by 21.9%, making E.SUN the market leader in terms of foreign currency deposit growth volume and growth rate. Fee revenues have also grown steadily. Net commissions and fee revenues reached NT\$16,371 million, out of which NT\$8,043 million came from wealth management fees, at a 4.5% growth, and NT\$5,124 million from credit card fees, at a 6.8% growth.

As part of our business sustainability and corporate social responsibility campaigns, we enforce effective corporate governance practices and strengthen information disclosure. For this reason, E.SUN has ranked in the top 5% in the TWSE Corporate Governance Evaluation for 4 consecutive years. In terms of sustainable finance, E.SUN works actively to adopt international trends and implements responsible lending and investment principles. The Company's banking strengths enable customers, suppliers, and business partners to achieve environmental sustainability, while also assisting businesses in issuing NT\$5 billion green bonds and approving the financing of 3

Equator Principles projects. In response to climate change, E.SUN has adopted internationally-accepted environmental protection standards and completed greenhouse gases and water resource inventories for all domestic and international offices. E.SUN has also become the first company within Taiwan's financial sector to build a LEED Gold-certified green computer facility to improve energy efficiency. As a proactive member of society, E.SUN continues to invest in academic education, support for the disadvantaged, and the arts and cultures. More than 13,000 children benefited from the Care for Schoolchildren Project in 2018. Thanks to the support of more than 170,000 E.SUN Bank World Card holders, 137 E.SUN Libraries in total have been established through the E.SUN Golden Seed Project while the aim is to reach 200 as we continue to plant more golden seeds in anticipation of the lush green forests of the future.

Leading in Cross-Border and Technological Services Development

The rise of Asian markets and technological advances have directed E.SUN's long-term expansionary strategies towards Asia and fintech. Two more overseas offices were added to our company network with the opening of the Brisbane Branch and Guangzhou Branch in 2018, bringing E.SUN's total number of 28 offices spanning 9 countries and regions. Having completed the current goal of stabilizing markets within the Asian region, E.SUN will focus more on developing integrated cross-border services, and work to expand foreign currency services and increase the proportion of international operations. Sustainability has become the most important issue for Taiwanese businesses. We plan to rely again on our banking strengths to help businesses achieve sustainability and steady development as the Bank transforms into a unique Asia Pacific banking platform.

With respect to fintech, E.SUN has chosen point-of-sale-scenario finance, inclusive finance, and smart banking to be the main focuses of development. In terms of scenario finance, E.SUN works with first-class business partners in various industries to provide convenient payment services, and was also the first within the industry to offer a credit card that can be linked to an electronic wallet service instantly upon approval. In terms of inclusive finance, E.SUN gives priority to mobile banking services that enable customers to meet most of their banking needs on their mobile phones. In addition, 24-hour service foreign currency ATMs have been installed to make it much easier for customers with travel plans to purchase foreign currencies. In terms of smart banking, E.SUN already employs data science and artificial intelligence in risk management, marketing, and process optimization to boost efficiency. In 2019, the Intelligent Banking Division was created as part of an effort to accelerate digital transformation.

We believe that no business operation can be considered beyond risk, and no service can be considered above the law. As such, E.SUN upholds a deeply entrenched culture of risk management and compliance, which is why we have utilized technology to strengthen our three lines of defense, ensure effective execution of international anti-money laundering and counter-terrorism practices and enhance information security protection. These methods and approaches allow E.SUN to keep creating value for customers and also for ourselves.

Creating a New Future

A closer look at the hidden champions around the world will always reveal three important characteristics: long-term commitment, pursuit of professional perfection, and the setting and surpassing of challenging goals. Since our foundation in 1992, E.SUN has remained committed to the values of integrity, honesty, and professionalism, and to the fulfillment of our corporate social responsibility while pursuing sustainability persistently. We are named after the highest mountain in Taiwan in hopes of becoming the best bank and the first choice for customers. We furthermore aspire that the E.SUN of today will one day become the E.SUN of the world. We would like to thank you for your continuous support and affirmation as we continue to achieve excellence and

work together to build a better future.

Chairman

President

Yung-Gen Huang

San-chou Huang

<Appendices 2>

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 55,755,562	3	\$ 55,095,081	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4 and 7)	76,688,375	3	76,080,043	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 39)	475,506,677	21	408,918,355	20
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 9 and 39)	-	-	170,745,924	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 10, 39 and 42)	183,846,186	8	-	-
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 11, 39 and 42)	8,165,004	-	-	-
RECEIVABLES, NET (Notes 4, 12 and 38)	93,450,521	4	94,083,377	5
CURRENT TAX ASSETS (Notes 4 and 35)	11,790	-	5,054	-
DISCOUNTS AND LOANS, NET (Notes 4, 13, 38 and 39)	1,333,277,269	58	1,211,071,275	58
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 14 and 39)	-	-	3,078,813	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15 and 29)	13,694,947	1	13,571,397	1
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	1,948,418	-	1,960,511	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	32,604,520	2	28,209,309	1
INTANGIBLE ASSETS, NET (Notes 4 and 18)	6,116,132	-	6,222,969	-
DEFERRED TAX ASSETS (Notes 4 and 35)	1,098,436	-	954,988	-
OTHER ASSETS, NET (Notes 4, 19 and 28)	5,623,195	-	4,391,191	-
TOTAL	\$ 2,287,787,032	100	\$ 2,074,388,287	100
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 20)	\$ 72,223,020	3	\$ 66,652,215	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 25)	50,315,163	2	43,439,501	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10, 11 and 21)	12,526,789	1	12,200,468	1
COMMERCIAL PAPER ISSUED, NET (Note 22)	2,669,356	-	4,895,219	-
PAYABLES (Notes 4, 23 and 38)	28,969,420	1	31,332,005	2
CURRENT TAX LIABILITIES (Notes 4 and 35)	1,523,828	-	1,948,106	-
DEPOSITS AND REMITTANCES (Notes 24 and 38)	1,886,693,981	83	1,712,278,637	83
BOND PAYABLES (Note 25)	42,650,000	2	42,550,000	2
OTHER BORROWINGS (Note 26)	399,094	-	1,283,797	-
PROVISIONS (Notes 4, 27 and 28)	860,739	-	505,300	-
OTHER FINANCIAL LIABILITIES (Note 29)	25,019,142	1	5,519,631	-
DEFERRED TAX LIABILITIES (Notes 4 and 35)	1,338,393	-	697,535	-
OTHER LIABILITIES (Note 30)	2,468,007	-	2,137,442	-
Total liabilities	2,127,656,932	93	1,925,439,856	93
EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC				
Capital stock				
Common stock	108,289,000	5	101,855,000	5
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	21,328,222	1	21,146,645	1
From treasury stock transactions	3,382,484	-	3,382,484	-
Total capital surplus	24,710,706	1	24,529,129	1
Retained earnings				
Legal reserve	9,361,366	-	7,973,975	-
Special reserve	164,235	-	164,235	-
Unappropriated earnings	17,102,179	1	13,873,907	1
Total retained earnings	26,627,780	1	22,012,117	1
Other equity	386,802	-	445,970	-
Total equity attributable to owners of ESFHC	160,014,288	7	148,842,216	7
NON-CONTROLLING INTERESTS	115,812	-	106,215	-
Total equity	160,130,100	7	148,948,431	7
TOTAL	\$ 2,287,787,032	100	\$ 2,074,388,287	100

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE (Notes 4, 31 and 38)	\$ 37,390,417	76	\$ 33,008,486	72	13
INTEREST EXPENSE (Notes 4, 31 and 38)	<u>(17,079,102)</u>	<u>(35)</u>	<u>(12,758,870)</u>	<u>(28)</u>	34
NET INTEREST	<u>20,311,315</u>	<u>41</u>	<u>20,249,616</u>	<u>44</u>	-
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 32 and 38)	16,371,015	33	15,775,972	34	4
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 33)	18,401,060	37	1,057,940	2	1,639
Realized gains on available-for-sale financial assets (Note 4)	-	-	725,045	2	(100)
Realized gains on financial assets at fair value through other comprehensive income (Note 4)	761,188	2	-	-	-
Foreign exchange gains (losses), net (Note 4)	(6,703,033)	(14)	7,950,203	17	(184)
Impairment losses on assets (Notes 4, 15 and 16)	(5,990)	-	(50,107)	-	(88)
Gains on financial assets carried at cost, net (Note 4)	-	-	132,493	-	(100)
Other noninterest gains, net	<u>293,679</u>	<u>1</u>	<u>266,027</u>	<u>1</u>	10
Total net revenues and gains other than interest	<u>29,117,919</u>	<u>59</u>	<u>25,857,573</u>	<u>56</u>	13
TOTAL NET REVENUES	<u>49,429,234</u>	<u>100</u>	<u>46,107,189</u>	<u>100</u>	7
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 13)	<u>(3,252,472)</u>	<u>(7)</u>	<u>(4,055,371)</u>	<u>(9)</u>	(20)

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES (Notes 4, 16, 17, 18, 28, 34 and 38)					
Employee benefits	\$ (11,596,823)	(23)	\$ (11,228,792)	(24)	3
Depreciation and amortization	(2,028,751)	(4)	(1,874,027)	(4)	8
General and administrative	<u>(12,213,831)</u>	<u>(25)</u>	<u>(12,076,126)</u>	<u>(26)</u>	1
Total operating expenses	<u>(25,839,405)</u>	<u>(52)</u>	<u>(25,178,945)</u>	<u>(54)</u>	3
INCOME BEFORE INCOME TAX	20,337,357	41	16,872,873	37	21
INCOME TAX EXPENSE (Notes 4 and 35)	<u>(3,254,589)</u>	<u>(7)</u>	<u>(2,218,434)</u>	<u>(5)</u>	47
NET INCOME FOR THE YEAR	<u>17,082,768</u>	<u>34</u>	<u>14,654,439</u>	<u>32</u>	17
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 28 and 35):					
Remeasurement of defined benefit plans	45,125	-	(58,617)	-	177
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	78,430	-	(42,931)	-	283
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	(647,216)	(1)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(3,177)</u>	<u>-</u>	<u>34</u>	<u>-</u>	(9,444)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(526,838)</u>	<u>(1)</u>	<u>(101,514)</u>	<u>-</u>	419

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss (Notes 4 and 35):					
Exchange differences on the translation of financial statements of foreign operations	\$ 377,868	1	\$ (929,411)	(2)	141
Unrealized gains (losses) on available-for-sale financial assets	-	-	861,454	2	(100)
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	(365,278)	(1)	-	-	-
Impairment losses on investments in debt instruments at fair value through other comprehensive income	5,210	-	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(17,724)</u>	<u>-</u>	<u>98,814</u>	<u>-</u>	(118)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>76</u>	<u>-</u>	<u>30,857</u>	<u>-</u>	(100)
Other comprehensive loss for the year, net of income tax	<u>(526,762)</u>	<u>(1)</u>	<u>(70,657)</u>	<u>-</u>	646
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,556,006</u>	<u>33</u>	<u>\$ 14,583,782</u>	<u>32</u>	14
NET INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 17,068,493	34	\$ 14,756,556	32	16
Non-controlling interests	<u>14,275</u>	<u>-</u>	<u>(102,117)</u>	<u>-</u>	114
	<u>\$ 17,082,768</u>	<u>34</u>	<u>\$ 14,654,439</u>	<u>32</u>	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of ESFHC	\$ 16,541,559	33	\$ 14,721,101	32	12
Non-controlling interests	<u>14,447</u>	<u>-</u>	<u>(137,319)</u>	<u>-</u>	111
	<u>\$ 16,556,006</u>	<u>33</u>	<u>\$ 14,583,782</u>	<u>32</u>	14

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)					
Basic	<u>\$ 1.58</u>		<u>\$ 1.40</u>		
Diluted	<u>\$ 1.57</u>		<u>\$ 1.40</u>		

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

(Concluded)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of ESFHC						Other Equity					Total Equity
	Capital Stock (Note 37)		Capital Surplus (Notes 4 and 37)	Retained Earnings (Notes 4, 10 and 37)			Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 10)	Unrealized Gains on Available-for-sale Financial Assets (Note 4)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)	Non-controlling Interests (Notes 4 and 37)	
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2017	8,765,400	\$ 87,654,000	\$ 20,658,669	\$ 6,677,949	\$ 164,235	\$ 12,960,263	\$ (145,236)	\$ -	\$ 509,713	\$ 44,882	\$ 656,883	\$ 129,181,358
Appropriation of 2016 earnings												
Legal reserve	-	-	-	1,296,026	-	(1,296,026)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(4,645,662)	-	-	-	-	-	(4,645,662)
Stock dividends	701,232	7,012,320	-	-	-	(7,012,320)	-	-	-	-	-	-
Issuance of common stock from employees' compensation	18,868	188,680	163,208	-	-	-	-	-	-	-	-	351,888
Capital increase	700,000	7,000,000	3,500,000	-	-	-	-	-	-	-	-	10,500,000
Share-based payment for the subscription of new shares by employees	-	-	207,252	-	-	-	-	-	-	-	-	207,252
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(8,730)	(8,730)
Acquisition of interest in subsidiary	-	-	-	-	-	(830,475)	12,160	-	1,477	-	(404,619)	(1,221,457)
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	94	-	-	-	(94)	-	-
Net income for the year ended December 31, 2017	-	-	-	-	-	14,756,556	-	-	-	-	(102,117)	14,654,439
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(58,523)	(744,227)	-	810,226	(42,931)	(35,202)	(70,657)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	14,698,033	(744,227)	-	810,226	(42,931)	(137,319)	14,583,782
BALANCE AT DECEMBER 31, 2017	10,185,500	101,855,000	24,529,129	7,973,975	164,235	13,873,907	(877,303)	-	1,321,416	1,857	106,215	148,948,431
Effect of retrospective application	-	-	-	-	-	172,331	-	1,643,296	(1,321,416)	-	-	494,211
BALANCE AT JANUARY 1, 2018 AS APPLIED RETROSPECTIVELY	10,185,500	101,855,000	24,529,129	7,973,975	164,235	14,046,238	(877,303)	1,643,296	-	1,857	106,215	149,442,642
Appropriation of 2017 earnings												
Legal reserve	-	-	-	1,387,391	-	(1,387,391)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(6,239,475)	-	-	-	-	-	(6,239,475)
Stock dividends	623,980	6,239,800	-	-	-	(6,239,800)	-	-	-	-	-	-
Issuance of common stock from employees' compensation	19,420	194,200	181,577	-	-	-	-	-	-	-	-	375,777
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(4,850)	(4,850)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(192,465)	-	192,465	-	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	1,331	-	-	-	(1,331)	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	17,068,493	-	-	-	-	14,275	17,082,768
Other comprehensive income (loss) for the year ended December 31 2018, net of income tax	-	-	-	-	-	45,248	336,459	(987,071)	-	78,430	172	(526,762)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	17,113,741	336,459	(987,071)	-	78,430	14,447	16,556,006
BALANCE AT DECEMBER 31, 2018	<u>10,828,900</u>	<u>\$ 108,289,000</u>	<u>\$ 24,710,706</u>	<u>\$ 9,361,366</u>	<u>\$ 164,235</u>	<u>\$ 17,102,179</u>	<u>\$ (540,844)</u>	<u>\$ 848,690</u>	<u>\$ -</u>	<u>\$ 78,956</u>	<u>\$ 115,812</u>	<u>\$ 160,130,100</u>

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

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 20,337,357	\$ 16,872,873
Adjustments for:		
Depreciation expenses	1,386,414	1,271,592
Amortization expenses	642,337	602,435
Expected credit losses/bad-debt expenses	3,166,355	4,049,208
Gains on financial assets and liabilities at fair value through profit or loss	(18,401,060)	(1,057,940)
Interest expense	17,079,102	12,758,870
Interest revenue	(37,390,417)	(33,008,486)
Dividend income	(381,883)	(336,702)
Provision for losses on guarantees	85,605	6,163
Salary expenses on share-based payments	463,521	584,629
Losses (gains) on disposal of properties and equipment	(83,170)	29,876
Losses on disposal of intangible assets	602	-
Gains on disposal of investments	(379,305)	(557,629)
Impairment losses on financial assets	-	50,452
Impairment losses on non-financial assets	149	-
Reversal of impairment losses on non-financial assets	-	(345)
Unrealized losses on foreign currency exchange	-	1,870
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	476,628	(12,748,087)
Financial assets at fair value through profit or loss	(29,801,490)	(28,056,853)
Financial assets at fair value through other comprehensive income	(13,901,756)	-
Investments in debt instruments at amortized cost	(5,064,613)	-
Available-for-sale financial assets	-	(30,526,311)
Securities purchased under resell agreements	-	140,934
Receivables	1,617,162	(10,513,190)
Discounts and loans	(125,426,376)	(96,024,898)
Held-to-maturity financial assets	-	501,592
Other financial assets	(3,825,985)	17,182,628
Other assets	81,038	(36,147)
Due to the Central Bank and other banks	5,570,805	14,136,209
Financial liabilities at fair value through profit or loss	(20,206,138)	(16,505,702)
Securities sold under repurchase agreements	326,321	3,318,745
Payables	(3,834,963)	3,409,999
Deposits and remittances	174,415,344	155,162,249
Provision for employee benefits	(3,572)	(3,244)
Provision	-	(1,411)
Other financial liabilities	17,934,714	(1,475,778)
Other liabilities	408,331	25,946
Cash used in operations	(14,708,943)	(746,453)
Interest received	43,714,418	39,299,425
Dividend received	655,515	353,254

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Interest paid	\$ (16,828,651)	\$ (13,015,804)
Income tax paid	<u>(3,310,170)</u>	<u>(2,548,764)</u>
Net cash generated from operating activities	<u>9,522,169</u>	<u>23,341,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	(5,946,004)	(3,239,211)
Proceeds from disposal of properties and equipment	136,105	1,008
Decrease in operating deposits	15,000	30,000
Increase in settlement fund	(3,843)	(2,016)
Decrease in settlement fund	2,558	137
Increase in refundable deposits	(1,294,211)	(65,499)
Payments for intangible assets	(458,080)	(480,719)
Increase in other assets	<u>(1,240)</u>	<u>(4,346)</u>
Net cash used in investing activities	<u>(7,549,715)</u>	<u>(3,760,646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	152	-
Repayments of short-term borrowings	-	(269,966)
Increase in commercial paper issued	-	2,338,841
Repayments of commercial paper	(2,226,888)	-
Proceeds from issue of corporate bonds	-	1,100,000
Repayments of corporate bonds	-	(2,000,000)
Proceeds from issue of bank debentures	5,100,000	-
Repayments of bank debentures	(5,000,000)	(5,500,000)
Proceeds from long-term borrowings	-	767,608
Repayments of long-term borrowings	(886,330)	(2,766,867)
Increase in financial liabilities designated as at fair value through profit or loss	5,880,000	-
Increase in guarantee deposits received	1,564,797	91,848
Cash dividends paid	(6,239,475)	(4,645,662)
Capital increase	-	10,500,000
Cash dividends paid to non-controlling interests	(4,850)	(8,730)
Changes in non-controlling interests (Note 47)	<u>-</u>	<u>(1,221,457)</u>
Net cash used in financing activities	<u>(1,812,594)</u>	<u>(1,614,385)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>1,563,195</u>	<u>905,286</u>

(Continued)

E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,723,055	\$ 18,871,913
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>58,050,616</u>	<u>39,178,703</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 59,773,671</u>	<u>\$ 58,050,616</u>
	December 31	
	2018	2017
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, 2018 AND 2017		
Cash and cash equivalents in the consolidated balance sheets	\$ 55,755,562	\$ 55,095,081
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”	<u>4,018,109</u>	<u>2,955,535</u>
Cash and cash equivalents at the end of the year	<u>\$ 59,773,671</u>	<u>\$ 58,050,616</u>

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, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and 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, 2018. 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, 2018 are described as follows:

Allowances for Possible Losses on Loans

The Company is engaged principally in providing loans to customers. As of December 31, 2018, the net amount of discounts and loans of the Company is NT\$1,333,277,269 thousand, which represents approximately 58% 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 making judgements to measure the loss allowance at an amount equal to 12-month expected credit losses or the lifetime expected credit losses. 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 13 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, 2018 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. Perform test on the reasonableness of key assumptions for the expected credit loss model.
3. Perform test on the reasonableness of the calculation of expected credit losses for selected loans.
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 18 to the consolidated financial statements. We determined goodwill impairment assessment to be a key audit matter for the year ended December 31, 2018 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, 2018 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 15, 2019

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.

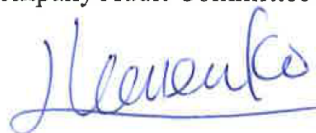
Audit Committee Report

To: E.SUN Financial Holding Company 2019 General Shareholders' Meeting

The board of directors has complied and submitted the company's 2017 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:



Independent Director:



Date: April 18 2019