

# **E.SUN FINANCIAL HOLDING CO., LTD.**

## **GENERAL SHAREHOLDERS MEETING 2020**

### **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, 12 June 2020 (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 8,255,672,591 shares (including 6,256,849,778 shares represented by the shareholders by electronic voting method), representing 71.05% of the total issued shares of the Company (11,619,500,000 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 2019 by the President.

Decision: The shareholder with A/C No. 58289 raised questions regarding the planning and establishment of pure online banking, development of cross-border platforms and financial technology development strategies, and the organization structure of the Audit Division and the Compliance Department. The Chairman and the President replied to the shareholder and the report was noted.

2. Report on the inspection and auditing of the final account for fiscal year 2019 and communications with internal auditing officers by the Audit Committee.

Explanation:

- (1) The Company's financial statements for 2019 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 17, 2019	General Auditor	Submission of the 2018 Q4 audit working papers	Duly noted without further recommendations
April 18, 2019	General Auditor	Submission of the 2019 Q1 audit working papers	Duly noted and proceed as recommended.
		Submission of the reviewed 2019 audit plan	The plan was passed by a unanimous vote and submitted to the Board of Directors for approval.
August 06, 2019	General Auditor	Submission of the 2019 Q2 audit working papers	1.Explain and exchange opinions on issues raised by independent directors. 2.Duly noted and proceed as recommended.
November 12, 2019	General Auditor	Submission of the 2019 Q3 audit working papers and the reports from the bank and securities subsidiaries to the directors	Duly noted and proceed as recommended.
		Submission of the 2020 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: The shareholder with A/C No. 58289 raised questions regarding the internal control system in the past 2 years, the audit of major transactions between related parties, and the reasons for the losses of some departments. The Chairman and the President replied to the shareholder and the report was 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.49~p.57 of this Handbook for the full amended version) :

Cooperate with the new corporate governance blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the Schedule 2-2-2 " Performance of social responsibility and any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, and the reasons for any such differenceyes " of "Regulations Governing Information to be Published in Annual Reports of Public Companies", amending related content. (Article 3, Article 17, Article 21, Article 24, Article 26)

(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 2020 Plan for Fulfilling Corporate Social Responsibility is as follows:

### 3.1 Economic Dimension

#### 3.1.1 Legal Compliance:

All employees are to be thoroughly imbued with legal compliance awareness so that they will find themselves working in a well-rounded legal compliance environment, thereby taking the initiative to comply with laws and regulations and other business guidelines and uphold the principle that "no business shall supersede risk and no service shall go beyond law." The risk-based approach shall be adopted to establish the procedures, plan, and mechanism for the E.SUN Group to identify, evaluate, control, measure, monitor, and independently report legal compliance risk. Meanwhile, a laws and regulations management framework will be established to supervise and support all E.SUN departments with regard to legal compliance matters.

#### 3.1.2 Information Security:

A specialized international organization will be engaged to assess the Company's information security competence for the reference of various departments in making improvement and procuring information security insurance, thereby enhancing the Company's information security governance. By means of the Financial Information Sharing and Analysis Center (F-ISAC), the Company is ready to share threat intelligence

on a regular basis and participate in attack-defense simulations in order to help the local financial services industry create a joint defense mechanism for information security.

#### 3.1.3 Anti-Money Laundering:

Continue to benchmark international standards and regulations of the competent authority, bolster internal AML/CFT guidelines for domestic and overseas outlets, and implement a diverse range of training to formulate the Company's AML/CFT culture and help employees expand their professional horizons beyond national borders.

#### 3.1.4 Corporate Governance:

Compile a directors' manual in order for directors to efficiently perform their duties immediately after assuming a post. Spell out in applicable regulations the needs for director diversity and specialization, practical measures for seeking out director candidates, and presentation of workshops for newly elected directors. Report on the Company's provision of training for next-generation senior executives to the Corporate Governance and Nominating Committee and the Board of Directors on a regular basis. Disclose the charters of all the functional committees on the Company's official website.

### 3.2 Social Aspect

#### 3.2.1 Care For Employees:

Continue to strengthen employee care, promote work-life balance, and provide employees with friendlier health promotion activities that better cater to their needs. Implement maternity care measures to create a happy workplace.

#### 3.2.2 Financial Inclusion:

Develop API services, promote financial inclusion, and provide customers with a financial service experience as easily accessible as utilities in tandem with the government's open banking policy.

Offer short-term, rapidly allocated microloans to ensure that customers in need of such products have access to the requested financial services conveniently. Continue to refine the "Real-Time Foreign Exchange Price Alert" service so that customers can take advantage of the best timing in trading forex. Preparations are under way for "Foreign Currency Average Cost," a new service that promises to take customers on a more rewarding forex journey.

Engage in the National Development Council's MyData initiative that, with the consent of customers, allows financial institutions to digitally secure customers' personal information from government agencies anytime and anywhere for the rendering of financial services.

Online protection mechanisms will be installed to help prevent frauds on digital channels, thereby enhancing the security of digital financial services.

### 3.2.3 Consumer Protection and Equitable and Fair Treatment of Consumers:

E.SUN is committed to creating a corporate culture that gives priority to protecting consumers even as it strives for business development. With equitable and fair treatment of consumers at the core, it has adopted a customer service charter in tandem with international conventions. On top of equitable and fair treatment of consumers, the charter spells out E.SUN's full spectrum of customer services, key pledges to customers, and expectations of customers among other customer service-related matters, thereby helping customers learn thoroughly about E.SUN's products and services. Meanwhile, E.SUN is ready to draw on multiple channels for communicating with and caring about customers in order to further improving the Company's customer experience.

### 3.2.4 Talent Cultivation:

Incorporate technology, humanities, and environmental protection into employee training to usher in an innovative learning experience. Help with E.SUN's strategic development by imbuing the workforce with digital technology prowess and cross-border financial competence. Continue to improve the Company's talent development mechanism and offer cross-sector training through job rotation to cultivate top-tier talent.

### 3.2.5 Social Welfare:

#### 3.2.5.1 Academic Education

The E.SUN Golden Seed Project aims to build 10 E.SUN libraries. Through collaboration with 36 institutions of higher learning, E.SUN works with academia to develop AI and fintech applications. The E.SUN Academic Awards are presented to foster top-notch academic research while the International Gurus Forum is intended to usher in innovative thinking in management. In addition to granting scholarships to help grow talent in management, technology, and humanities, E.SUN is also proactive to do the same in ASEAN countries by expanding industry-academia collaboration there.

#### 3.2.5.2 Social Engagement

Persist with the long-term initiative to give relief to disadvantaged schoolchildren or those hit by distressing occurrences and to orphanages. Team up with preferred partners to undertake such charity endeavors as blood donation sessions and house calls by dentists. Emphasis is also placed on fostering social enterprises: E.SUN's "Smile and Hope Loan" is launched in conjunction with the Taipei City Government, the Small & Medium Enterprise Credit Guarantee Fund, the Taiwan Small & Medium Enterprise Counseling Foundation, and four major incubators of social enterprises.

### 3.2.5.3 Sports

E.SUN honors its commitment to Taiwan's baseball, in particular youth baseball, by hosting the E.SUN Cup National Youth Baseball Championship, E.SUN Youth Baseball Training Camp, and E.SUN High School Baseball Camp on Sports Injury Prevention and Rehabilitation, as well as giving assistance to baseball teams in remote areas. Meanwhile, E.SUN is an avid sponsor of Taiwan's U18 team in international competitions so that young baseball players can prove themselves on the international stage.

### 3.2.5.4 Arts and Humanities

Sponsor domestic and overseas artistic and cultural events to express E.SUN's humanistic concern and enhance the populace's humanities capacity. Previous highlights include performances of the Vienna Boys Choir and eminent international symphony orchestras, Van Gogh Alive—the Experience, and Play ARTs workshops for children.

## 3.3 Environmental Aspect

### 3.3.1 Environmental protection and saving energy:

Promote Green Building Label certification both domestically and internationally. Continue to establish branches that are driven by solar power, adopt air-conditioning equipment with R410A rather than R22 refrigerant, retire outdated, energy-inefficient air-conditioning equipment, and reduce the energy consumption of light fixtures, thereby helping create a green sustainable environment.

### 3.3.2 Low Carbon Operations:

Inventory greenhouse gas (GHG) emissions on a regular basis in accordance with international environmental protection conventions. Continue to work on the operation and maintenance of the Company's ISO 50001 energy management system and ISO 14001 environmental management system.

### 3.3.3 Climate Change Risks:

Assess the impact of climate change on business operations, map out control and mitigation measures, and identify possible opportunities to bolster the Company's risk management with regard to climate change.

### 3.3.4 Sustainable Finance:

Introduce the fourth iteration of the Equator Principles (EP4) in line with international trends and engage rigorously in large-scale project financing for renewable energy, such as offshore and onshore wind power and ground-mounted PV systems.

The Company expects to issue more green finance, social responsibility, or sustainable development bonds in the first half of 2020, thereby incorporating corporate social responsibility into the Company's core business and honoring its commitment to 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. <u>Based on the materiality principle, the Company shall conduct risk assessment on environmental, social, and corporate governance issues that may bear on its operations, and implement a risk management policy or strategy accordingly.</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</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. 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.</p>	<p>Amended Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies per 2019.02.13 Letter No. Taiwan-Stock- Governance-1 090002299 of the Taiwan Stock Exchange Corporation. Cooperate with the new corporate governance blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the Schedule " Performance of social responsibility and any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM-Listed Companies, and the reasons for any such differenceyes " of "Regulations Governing Information to be Published in Annual Reports of Public Companies", adding the second item.</p>

After amended	Before amended	Explanations
<p>development and environmental sustainability.</p> <p>Article 17  <u>The Company should assess the risks and opportunities that climate change may bring in the immediate and long terms, and adopt countermeasures to address climate-related issues.</u>  The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:  I.Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.  II.Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heat, or steam.  The Company <u>should compile statistics on greenhouse gas emissions, water consumption, and total weight of waste; adopt a policy on energy conservation and carbon reduction, reductions in greenhouse gas emissions and water consumption, and waste management; and incorporate the acquisition of carbon rights into its carbon reduction strategy and act accordingly.</u> Such strategies shall aim to minimize the impact of business operations on climate change.</p>	<p>Article 17  The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:  I.Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.  II.Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heat, or steam.  The Company <u>shall monitor the impact of climate change on its operations and shall establish company strategies for energy conservation and carbon and greenhouse gas reduction based on its operations and the result of a greenhouse gas inventory.</u> Such strategies shall aim to minimize the impact of business operations on climate change.</p>	<p>Amended Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies per 2019.02.13 Letter No. Taiwan-Stock-Governance-10 90002299 of the Taiwan Stock Exchange Corporation. Cooperate with the new corporate governance blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the Schedule " Performance of social responsibility and any difference from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM-Listed Companies, and the reasons for any such difference" of "Regulations Governing Information to be Published in Annual Reports of Public Companies", amending related content.</p>

After amended	Before amended	Explanations
<p>Article 21 The Company should create a positive environment for employees' career development and establish an effective professional training program. The Company shall <u>devise and offer reasonable employee benefits (including remuneration, leave, and other benefits)</u> as well as <u>reasonably reflect business performance or fruits in employee remuneration</u> to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.</p>	<p>Article 21 The Company should create a positive environment for employees' career development and establish an effective professional training program. The Company shall <u>appropriately reflect the corporate business performance or achievements in the employee remuneration policy</u>, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.</p>	<p>Same as above.</p>
<p>Article 24 The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of the industry in which it operates. <u>When it comes to product marketing and labeling in relation to customer health, safety, and privacy, the Company shall abide by applicable</u> shall follow relevant laws, regulations and international guidelines and may not deceive, mislead, commit fraud, or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.</p>	<p>Article 24 The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of the industry in which it operates. <u>The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling its products and services</u> and may not deceive, mislead, commit fraud, or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.</p>	<p>Same as above.</p>
<p>Article 26 The Company should assess the impact its procurement</p>	<p>Article 26 The Company should assess the impact its procurement</p>	<p>Same as above.</p>

After amended	Before amended	Explanations
<p>has on society and the environment of the community from which procurements are made as well as cooperate with its suppliers to jointly implement the corporate social responsibility initiative.</p> <p><u>The Company should adopt a supplier management policy that requires suppliers to comply with applicable regulations in the areas of environmental protection, occupational safety and health, and labor rights.</u> Prior to engaging in commercial dealings, the Company should assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.</p> <p>When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</p>	<p>has on society and the environment of the community from which procurements are made as well as cooperate with its suppliers to jointly implement the corporate social responsibility initiative.</p> <p>Prior to engaging in commercial dealings, the Company should assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.</p> <p>When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</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 2019 came in at NT\$20,022,811,301. In accordance with the ratios in the Articles of Incorporation, employee compensation (2%~5%) was NT\$600,684,339 (including stock and cash compensation), and director compensation (not exceeding 0.9%) was NT\$113,300,000 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. Amendment of the "Ethical Corporate Management Best Practice Principles"

### Explanation:

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

1.1 Adding ethical management policy should obtain approval from the board of directors. (Article 5).

1.2 Companies shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis. (Article 7).

1.3 Regulating directors and senior management to issue a statement of compliance with the ethical management policy, and keep it properly. (Article 8).

1.4 The ethical corporate dedicated unit should avail itself of adequate resources and staff itself with competent personnel, and shall report to the board of directors on a regular basis (at least once a year). (Article 17).

1.5 The internal audit unit of a company, based on the results of assessment of the risk of involvement in unethical conduct, shall devise relevant audit plans, and the results of examination shall be reported to the ethical management dedicated unit and the board of directors. (Article 20).

(2) Please refer to Appendix 2 on p.58~p.64 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 1 (Reference basis, purpose and scope of application)            These Principles according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies are adopted to assist to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.            E.SUN FHC shall, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations, which comprise its subsidiaries, any foundation to which E.SUN FHC' s direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by it ("business group").</p>	<p>Article 1 (Purpose and scope of application)            These Principles are adopted to assist to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.            E.SUN FHC shall, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its business groups and organizations, which comprise its subsidiaries, any foundation to which E.SUN FHC' s direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by it ("business group").</p>	<p>Added the basis for the external regulations of this code.</p>
<p>Article 5 (Policy)            E.SUN FHC shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5 (Policy)            E.SUN FHC shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Amended Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies per 2019.05.23 Letter No. Taiwan-Stock-Governance-10800083781 of the Taiwan Stock Exchange Corporation, adding ethical management policy should obtain approval from the board of directors.</p>

After amended	Before amended	Explanations
<p>Article 7 (Scope of prevention programs)  <u>E.SUN FHC shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u>  <u>It is advisable for E.SUN FHC to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</u>  1.Offering and acceptance of bribes.  2.Illegal political donations.  3.Improper charitable donations or sponsorship.  4.Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.  5.Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.  6.Engaging in unfair competitive practices.  7.Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>Article 7 (Scope of prevention programs)  When establishing the prevention programs, E.SUN FHC shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.  <u>The prevention programs adopted by E.SUN FHC shall at least include preventive measures against the following:</u>  1.Offering and acceptance of bribes.  2.Illegal political donations.  3.Improper charitable donations or sponsorship.  4.Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.  5.Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.  6.Engaging in unfair competitive practices.  7.Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>Amended Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies per 2019.05.23 Letter No. Taiwan-Stock-Governance-10800083781 of the Taiwan Stock Exchange Corporation, companies shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis.</p>



After amended	Before amended	Explanations
<p>Article 8 (Commitment and implementation)  <u>E.SUN FHC shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u>  E.SUN FHC and its respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.  <u>E.SUN FHC shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>Article 8 (Commitment and implementation)  E.SUN FHC and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>Amended Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies per 2019.05.23 Letter No. Taiwan-Stock-Governance-10800083781 of the Taiwan Stock Exchange Corporation, regulating directors and senior management to issue a statement of compliance with the ethical management policy, and keep it properly.</p>
<p>Article 17 (Organization and responsibilities)  The directors, managers, employees, mandataries, and substantial controllers of E.SUN FHC shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p>	<p>Article 17 (Organization and responsibilities)  The directors, managers, employees, mandataries, and substantial controllers of E.SUN FHC shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical</p>	<p>Amended Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies per 2019.05.23 Letter No. Taiwan-Stock-Governance-10800083781 of the Taiwan Stock Exchange Corporation, the ethical corporate dedicated unit should avail itself of adequate resources and staff itself with competent personnel, and shall report to the board of directors on a regular basis (at least once a year).</p>

After amended	Before amended	Explanations
<p>To achieve sound ethical corporate management, E.SUN FHC established Corporate Governance and Nomination Committee, <u>avail itself of adequate resources and staff itself with competent personnel,</u> to responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. It shall be in charge of the following matters, and shall report to the board of directors on a regular basis <u>(at least once a year):</u></p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into E.SUN's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope,</u> adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to E.SUN's operations and business.</li> <li>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a</li> </ol>	<p>corporate management policies.</p> <p>To achieve sound ethical corporate management, E.SUN FHC established Corporate Governance and Nomination Committee to responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. It shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into E.SUN's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to E.SUN's operations and business.</li> <li>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> </ol>	

After amended	Before amended	Explanations
<p>higher risk for unethical conduct.</p> <p>4.Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5.Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6.Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>4.Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5.Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6.Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 20 (Accounting and internal control)</p> <p>E.SUN FHC shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of E.SUN FHC shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The</p>	<p>Article 20 (Accounting and internal control)</p> <p>E.SUN FHC shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of E.SUN FHC shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a</p>	<p>Amended Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies per 2019.05.23 Letter No. Taiwan-Stock-Governance-10800083781 of the Taiwan Stock Exchange Corporation, regulating the internal audit unit of a company, based on the results of assessment of the risk of involvement in unethical conduct, shall devise relevant audit plans, and the results of examination shall be reported to the ethical management dedicated unit and the board of directors.</p>

After amended	Before amended	Explanations
<p>internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	

6. Report the adjustment of independent auditor(CPA).

Explanation:

- (1) This report is made in accordance with the third paragraphs of Article 20 and the first paragraphs of Article 29 of the Articles of Incorporation of the Company.
- (2) With Deloitte Taiwan being engaged to audit and certify the Company's financial report, its internal adjustment led to the replacement of the two CPAs formerly charged with the duty—Chen Ying-chou and Huang Jui-chan—with Chen Ying-chou and Yang, Chen-Hsiu, effective from the first quarter of 2020.
- (3) In its review of CPA performance in 2019, the Company concluded that Deloitte Taiwan's service quality conformed to expectations.
- (4) Based on the aforesaid review of CPA performance in 2019, the Company decided to again engage Deloitte Taiwan to audit and certify its financial report in 2020.

Decision: 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 2019.

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 2019 along with the books and accounts including the business report approved on 12 March 2020 by the 20<sup>th</sup> meeting of the 6<sup>th</sup> 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 Appendix 3 and 4 on p.65~p.83 of this Handbook.)

- Resolution: 1. The shareholder with A/C No. 58289 raised questions regarding shareholders meeting venue, reasons for the company to issue the first unsecured corporate bond with a face value of NT\$4 billion in 2019, 5% decrease in net interest income compared with the previous year, the increase in other financial liabilities, the analysis of interest rate sensitive assets and liabilities, and financial structure analysis. The President replied to the shareholder.
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 (%)		
8,255,672,591 (6,256,849,778 shares)	7,094,324,044 (5,107,326,847 shares)	85.93%	2,958,136 (1,276,223 shares)	1,158,390,411 (1,148,246,708 shares)

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

**Proposal:** Proposal of net income distribution for fiscal year 2019.

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\$7,462,333 for fiscal 2019 and considering the retroactive application adjustment of NT\$25,846,125, the Company's adjusted preliminary undistributed earnings for the year came in at NT\$33,308,458. After plus of NT\$18,253,793 in retained earnings from remeasurements of defined benefit plans and NT\$308,614,728 in retained earnings adjusted for investments under the equity method, the adjusted cumulative earnings stood at NT\$360,176,979. Plus the year's net income of NT\$20,105,128,986 and minus a NT\$2,010,512,899 appropriation of legal reserve, the Company has an amount of NT\$18,454,793,066 in earnings distributable for the current year. It is planned to distribute earnings totaling TWD18,451,766,000, where share dividends will be NT\$ \$0.797 per share (totaling NT\$9,260,000,000) while cash dividends will be TWD \$0.791 per share (totaling NT\$ 9,191,766,000). The balance of TWD 3,027,066 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 circa 79.69 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 face 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.The shareholder with A/C No. 9319 affirmed the efforts of E.SUN management team and all staff, and raised questions regarding the Company's dividend policy. The shareholder with A/C No. 202203 raised questions regarding regulatory authority's punishments and the Chairman's healthy condition. The shareholder with A/C No. 58289 raised questions regarding Company's audit and internal control performance. The Chairman and President replied to the shareholders.

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 (%)		
8,255,672,591 (6,256,849,778 shares)	7,119,714,771 (5,132,717,574 shares)	86.24%	4,981,140 (3,506,227 shares)	1,130,976,680 (1,120,625,977 shares)



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

As of 31 December 2019

Currency: TWD

Balance of beginning undistributed earnings	7,462,333
Retroactive application adjustment	25,846,125
Adjusted preliminary undistributed earnings	33,308,458
Retained earnings from confirmed benefit plan re-assessment number	18,253,793
Retained earnings from the adjusted investments due to employing the equity method	308,614,728
Undistributed earnings after adjustment	360,176,979
Net profit after tax for the year	20,105,128,986
Ten percent (10%) to be recorded as legal reserve	(2,010,512,899)
Distributable earnings for the period	18,454,793,066
Distribution items:	
Stock dividend (TWD0.797 per share)	(9,260,000,000)
Cash dividend (TWD 0.791 per share)	(9,191,766,000)
Total shareholders' bonuses	(18,451,766,900)
Profit undistributed as of the end of the period	3,027,066

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:** 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 116,195,000,000 in paid-in capital from a total of 11,619,500,000 issued shares. It is proposed that 926,000,000 new shares be issued on the amount of TWD 9,260,000,000 which is the profit distributable to shareholders as dividend; while employee compensation of NT\$600,684,339 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 NT\$27.80 per share one day prior to the day on when the Board resolution is made. A total of 21,600,000 new shares were issued. The foregoing recapitalized earnings totaled NT\$9,476,000,000 and 947,600,000 shares with a face value of NT\$10 per share were issued. After recapitalization, the Company's paid-in capital increased to NT\$125,671,000,000, and 12,567,100,000 shares were issued.

2. Source of the fund proposed to be capitalized:

Shareholder stock bonuses and employee stock bonuses from fiscal year 2019 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. 926,000,000 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 shareholder's roster at the rate circa 79.69 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 11,619,500,000 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 (%)		
8,255,672,591 (6,256,849,778 shares)	7,087,628,543 (5,100,631,346 shares)	85.85%	5,168,064 (3,486,151 shares)	1,162,875,984 (1,152,732,281 shares)

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

**Proposal:** Amendment to the Company's "Procedure for Engaging in Derivatives Trading".

Explanation:

1. In accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
2. The key points of the amendments are as follows:
  - (1) For the purpose of these Procedures, the term "derivatives" refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. (Article 2).
  - (2) Adjust the tenors of derivatives contracts of forward exchange and foreign exchange swap, interest rate and asset swaps, financial option, and credit derivatives. (Article 7).
  - (3) Add the threshold value for making a public announcement in the event of the Company's incurring a loss in trading derivatives. (Article 22).
3. A comparison chart on amendments to "Procedures for Financial Derivatives Transactions" can be found below (please refer to Appendix 5 on p.84~p.89 of this Handbook for the full amended version).

Resolution: 1. The shareholder with A/C No. 58289 shared his experience of a visit to Singapore Futures Exchange and raised questions regarding the impact of adjusting the limited contract period of derivative commodities. The Chief Financial Officer replied to the shareholder.

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 (%)		
8,255,672,591 (6,256,849,778 shares)	7,088,443,596 (5,101,446,399 shares)	85.86%	3,687,020 (2,212,107 shares)	1,163,541,975 (1,153,191,272 shares)

**Comparison Chart :**  
**Amendment of “E.SUN FHC Procedures for Engaging in Derivatives Trading ”**

After amended	Before amended	Explanations
<p>Article 2  For the purpose of these Procedures, the term “derivatives” refers to <u>forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</u></p>	<p>Article 2  For the purpose of these Procedures, the term “derivatives” refers to <u>any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes, credit, share prices, or other interests, such as forward contracts, options, futures, leverage contracts, swaps, and the hybrid products composed thereof. The term “forward contracts” as used in these Procedures does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) contracts.</u></p>	<p>Adjusting the definition of Article 2 derivative commodities, in according with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies amended on 2018.11.26.</p>
<p>Article 7  The tenors of derivatives contracts shall not exceed the following:  1.Forward exchange and foreign exchange swap agreements: not longer than <u>five</u> years.  2.Forward rate agreements: not longer than two years.  3.Interest rate and asset swaps: not longer than <u>ten</u> years.  4.Cross currency swaps: not longer than ten years.  5.Financial futures: not longer than two years.  6. Financial options:  (1)For any optionlisted onafinancial center exchange, the course of life of the underlying assetshall be honored, with the tenor of contract not longer than two years.</p>	<p>Article 7  The tenors of derivatives contracts shall not exceed the following:  1.Forward exchange and foreign exchange swap agreements: not longer than <u>three</u> years.  2.Forward rate agreements: not longer than two years.  3.Interest rate and asset swaps: not longer than <u>seven</u> years.  4.Cross currency swaps: not longer than ten years.  5.Financial futures: not longer than two years.  6. Financial options:  (1)For any optionlisted onafinancial center exchange, the course of life of the underlying assetshall be honored, with the tenor of contract not longer than two years.</p>	<p>To facilitate related management, adjusting some derivative commodities’ years of undertaken, in according to the actual operation.</p>

After amended	Before amended	Explanations
<p>(2)For any option financial institutions trade with one another, the tenor of a tap and floor contract shall be not longer than <u>ten</u> years while that of other financial options, notlonger than <u>five</u> years.</p> <p>7.Credit derivatives:not longer than <u>five</u> years.</p> <p>8.To trade any derivativeswhose useful life exceeds any relevant limit specified above, it is imperative to secure approval of the president on a case-by-case basis.</p>	<p>(2)For any option financial institutions trade with one another, the tenor of a tap and floor contract shall be not longer than <u>five</u> years while that of other financial options, notlonger than <u>three</u> years.</p> <p>7.Credit derivatives:not longer than <u>seven</u> years.</p> <p>8.To trade any derivativeswhose useful life exceeds any relevant limit specified above, it is imperative to secure approval of the president on a case-by-case basis.</p>	
<p>Article22</p> <p><u>In the event that the Company incurs an aggregate loss in all derivatives contracts equivalent to 3.5% of its net worth given on the consolidated financial statements of the most recent quarter, the Company shall, based on the nature at point and using the prescribed format, make a public announcement and disclose related information on websites designated by the Financial Supervisory Commission within two days of the date of occurrence (inclusive).</u></p>	<p>New added.</p>	<p>1. Pursuant to the provisions of subparagraph 3, paragraph 1, Article 31 of the FSC’s Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Article 25 of the Procedures of Derivative Product Transactions for E.SUN FHC spells out the threshold value for making a public announcement in the event of the Company’s incurring a loss in trading derivatives.</p> <p>2. The said threshold value is determined in accordance with the provisions of paragraph 2, Article 7 of the Company’s Market Risk Management Guidelines: “The aggregate market risk exposure of the E.SUN Group shall in principle run not higher than 3.5% of the Company’s net worth. Upon breaching of the</p>

After amended	Before amended	Explanations
		3.5% ceiling, the Company shall adopt necessary measures to reduce the said risk exposure.” A public announcement shall be made in accordance with the aforesaid regulations if a loss in excess of the Company’s tolerance range is incurred.
Article <u>23~ 26</u>	Article <u>22~ 25</u>	Adjust the article number.



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

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

Explanation:

1. Per 2020.01.02 Letter No. Taiwan-Stock-Governance-1080024221 of the Taiwan Stock Exchange Corporation, amending “ Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”, to revise the narrative rules.
2. The key point of the amendment is as follows:
  - (1) Change of the rules regarding convening of board meeting and notice of board meeting. (Article 3).
  - (2) Pursuant to the Company Act, a rule is added to allow the board of directors to include a shareholder proposal in the agenda if the proposal urges the company to contribute to public interest or fulfill its corporate social responsibility. (Article 4).
  - (3) A rule is added to require that when a shareholders meeting is to be chaired by a director of the company, the director have been in office for six months or longer and be familiar with the company’s finance and business activities. (Article 8).
  - (4) A rule is added to state that shareholders meeting related proposals (including extemporary motions and amendments of existing proposals) shall be voted on a case-by-case basis, and the chair shall allocate sufficient time for voting. (Article 11).
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 6 on p.101~p.111 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 (%)		
8,255,672,591 (6,256,849,778 shares)	7,089,255,810 (5,102,258,613 shares)	85.87%	3,358,775 (1,883,862 shares)	1,163,058,006 (1,152,707,303 shares)

**Comparison Chart :**

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

After amended	Before amended	Explanations
<p>Article 1 (Basis) To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 182-1, paragraph 2 of the Company Act and Article 11 of Corporate Governance Best-Practice Principles for Financial Holding Companies.</p>	<p>Article 1 (Basis) To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 182-1, paragraph 2 of the Company Act, Article 11 of Corporate Governance Best-Practice Principles for Financial Holding Companies and <u>Rules Governing the Conduct of Shareholders Meetings by Public Companies.</u></p>	<p>Delete text in according to the “Rules Governing the Conduct of Shareholders Meetings by Public Companies” ceased per 15 May 2012 Letter No. Financial-Supervisory -Securities-Trading -1010022298 of the Financial Supervisory Commission, Executive Yuan.</p>
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices) The Company’s shareholders’ meetings shall, unless otherwise provided for in applicable laws and regulations, be convened by the Board of Directors. <u>The background and details of the notice to convene a General Meeting of Shareholders, the proxy form, the proposals to be acknowledged or discussed, and the list of directors to be elected or dismissed shall be prepared in electronic format and sent to the Market Observation Post System not later than 30 days prior to the scheduled meeting date for a general meeting and 15 days for an extraordinary meeting. The agenda and supplemental documents shall be prepared in electronic format and sent to the Market Observation Post System not later than 21 days prior to the scheduled meeting date for a general meeting and 15 days for an extraordinary meeting. The agenda and supplemental documents for an</u></p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices) The Company’s shareholders’ meetings shall, unless otherwise provided for in applicable laws and regulations, be convened by the Board of Directors. <u>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</u></p>	<p>1. According to the Article 3 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, amending the third to fourth items. 2. Cooperate with August 6, 2018, Ching-Shou-Shang-Tzu No. 10702417500 , and the Article 3 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, adding the fifth items.</p>

After amended	Before amended	Explanations
<p><u>upcoming shareholders meeting shall be made readily available to shareholders and displayed at the company not later than 15 days prior to the scheduled meeting date. The same agenda and supplemental documents shall also be distributed at the venue during the shareholders meeting.</u></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, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be 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. <u>The main content may be placed on a website designated by the competent authority or the company itself, in which case the URL should be shown in the notice.</u></p> <p><u>Where the cause(s) of a shareholders meeting already includes a re-election of directors and states the effective date for the appointment, the effective date cannot be changed by extemporary motion or any other means in the same meeting after the re-election is completed.</u></p>	<p><u>Observation Post System not later than 15 days prior to the scheduled meeting date.</u></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, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the notice to convene a shareholders' meeting, and shall not be brought up as extemporary motions.</p>	

After amended	Before amended	Explanations
<p>Article 4 (Shareholders' right of proposal)</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, the board of directors may include a proposal in the agenda if the proposal urges this Corporation to contribute to public interest or fulfill its corporate social responsibility.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, <u>Written acceptance</u> and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>(The third and fourth items are omitted.)</p>	<p>Article 4 (Shareholders' right of proposal)</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>(The third and fourth items are omitted.)</p>	<p>Cooperate with the forth item of Article 172-1 of the Company Law, and the sixth and seventh item of Article 3 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, adding the text at first item and the Written acceptance on second item.</p>
<p>Article 7 (Preparation of shareholders' meeting agenda handbook and attendance book, etc.)</p> <p><u>This Corporation shall state the time and venue of registration and other important information for shareholders in a notice of shareholders meeting.</u></p> <p><u>The time of registration in the preceding paragraph shall start at least thirty minutes prior to the meeting.</u></p> <p><u>The venue of registration shall be clearly indicated and sufficiently</u></p>	<p>Article 7 (Preparation of shareholders' meeting agenda handbook and attendance book, etc.)</p> <p>(The first to fifth items are omitted.)</p>	<p>According to the first and second item of Article 6 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, adding the first and second items.</p>

After amended	Before amended	Explanations
<p><u>staffed.</u></p> <p>(The third to seventh items are omitted.)</p>		
<p>Article 8 (The chair and non-voting participants of a shareholders meeting)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p><u>If the powers of the chairperson is exercised by a managing director or director in the preceding paragraph, the managing director or director should be one who has been in office for six months or longer and be familiar with this Corporation's finance and business activities. The same requirement shall also apply if the chairperson is a representative of an institutional director.</u></p> <p>(The third to fifth items are omitted.)</p>	<p>Article 8 (The chair and non-voting participants of a shareholders meeting)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p>(The second to fourth items are omitted.)</p>	<p>According to the second item of Article 7 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, adding the second items.</p>

After amended	Before amended	Explanations
<p>Article 9 (Documentation of a shareholders meeting by audio or video)</p> <p>The company <u>starting at the time of registration</u>, shall make a video or audio recording of the entire shareholders meeting <u>in a continuous uninterrupted manner and including the registration process, the meeting, and the voting process.</u></p> <p>The aforesaid recordings shall <u>preserve</u> for at least one year. However, when shareholders initiate a suit in accordance with Article 189 of the Company Act, such recordings shall be preserved until the conclusion of the suit.</p>	<p>Article 9 (Documentation of a shareholders meeting by audio or video)</p> <p>The company shall make a video or audio recording of the entire shareholders meeting, <u>and shall preserve such recordings</u> for at least one year. However, when shareholders initiate a suit in accordance with Article 189 of the Company Act, such recordings shall be preserved until the conclusion of the suit.</p>	<p>Amended to Article 8 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>Article 11 (Discussion of proposals)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Related proposals (including extemporary motions and amendments of existing proposals) shall be voted on a case-by-case basis.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>(The second and third items are omitted.)</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, <u>and allocate sufficient time for voting.</u></p>	<p>Article 11 (Discussion of proposals)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>(The second and third items are omitted.)</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	<p>1.Cooperate with the company to adopt electronic voting and implement the spirit of case-by-case voting, and according to the first item of Article 10 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings,amending the first item.</p> <p>2.In order to avoid the shareholders meeting convener from excessively restricting the voting time of shareholders, the shareholders have no time to vote and affect the shareholders 'exercis e of voting rights and according to the forth item of Article 10 of Sample Template for XXX Co., Ltd. Rules</p>

After amended	Before amended	Explanations
		of Procedure for Shareholders Meetings,amending the forth item.
<p>Article 14 (Voting on proposals, supervision of voting, and ballot counting method)</p> <p>(The first item is omitted.)</p> <p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require a majority of the voting rights represented by the attending shareholders to be in favor. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. <u>The shareholders will vote on the proposals on a case-by-case basis. The results, including the numbers of votes in favor, against, and forfeited, will be entered into the Market Observation Post System after the shareholders meeting.</u></p> <p>(The third to fifth items are omitted.)</p> <p><u>For voting at a shareholders meeting or an election, vote counting shall be conducted in public at the place of the shareholders meeting. The results of the voting, including the percentages, shall be announced on-site after all the votes are counted at the meeting, and a record made of the vote.</u></p>	<p>Article 14 (Voting on proposals, supervision of voting, and ballot counting method)</p> <p>(The first item is omitted.)</p> <p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require a majority of the voting rights represented by the attending shareholders to be in favor. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.</p> <p>(The third to fifth items are omitted.)</p> <p>Vote counting shall be conducted in public at the place of the shareholders meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.</p>	<p>Cooperate with the company to adopt electronic voting and implement the spirit of case-by-case voting, and according to the fifth and eighth item of Article 13 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings,amending the second and sixth item.</p>



After amended	Before amended	Explanations
<p>Article 15 (Election of directors and supervisors)</p> <p>When a shareholders meeting elects directors, the election shall be held in accordance with this company's "director election regulations," and the election results shall be announced on the spot, <u>including the list of directors elected and the percentages of winning votes.</u></p> <p>(The second item is omitted.)</p>	<p>Article 15 (Election of directors and supervisors)</p> <p>When a shareholders meeting elects directors, the election shall be held in accordance with this company's "director election regulations," and the election results shall be announced on the spot.</p> <p>(The second item is omitted.)</p>	<p>In order to implement the spirit of case-by-case voting, according to the first item of Article 14 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, amending the first item.</p>
<p>Article 16 (meeting minutes)</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes in the preceding paragraph may be produced and distributed in electronic form. °</p> <p>This Corporation may distribute the meeting minutes of the paragraph 1 by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results <u>(including the percentages). In an election of directors, the percentage of winning votes for each candidate shall be disclosed,</u> and shall be retained for the duration of the existence of this Corporation.</p>	<p>Article 16 (meeting minutes)</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes in the preceding paragraph may be produced and distributed in electronic form.</p> <p>This Corporation may distribute the meeting minutes of the paragraph 1 by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.</p> <p>With regard to the voting method in the previous paragraph, after the chair asks shareholders their opinions, and shareholders voiced no objection to the proposal, it shall be recorded that "The proposal was passed when no shareholders in attendance voiced objections after being asked by the chair." However, if shareholders have objections to a proposal, the voting</p>	<p>Cooperate with the company to adopt electronic voting and implement the spirit of case-by-case voting, and according to the third item of Article 15 of Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, amending the fourth item and delete the fifth item.</p>

After amended	Before amended	Explanations
	method employed, and the number and percentage of votes passing the proposal, shall be recorded.	
<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            Amended for the fourth time at the shareholders' meeting on June 14, 2019.  <u>Amended for the fifth time at the shareholders' meeting on June 12, 2020.</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            Amended for the fourth time at the shareholders' meeting on June 14, 2019.</p>	<p>List the amended date.</p>

## V. Election

Proposed by Board of Directors

**Proposal:** That the 12 members of the 7<sup>th</sup> Board of Directors of Company be elected by this shareholders meeting each to serve the office term of three years from 12 June 2020, the date of convention of this shareholders meeting.

Explanation:

1. The election is proposed under Articles 19 and 19-1 of the Articles of Incorporation of the Company.
2. The Company will have 9~13 directors. Each director will serve an office term of three years and may be re-elected. It is planned to reelect 12 directors, including 5 independent directors, for the 7<sup>th</sup> term Board of Directors.
3. The shareholders meeting this year (2020) will elect the members of the 7th Board of Directors of the Company with the director elects each to serve the office term from 12 June 2020 (election day) through 11 June 2023. However, the actual office term will expire until the election of the members of the 8th Board of Directors.
4. The director(s) of the Company shall be elected in accordance with the Rules Governing the Election of Directors of Company under the relevant laws and regulations.

Director elects:

A/C no. for independent director	Title	Name	Weighted votes (by electronic voting)
65813	Director	E.SUN Volunteer& Social Welfare Foundation Representative: Yung-Jen Huang	10,932,000,002 (5,910,545,969 shares)
1	Director	E.SUN Foundation Representative: Joseph N.C. Huang	9,205,064,114 (5,832,576,866 shares)
8	Director	Hsin Tung Yang Co., Ltd. Representative: Jackson Mai	6,971,700,000 (3,930,304,438 shares)
123662	Director	Fu-Yuan Investment Co., Ltd. Representative: Ron-Chu Chen	7,390,002,000 (3,986,417,685 shares)
16557	Director	Shang Li Car Co., Ltd. Representative: Chien-Li Wu	6,695,879,327 (4,006,272,311 shares)
3515	Director	Magi Chen	6,066,512,520 (5,302,016,880 shares)

A/C no. for independent director	Title	Name	Weighted votes (by electronic voting)
3215	Director	Mao-Chin Chen	5,996,222,316 (5,318,046,410 shares)
66710	Independent director	Ryh-Yan Chang	5,856,309,918 (4,932,671,442 shares)
66556	Independent director	Chun-Yao Huang	5,857,789,412 (4,649,585,984 shares)
66711	Independent director	Ying-Hsin Tsai	5,856,246,055 (4,918,988,971 shares)
66708	Independent director	Hung-Chang Chiu	5,856,506,565 (4,917,352,809 shares)
66709	Independent director	Ruey-Lin Hsiao	5,856,845,830 (4,919,500,114 shares)

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

No.	Title	Name	Gender	Education	Professional experience	The Company's Shares Holding (Notes 1) (Unit: shares)
1	Director	Representative of E.SUN Volunteer & Social welfare Foundation Yung-Jen Huang	Male	Department of Cooperative Economics at National Chung Hsing University	Current: Chairman of E.SUN FHC Experience: Chairman of E.SUN Bank, President of E.SUN Bank	36,697,955
2	Director	Representative of E.SUN Foundation Joseph N.C. Huang	Male	MBA of the City University of New York	Current: President of E.SUN FHC and E.SUN Bank Experience: Chairman of E.SUN Venture Capital	18,804,383
3	Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	Male	Kai-Nan Commercial & Technical High School	Current: Chairman of Hsin Tung Yang Co., Ltd. Director of E.SUN FHC, Managing Director of E.SUN Bank Experience: Chairman of Sheng Yang Construction Co., Ltd.	64,480,787
4	Director	Representative of Fu-Yuan Investment Co.,Ltd. Ron-Chu Chen	Male	Chu Nan Junior High School	Current: Chairman of Fu Yuan Investment Co., Ltd. Director of E.SUN FHC and E.SUN Bank Experience: Chairman of Nien Hsing Textile Co., Ltd.	47,075,779
5	Director	Representative of Shang Li Car Co.,Ltd. Chien-Li Wu	Male	Chung Jung High School	Current: Chairman of Shang Li Car Co., Ltd. Director of E.SUN FHC and E.SUN Bank Experience: Chairman of Shen Li Investment Co., Ltd.	52,192,000
6	Director	Magi Chen	Female	EMBA, University of Tennessee, Knoxville,	Current: Director and CFO of E.SUN FHC and E.SUN Bank Experience: SEVP of E.SUN FHC and E.SUN Bank	2,177,560
7	Director	Mao-Chin Chen	Male	Master of Economics at National Taiwan University	Current: Director and CSO of E.SUN FHC and E.SUN Bank Experience: SEVP of E.SUN FHC and E.SUN Bank	1,729,331

No.	Title	Name	Gender	Education	Professional experience	Number of Other public companies in which the individual is concurrently serving as an Independent Director	The Company's Shares Holding (Notes 1) (Unit: shares)
8	Independent director	Ryh-Yan Chang	Male	Master of Finance, EMBA, National Taiwan University Bachelor of Accounting, National Taipei University	Current: Chairman of Diligence Financial Consultant Co., Ltd. Managing CPA, Ray Chang & Co.  Experience: Director and CEO of Deloitte & Touche, Taiwan	3	0
9	Independent director	Chun-Yao Huang	Male	PhD of Marketing at London Business School	Current: Professor of Business Administration at National Taiwan University, Independent director of E.SUN FHC  Experience: Dean, College of Business Administration at National Taiwan University	0	0
10	Independent director	Ying-Hsin Tsai	Female	LLM and Ph.D. in Law, University of Tokyo LLB and LLM, National Taiwan University	Current: Professor of Law, National Taiwan University  Experience: Practicing Lawyer, Formosa Transnational Attorneys at Law	1	0
11	Independent director	Hung-Chang Chiu	Male	PhD of Business and Administration, National Taiwan University Bachelor and Master of Industrial Engineering, National Tsing Hua University	Current: Professor, Institute of Technology Management, National Tsing Hua University  Experience: Associate Dean and EMBA director, National Tsing Hua University Director, Career Development Center of College of Technology Management, National Tsing Hua University	0	0

No.	Title	Name	Gender	Education	Professional experience	Number of Other public companies in which the individual is concurrently serving as an Independent Director	The Company's Shares Holding (Notes 1) (Unit: shares)
12	Independent director	Ruey-Lin Hsiao	Male	<p>Ph.D. of Industrial and Business Studies, Department of Information Systems &amp; Management, Warwick Business School, University of Warwick</p> <p>Master of Science, Engineering Business Management, Warwick Manufacturing Group, University of Warwick</p> <p>M.Phil, Information Systems School of Management Cranfield University</p>	<p>Current: Professor of Graduate Inst. of Technology Innovation &amp; Intellectual Property Management, National Cheng-Chi University</p> <p>Experience: Director of Graduate Inst. of Technology Innovation &amp; Intellectual Property Management, National Cheng-Chi University</p> <p>Adjunct Professor, NUS Business School, National University of Singapore</p>	0	0

Notes 1: The shareholdings for above board candidates are calculated based on the book closure date (2020/4/14)

Note 2: All candidates for independent directors are nominated by the Company for the first time, except Chun-Yao Huang who started to assume independent director of the Company since June 16<sup>th</sup>, 2017.

## VI. Other proposals

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

**Proposal:** Permission regarding the engagement in competitive conduct of the directors for the company.

Explanation:

1. According to Article 209, Paragraph 1 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. If any of the candidates in the 7th election of independent directors occupies an office in another company or engage in activities in a scope of business identical or similar to that of the company (as shown in the table below), the company will follow Article 209, Paragraph 1 of the Company Act and submit the nomination to the shareholders meeting for approval. If such a candidate wins the election, the restriction on involvement in competing businesses will be removed for this independent director.

Independent director	Part-time company	positions	important content of competition
Ryh-Yan Chang	Diligence Financial Consultant Co., Ltd.	Chairman	Venture capital, etc.

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 (%)		
8,255,672,591 (6,256,849,778 shares)	6,558,004,442 (4,571,007,245 shares)	79.44%	282,197,442 (280,515,529 shares)	1,415,470,707 (1,405,327,004 shares)



## **VII. Extempore motion**

The shareholder with A/C No. 499195 raised questions regarding information security and the impact of zero and negative interest rate policy, and suggested providing service fee discounts for shareholders. The shareholders with A/C No. 58289 and No. 564407 made recommendations on shareholder meeting souvenirs. The Chairman and the President replied to the shareholders and both parties agreed not to put these in motion.

## **VIII.Meeting adjourned** (at about 10:51 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.

## **IX. Appendices**

### **<Appendix 1>**

#### Business Report

Dear Shareholders :

The global economy saw mild growth in 2019. The competition and cooperation between regional economies unfolded series of multidimensional actions such as tariff barrier, tightened regulatory supervision, and exchange rates. These factors induced migration and deployment of cross-border supply chains. Moreover, the risks of extreme events have increased as climate change causes disasters such as forest fires and floods. The recent novel coronavirus outbreak (COVID-19) brought a significant disruption to the order of global economy as well as our society. Governments worldwide were forced to respond to the outbreak through fiscal and monetary policies. These global issues challenge countries' and enterprises' management abilities, and require the collective wisdom that comes from solving these problems through multinational collaboration.

On technology development, virtual banks will soon open in Taiwan. It posed new challenges and great opportunities to the banking industry. Through introduction of new technologies and business models, digital transformations of financial institutions will be facilitated, which will accelerate development of financial inclusion and financial scenarios. The enhanced customer experience will create long-term value for the community. However, convenient technologies also come with potential risks. Financial institutions must strengthen their risk management capabilities and their organizational resilience to accommodate the rapid changing and competitive environment.

#### **Focus on sustainable development of comprehensive performance**

E.SUN's overall performance continued to grow in 2019. Regarding qualitative indicators, E.SUN's credit ratings or outlook were upgraded by credit agencies for 6 consecutive years. E.SUN Bank received a long-term credit rating of A from S&P and Moody's, and E.SUN FHC received an A3 rating from Moody's. E.SUN has been included as constituent of DJSI for 6 consecutive years and is ranked 1st in the banking sector of Asia Pacific and 3rd worldwide; MSCI ESG rated E.SUN with an AA rating, the highest in the banking sector of Taiwan; Highest brand value in Taiwan with a brand rating AA+ in Global Top 500 Banking Brand by The Banker (UK).

On financial performance, E.SUN FHC reported after-tax earnings NT\$20.105 billion, setting another record high. The profit yoy growth rate was 17.8%, EPS at NT\$1.73, ROA at 0.84%, ROE at 12.07%, and capital adequacy ratio at 126.24%. E.SUN maintained sound asset quality with an NPL ratio at 0.19% and an NPL coverage ratio at 640.44%.

On business indicators, E.SUN FHC has total assets at NT\$2.4984 trillion, total deposits at NT\$2.0821 trillion, and total loans at NT\$1.4598 trillion. Foreign currency deposits grew by 19.8%, leading the balance to equivalence of NT\$770.3 billion. E.SUN is number one in terms of net increase in FX deposit for 2 years in a roll. The result was largely contributed by development of a cross-border platform and digital banking. Fee income also set record high at

NT\$18.75 billion, an annual growth rate of 14.6%. Credit card fee income growth was 33.4%, and wealth management growth was 4.8%.

On CSR and sustainability, we actively improve corporate governance and disclosure. E.SUN is ranked top 5% in TWSE Corporate Governance Evaluation for the 5th consecutive year. On environment, E.SUN responded to climate change with its influence of green finance. E.SUN is the first Taiwanese bank who pledged to stop project-financing to coal-fired power generation plant. E.SUN continues to engage in financing and investments in green energy industries, such as wind power and solar energy. In 2019, E.SUN approved 10 Equator Principles compliant project financing cases. Moreover, E.SUN is the leading issuer of green bond among domestic banks in Taiwan by amount and number of deals. As for society, E.SUN continues to invest in education, support for the disadvantaged children and humanity. 148 E.SUN Libraries have been established under E.SUN Golden Seed Project; 12,832 children benefited from the Care for Schoolchildren Project in 2019. Beholding spirit of a global citizen, E.SUN Volunteers devoted to medical services and the Habitat for Humanity in Cambodia for 4 years in a row. E.SUN's contributions and donations also reached Southeast Asia.

### **Development of cross-border platform and FinTech**

Developing the cross-border platform and FinTech is E.SUN's long-term strategy. For the cross-border platform, after the establishment of 28 overseas offices in 9 countries, E.SUN vigorously engages in globalization and localization, enhances its resilience in terms of talent, systems, and information, and takes advantage of integrated services to establish a distinct Asia Pacific banking platform. E.SUN provides services to Taiwanese and local enterprises with access to cross-border cash flow, funding, financing, and asset allocation. E.SUN also seizes opportunities, such as cross country migration of supply chains, global tax governance, and the home returning investments by overseas Taiwanese businesses. E.SUN endeavors to assist companies in investment expansion, sustainability, cross-border development, and management upgrade. E.SUN's goal is to become the most reliable partner for businesses.

On FinTech, we believe key to successful digital transformation lies in teamwork that deeply integrates technologies and businesses. E.SUN has gradually incorporated AI into its businesses, including credit card fraud detection, product recommendations, conversational services, and automated loan services. The digital platform has been deployed for savings, lending, wealth management, and payment. E.SUN will continue to enhance the core system for cross-border and digital banking, optimize the customer experience, improve process efficiency, and strengthen risk management in order to build a leading and people-centered digital banking brand.

Facing a complex and changing environment, E.SUN upholds the principle of “no business operations can be considered beyond risk,” focuses on our three lines of defense, strengthens compliance, complies with anti-money laundering practices, enhances information security, continuously improves management systems, and deepens the culture and systems of risk management. In recent years, Taiwan received best performance in evaluation by Asia/Pacific Group on Money Laundering (APG). E.SUN is honored to be part of the evaluation process to strengthen Taiwan's anti-money laundering capabilities. E.SUN will maintain stable management and keep improving to become the most reliable bank to our customers.

## **New E.SUN paves the path to a new future**

Since our foundation in 1992, E.SUN has been determined to embark on a different path, in which a team of professional managers takes the lead to build a leadership team that lasts for generations to come. We furthermore aspire that the E.SUN of today will one day become the E.SUN of the world. We will continue to advance and achieve our three aims: overall performance, corporate social responsibility, and sustainable development. In addition, E.SUN will create more opportunities, cultivate talent, and contribute to a better future. We would like to thank you for your continuous support and advices.

Chairman

*Yung-Gen Huang*

President

*San-chou Huang*

<Appendix 2>

**E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 43,023,628	2	\$ 55,755,562	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4 and 7)	85,555,267	3	76,688,375	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 40)	519,648,673	21	475,506,677	21
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 40 and 43)	215,878,199	9	183,846,186	8
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 40 and 43)	12,599,698	1	8,165,004	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	4,971,085	-	-	-
RECEIVABLES, NET (Notes 4, 12 and 39)	113,150,366	5	93,450,521	4
CURRENT TAX ASSETS (Notes 4 and 36)	7,200	-	11,790	-
ASSETS HELD FOR SALE (Notes 4 and 13)	158,036	-	-	-
DISCOUNTS AND LOANS, NET (Notes 4, 14, 39 and 40)	1,444,322,101	58	1,333,277,269	58
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	8,039,483	-	13,694,947	1
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	1,853,907	-	1,948,418	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	33,351,444	1	32,604,520	2
RIGHT-OF-USE ASSETS, NET (Notes 4 and 18)	3,181,031	-	-	-
INTANGIBLE ASSETS, NET (Notes 4 and 19)	6,188,674	-	6,116,132	-
DEFERRED TAX ASSETS (Notes 4 and 36)	1,456,489	-	1,098,436	-
OTHER ASSETS, NET (Notes 4, 18, 20 and 29)	<u>4,972,910</u>	<u>-</u>	<u>5,623,195</u>	<u>-</u>
TOTAL	<u>\$ 2,498,358,191</u>	<u>100</u>	<u>\$ 2,287,787,032</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 21)	\$ 57,903,786	2	\$ 72,223,020	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 26)	59,630,516	3	50,315,163	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10 and 22)	7,228,239	-	12,526,789	1
COMMERCIAL PAPER ISSUED, NET (Note 23)	3,681,576	-	2,669,356	-
PAYABLES (Notes 24 and 39)	29,184,083	1	28,969,420	1
CURRENT TAX LIABILITIES (Notes 4 and 36)	1,899,196	-	1,523,828	-
DEPOSITS AND REMITTANCES (Notes 25 and 39)	2,082,984,629	83	1,886,693,981	83
BOND PAYABLES (Note 26)	38,070,000	2	42,650,000	2
OTHER BORROWINGS (Note 27)	381,356	-	399,094	-
PROVISIONS (Notes 4, 28 and 29)	656,223	-	860,739	-
OTHER FINANCIAL LIABILITIES (Notes 16 and 30)	35,167,492	2	25,019,142	1
LEASE LIABILITIES (Notes 4 and 18)	3,177,727	-	-	-
DEFERRED TAX LIABILITIES (Notes 4 and 36)	1,306,719	-	1,338,393	-
OTHER LIABILITIES (Note 31)	<u>3,905,549</u>	<u>-</u>	<u>2,468,007</u>	<u>-</u>
Total liabilities	<u>2,325,177,091</u>	<u>93</u>	<u>2,127,656,932</u>	<u>93</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF ESFHC</b>				
Capital stock				
Common stock	<u>116,195,000</u>	<u>5</u>	<u>108,289,000</u>	<u>5</u>
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	21,583,250	1	21,328,222	1
From treasury stock transactions	<u>3,382,484</u>	<u>-</u>	<u>3,382,484</u>	<u>-</u>
Total capital surplus	<u>24,965,734</u>	<u>1</u>	<u>24,710,706</u>	<u>1</u>
Retained earnings				
Legal reserve	11,068,215	-	9,361,366	-
Special reserve	164,235	-	164,235	-
Unappropriated earnings	<u>20,465,306</u>	<u>1</u>	<u>17,102,179</u>	<u>1</u>
Total retained earnings	<u>31,697,756</u>	<u>1</u>	<u>26,627,780</u>	<u>1</u>
Other equity	<u>199,431</u>	<u>-</u>	<u>386,802</u>	<u>-</u>
Total equity attributable to owners of ESFHC	<u>173,057,921</u>	<u>7</u>	<u>160,014,288</u>	<u>7</u>
NON-CONTROLLING INTERESTS	<u>123,179</u>	<u>-</u>	<u>115,812</u>	<u>-</u>
Total equity	<u>173,181,100</u>	<u>7</u>	<u>160,130,100</u>	<u>7</u>
TOTAL	<u>\$ 2,498,358,191</u>	<u>100</u>	<u>\$ 2,287,787,032</u>	<u>100</u>

## E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE (Notes 4, 32 and 39)	\$ 41,263,631	75	\$ 37,390,417	76	10
INTEREST EXPENSE (Notes 4, 32 and 39)	<u>(21,392,562)</u>	<u>(39)</u>	<u>(17,079,102)</u>	<u>(35)</u>	25
NET INTEREST	<u>19,871,069</u>	<u>36</u>	<u>20,311,315</u>	<u>41</u>	(2)
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee and commission income, net (Notes 4, 33 and 39)	18,725,133	34	16,371,015	33	14
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 34)	15,306,337	28	18,401,060	37	(17)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,092,762	2	761,188	2	44
Foreign exchange gains (losses), net (Note 4)	(770,449)	(1)	(6,703,033)	(14)	(89)
Reversal of impairment losses (impairment losses) on assets (Notes 4 and 16)	4,710	-	(5,990)	-	179
Other noninterest gains, net (Note 4)	<u>293,056</u>	<u>1</u>	<u>293,679</u>	<u>1</u>	-
Total net revenues and gains other than interest	<u>34,651,549</u>	<u>64</u>	<u>29,117,919</u>	<u>59</u>	19
TOTAL NET REVENUES	<u>54,522,618</u>	<u>100</u>	<u>49,429,234</u>	<u>100</u>	10
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)	<u>(1,598,078)</u>	<u>(3)</u>	<u>(3,252,472)</u>	<u>(7)</u>	(51)

(Continued)

## E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES (Notes 4, 16, 17, 18, 19, 29, 35 and 39)					
Employee benefits	\$ (12,779,300)	(24)	\$ (11,596,823)	(23)	10
Depreciation and amortization	(3,317,609)	(6)	(2,028,751)	(4)	64
General and administrative	<u>(13,757,355)</u>	<u>(25)</u>	<u>(12,213,831)</u>	<u>(25)</u>	13
Total operating expenses	<u>(29,854,264)</u>	<u>(55)</u>	<u>(25,839,405)</u>	<u>(52)</u>	16
INCOME BEFORE INCOME TAX	23,070,276	42	20,337,357	41	13
INCOME TAX EXPENSE (Notes 4 and 36)	<u>(2,949,766)</u>	<u>(5)</u>	<u>(3,254,589)</u>	<u>(7)</u>	(9)
NET INCOME FOR THE YEAR	<u>20,120,510</u>	<u>37</u>	<u>17,082,768</u>	<u>34</u>	18
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 36):					
Remeasurement of defined benefit plans	292,764	-	45,125	-	549
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(131,554)	-	78,430	-	(268)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	409,064	1	(647,216)	(1)	163
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(3,044)</u>	<u>-</u>	<u>(3,177)</u>	<u>-</u>	(4)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>567,230</u>	<u>1</u>	<u>(526,838)</u>	<u>(1)</u>	208

(Continued)

## E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss (Notes 4 and 36):					
Exchange differences on the translation of financial statements of foreign operations	\$ (967,049)	(2)	\$ 377,868	1	(356)
Unrealized gain (losses) on investments in debt instruments at fair value through other comprehensive income	373,499	1	(360,068)	(1)	204
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>165,078</u>	-	<u>(17,724)</u>	-	1,031
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(428,472)</u>	(1)	<u>76</u>	-	(563,879)
Other comprehensive income (loss) for the year, net of income tax	<u>138,758</u>	-	<u>(526,762)</u>	(1)	126
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>\$ 20,259,268</u></u>	<u>37</u>	<u><u>\$ 16,556,006</u></u>	<u>33</u>	22
<b>NET INCOME ATTRIBUTABLE TO:</b>					
Owners of ESFHC	\$ 20,105,129	37	\$ 17,068,493	34	18
Non-controlling interests	<u>15,381</u>	-	<u>14,275</u>	-	8
	<u><u>\$ 20,120,510</u></u>	<u>37</u>	<u><u>\$ 17,082,768</u></u>	<u>34</u>	18
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owners of ESFHC	\$ 20,244,626	37	\$ 16,541,559	33	22
Non-controlling interests	<u>14,642</u>	-	<u>14,447</u>	-	1
	<u><u>\$ 20,259,268</u></u>	<u>37</u>	<u><u>\$ 16,556,006</u></u>	<u>33</u>	22

(Continued)



## E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

---

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 37)					
Basic	<u>\$ 1.73</u>		<u>\$ 1.47</u>		
Diluted	<u>\$ 1.73</u>		<u>\$ 1.47</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, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of ESFHC						Other Equity				Total Equity	
	Capital Stock (Note 38)		Capital Surplus (Notes 4 and 38)	Retained Earnings (Notes 4, 9 and 38)			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 9)	Unrealized Gains on Available-for-sale Financial Assets	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)		Non-controlling Interests (Notes 4 and 38)
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2018	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 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	10,828,900	108,289,000	24,710,706	9,361,366	164,235	17,102,179	(540,844)	848,690	-	78,956	115,812	160,130,100
Effect of retrospective application	-	-	-	-	-	25,846	-	-	-	-	-	25,846
BALANCE AT JANUARY 1, 2019 AS APPLIED RETROSPECTIVELY	10,828,900	108,289,000	24,710,706	9,361,366	164,235	17,128,025	(540,844)	848,690	-	78,956	115,812	160,155,946
Appropriation of 2018 earnings												
Legal reserve	-	-	-	1,706,849	-	(1,706,849)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,688,367)	-	-	-	-	-	(7,688,367)
Stock dividends	769,950	7,699,500	-	-	-	(7,699,500)	-	-	-	-	-	-
Issuance of common stock from employees' compensation	20,650	206,500	255,028	-	-	-	-	-	-	-	-	461,528
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(7,275)	(7,275)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	32,223	-	(32,223)	-	-	-	-
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	-	-	-	-	-	747	-	-	-	(747)	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	20,105,129	-	-	-	-	15,381	20,120,510
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	293,898	(775,569)	752,722	-	(131,554)	(739)	138,758
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,399,027	(775,569)	752,722	-	(131,554)	14,642	20,259,268
BALANCE AT DECEMBER 31, 2019	<u>11,619,500</u>	<u>\$ 116,195,000</u>	<u>\$ 24,965,734</u>	<u>\$ 11,068,215</u>	<u>\$ 164,235</u>	<u>\$ 20,465,306</u>	<u>\$ (1,316,413)</u>	<u>\$ 1,569,189</u>	<u>\$ -</u>	<u>\$ (53,345)</u>	<u>\$ 123,179</u>	<u>\$ 173,181,100</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 23,070,276	\$ 20,337,357
Adjustments for:		
Depreciation expenses	2,698,912	1,386,414
Amortization expenses	618,697	642,337
Expected credit losses/bad-debt expenses	1,545,708	3,166,355
Gains on financial assets and liabilities at fair value through profit or loss	(15,306,337)	(18,401,060)
Interest expense	21,392,562	17,079,102
Interest revenue	(41,263,631)	(37,390,417)
Dividend income	(386,034)	(381,883)
Provision for losses on guarantees	50,988	85,605
Salary expenses on share-based payments	601,387	463,521
Gains on disposal of properties and equipment	(52,141)	(83,170)
Losses on disposal of intangible assets	21	602
Gains on disposal of investments	(706,728)	(379,305)
Impairment losses on non-financial assets	704	149
Others	10,993	-
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(6,580,307)	476,628
Financial assets at fair value through profit or loss	(18,137,793)	(29,801,490)
Financial assets at fair value through other comprehensive income	(32,384,764)	(13,901,756)
Investments in debt instruments at amortized cost	(4,516,329)	(5,064,613)
Receivables	(19,622,172)	1,617,162
Discounts and loans	(113,243,466)	(125,426,376)
Other financial assets	5,602,895	(3,825,985)
Other assets	59,645	81,038

Due to the Central Bank and other banks	(14,319,234)	5,570,805
Financial liabilities at fair value through profit or loss	(9,358,822)	(20,206,138)
Securities sold under repurchase agreements	(5,298,550)	326,321
Payables	(9,204)	(3,834,963)
Deposits and remittances	196,290,648	174,415,344
Provision for employee benefits	(15,790)	(3,572)
Other financial liabilities	10,539,998	17,934,714
Other liabilities	<u>1,429,270</u>	<u>408,331</u>
Cash used in operations	(17,288,598)	(14,708,943)
Interest received	50,238,583	43,714,418
Dividend received	462,785	655,515
Interest paid	(22,495,393)	(16,828,651)
Income tax paid	<u>(2,753,808)</u>	<u>(3,310,170)</u>
Net cash generated from operating activities	<u>8,163,569</u>	<u>9,522,169</u>

(Continued)

## E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

---

	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	\$ (2,849,593)	\$ (5,946,004)
Proceeds from disposal of properties and equipment	106,739	136,105
Decrease in operating deposits	-	15,000
Increase in settlement fund	(3,591)	(3,843)
Decrease in settlement fund	10,521	2,558
Increase in refundable deposits	-	(1,294,211)
Decrease in refundable deposits	516,412	-
Payments for intangible assets	(516,210)	(458,080)
Payments for right-of-use assets	(381)	-
Increase in other assets	<u>(382)</u>	<u>(1,240)</u>
Net cash used in investing activities	<u>(2,736,485)</u>	<u>(7,549,715)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	152
Repayments of short-term borrowings	(10,000)	-
Increase in commercial paper issued	1,012,907	-
Repayments of commercial paper	-	(2,226,888)
Proceeds from issue of corporate bonds	4,000,000	-
Repayments of corporate bonds	(3,800,000)	-
Proceeds from issue of bank debentures	3,000,000	5,100,000
Repayments of bank debentures	(7,780,000)	(5,000,000)
Repayments of long-term borrowings	-	(886,330)
Increase in financial liabilities designated as at fair value through profit or loss	309,100	5,880,000

Decrease in financial liabilities designated as at fair value through profit or loss	(310,060)	-
Increase in guarantee deposits received	-	1,564,797
Decrease in guarantee deposits received	(391,648)	-
Repayments of the principal portion of lease liabilities	(1,053,259)	-
Cash dividends paid	(7,688,367)	(6,239,475)
Cash dividends paid to non-controlling interests	<u>(7,275)</u>	<u>(4,850)</u>
Net cash used in financing activities	<u>(12,718,602)</u>	<u>(1,812,594)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,817,254</u>	<u>1,563,195</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,474,264)	1,723,055
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>59,773,671</u>	<u>58,050,616</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 54,299,407</u>	<u>\$ 59,773,671</u>

(Continued)

# E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

---

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
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, 2019 AND 2018		
Cash and cash equivalents in the consolidated balance sheets	\$ 43,023,628	\$ 55,755,562
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”	6,304,694	4,018,109
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>4,971,085</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>\$ 54,299,407</u>	<u>\$ 59,773,671</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, 2019 and 2018, 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, 2019 and 2018, 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 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, 2019. 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.

The key audit matters of the Company's consolidated financial statements for the year ended December 31, 2019 are described as follows:

#### Assessment of Allowance for Possible Losses on Loans

The Company is engaged principally in providing loans to customers. As of December 31, 2019, the net amount of discounts and loans of the Company was NT\$1,444,322,101 thousand, which represented approximately 58% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of E.SUN Commercial Bank, Ltd. (E.SUN Bank), a subsidiary of ESFHC, complies with the



Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of E.SUN Bank, please refer to Notes 4, 5, and 14 to the consolidated financial statements.

We determined the assessment of allowance for possible losses on loans to be a key audit matter for the year ended December 31, 2019 because the assessment made by E.SUN Bank to assess the classification of credit assets and recognize allowance for possible losses in accordance with the Regulations involves critical estimates and judgements.

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

1. We obtained an understanding of and performed test on the relevant internal controls in respect of E.SUN Bank's loan impairment assessment.
2. We acquired the loan evaluation form used by management of E.SUN Bank and assessed the provision for possible losses on credit assets; we tested the completeness of the loan assets.
3. We assessed that the loans of E.SUN Bank were classified in accordance with the definition of the Regulations.
4. We calculated the required provision of allowance for possible losses on loans of E.SUN Bank in order to assess whether it complied with the Regulations.

### **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, 2019 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 27, 2020

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.*

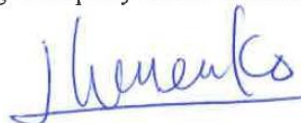
## Audit Committee Report

To: E.SUN Financial Holding Company 2020 General Shareholders' Meeting

The board of directors has complied and submitted the company's 2018 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 22 2020