

**Minutes of 2018 Annual Shareholder's Ordinary  
Meeting of Jih Sun Financial Holding Company**

**Date: June 8, 2018, 9:00AM**

**Venue: Conference Room of New Taipei City Exhibition Hall; 2F, No. 1,  
Wu Chuan Road, Wugu Dist., New Taipei Industrial Park, New Taipei  
City**

## Minutes of 2018 Shareholders' Ordinary Meeting of Jih Sun Financial Holding Company

Date and Time: June 8, 2018 (Fri.) at 9:00 am

Place: Conference Room of New Taipei City Exhibition Hall

(2F, No.1, Wu Chuan Road, Wugu Dist., New Taipei Industrial Park, New Taipei City)

Attendees: The total number of issued common shares of the Company is 3,542,360,671 shares, after deducting the treasury shares of 71,932,000 shares as regulated, the shares represented by attending shareholders and proxies are 2,967,128,867 shares (including 762,167,051 shares with voting rights exercised by electronic means), accounting for 85.49 % total issued common shares.

In attendance: [Directors] Huang Ching-Tang, James C. Tang, Huang Flynn Xuxian, Yang Chih Kuang  
[Independent directors] Lin Chih-Chung, Yeh Min-Kung  
[Law firm] Lawyer Chen Mei-Ling  
[Accounting Firm] CPA Lee Feng-Hui  
[Jih Sun FHC & Bank] President Wang Chih-Fang  
[Jih Sun Securities] President Huang Chin-Ming  
[Jih Sun FHC] Vice President Lin Che-Li, Vice President Hsu Mu-Chun, Assistant Vice President Wang Hui-Chen.

Functional committees: [Audit Committee] Lin Chih-Chung, Yeh Min-Kung

[Remuneration Committee] Lin Chih-Chung, Yeh Min-Kung

(Honorifics are omitted)

Meeting Chairman: Huang Ching-Tang

Minutes taker: Yang Mei-Hui

**I. Call the meeting to order:** The total number of shares represented by attending shareholders has met the quorum, so the chairman called the meeting to order.

**II. Opening remarks of the Chairman:** (omitted)

### III. Matters to be Reported:

Subject (1) Report the Company's 2017 business overview report. (proposed by the board of directors)

Interpretation:

1. For the details of the business overview report of year 2017, please see attachment 1.

Statement of shareholder:

Essential points of the speaking shareholder account no. 356966 for the first time: Regarding the sanction on the Company by the Competent Authority, what are the internal improvement projects of the Company?

Essential points of the speaking shareholder account no. 356966 for the second time: The stock price of the Company is underperformed, the Company should make great efforts to enhance the recognition from the market.

The matters raised by the shareholder above have been replied and explained by the meeting chairman and the FHC's President.

(Shareholders were noted and the proposal has been approved for recordation.)

Subject (2) Report 2017 final accounting report audited by the Audit Committee.  
(proposed by the Audit Committee)

Interpretation:

1. For the details of the Audit Committee's review report, please see attachment 2.  
(Shareholders were noted and the proposal has been approved for recordation.)

Subject (3) Report the distribution of remuneration of employees and directors for 2017. (proposed by the board of directors)

Interpretation:

1. Pursuant to Article 23 of the Company's Articles of Incorporation: If the Company posts profit in the fiscal year, it shall set aside no less than 0.001% as remuneration for employees and no higher than 1% as remuneration for directors. However, if the Company still suffers accumulated losses, it shall retain a certain amount to cover the losses in advance.
2. It is proposed to allocate NT\$82,500 (as a percentage to profit of 0.0036%) as employees' remuneration and NT\$14,300,000 (as a percentage to profit of 0.6172%) as directors' remuneration. All will be distributed in cash.
3. This proposal has been adopted by the "15<sup>th</sup> meeting of the 3<sup>rd</sup> term of Remuneration Committee," the "31<sup>st</sup> meeting of the 3<sup>rd</sup> term of Audit Committee" and the "32<sup>nd</sup> meeting of the 6<sup>th</sup> term of board of directors," and a report is made to the shareholders' meeting pursuant to Article 235-1 of the Company Act.

Statement of shareholder:

Essential points of the speaking shareholder account no. 356966 for the first time: It is too low for the Company to set aside no less than 0.001% as the remuneration for employees in the Company's Articles of Incorporation.

The matters raised by the shareholder above have been replied and explained by the meeting chairman.

(Shareholders were noted and the proposal has been approved for recordation.)

Subject (4): Report "The Measures for Transferring the Shares Repurchased for the 6<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co., Ltd."  
(proposed by the board of directors)

Interpretation:

1. The proposal is conducted in accordance with the resolution of the board of directors to repurchase the Company's common stocks for the 6<sup>th</sup> time and transfer such to the employees, and "The Measures for Transferring the Shares Repurchased for the 6<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co., Ltd.," which have been enacted according to Article 10 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies."
2. Please see the details of "The Measures for Transferring the Shares Repurchased for the 6<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co.,

Ltd.” in attachment 3.

3. The proposal has been adopted by the 12<sup>th</sup> meeting of the 3<sup>rd</sup> term of Remuneration Committee, the 26<sup>th</sup> meeting of the 3<sup>rd</sup> term of Audit Committee” and the 27<sup>th</sup> meeting of the 6<sup>th</sup> term of board of directors. A report is made to the shareholders’ meeting pursuant to Article 235-1 of the Company Act.

(Shareholders were noted and the proposal has been approved for recordation.)

Subject (5): Report the expiration of the execution period and the execution status of the repurchase of the Company’s common shares for the 6<sup>th</sup> time and transfer of them to the employees, and the execution status of the 5<sup>th</sup> and the 6<sup>th</sup> transfer of treasury shares. (proposed by the board of directors).

Interpretation:

1. Please see below for the explanation of the Company’s repurchase of treasury shares for the 6<sup>th</sup> time:

(1) Execution status

No. of times of repurchase	6 <sup>th</sup> time
Purpose of the repurchase	To be transferred to the employees.
Period of repurchase	Sep 30, 2017 to Nov 29, 2017
Ceiling on total monetary amount of the repurchase	NT\$2,746,453,000
Type and no. of shares to be repurchased	60,000,000 common shares
Price range of the shares to be repurchased	NT\$5.07 to NT\$11.1. When the Company’s share price is lower than the price floor of the range, the Company will keep repurchasing its Company shares.
Actual period of repurchase	Sep 30, 2017 to Nov 28, 2017
Type and no. of shares that have been repurchased	60,000,000 common shares
Amount of shares that have been repurchased	NT\$487,932,916
Average share price per share at which shares were repurchased	NT\$8.13
No. of shares that have been canceled and transferred	0 share
Cumulative no. of shares held by the Company	120,000,000 common shares
Ratio of cumulative no. of shares held by the Company to no. of total issued shares	3.39%

(2) Such repurchase of shares is conducted in accordance with the “Measures for Transferring the Shares Repurchased for the 6<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co., Ltd.” The Company may transfer the shares to the employees at once or at several times within three years since the repurchase of the shares.

2. The Company’s the 5<sup>th</sup> and the 6<sup>th</sup> transfer of treasury shares are explained as follows:

(1) Execution status

No. of times of repurchase	5 <sup>th</sup> time	6 <sup>th</sup> time
No. of employees to which shares are transferred	1,706 employees	1,706 employees
No. of shares transferred to employees	24,034,000 shares	24,034,000 shares
No. of shares that haven't been transferred	35,966,000 shares	35,966,000 shares
Price per share at which shares are transferred to employees	NT\$7.30 (The average price of shares repurchased in reality is adopted as the share transfer price).	NT\$8.13 (The average price of shares repurchased in reality is adopted as the share transfer price).
Qualification of employees to received transferred shares	Consistent with the employee qualifications set out in the Measures for Transfer.	Consistent with the employee qualifications set out in the Measures for Transfer.
No. of managers to which shares are transferred	121 manager	121 manager
No. of shares transferred to managers	11,172,000 shares	11,172,000 shares
Date of share allotment to employees	Mar 15, 2018	Mar 15, 2018

(2) The transfer of such treasury shares is conducted in accordance with “The Measures for Transferring the Shares Repurchased for the 5<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co., Ltd.” and “The Measures for Transferring the Shares Repurchased for the 6<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co., Ltd.” A total of 48,068,000 shares were transferred as regulated.

(3) We have completed the reporting on the basic data pertaining to the transfer of treasury shares to employees on MOPS on 2018/03/09.

3. The proposal has been adopted by the 16<sup>th</sup> meeting of the 3<sup>rd</sup> term of Remuneration Committee, the 32<sup>nd</sup> meeting of the 3<sup>rd</sup> term of Audit Committee” and the 33<sup>rd</sup> meeting of the 6<sup>th</sup> term of board of directors.

(Shareholders were noted and the proposal has been approved for recordation.)

Subject (6): Report the amendment to “The Rules of Procedure for Board of Directors Meeting of Jih Sun Financial Holding Company.” (proposed by the board of directors).

Interpretation:

1. It is proposed to amend Article 14 of the Rules in accordance with the Letter of Jin-Guan-Zheng-Fa-Zi No. 1060027112 issued by the Financial Supervisory Commission on July 28, 2017 regarding amendments to partial articles of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.”

2. Please see the the contrast table of The Rules of Procedure for Board of Directors Meeting of Jih Sun Financial Holding Company before and after amendments and The Rules after amendments in attachment 4.
3. The proposal has been adopted by the 26<sup>th</sup> meeting of the 3<sup>rd</sup> term of Audit Committee and the 27<sup>th</sup> meeting of the 6<sup>th</sup> term of board of directors.  
(Shareholders were noted and the proposal has been approved for recordation.)

#### **IV. Matters to be Acknowledged:**

Subject (1): Acknowledgement of the Company's business performance report and financial statements of year 2017. (proposed by the board of directors)

Interpretation:

1. The business performance report, the financial statements and the consolidated financial statements of year 2017 have been approved by the "31<sup>st</sup> meeting of the 3<sup>rd</sup> term of Audit Committee" and the "32<sup>nd</sup> meeting of the 6<sup>th</sup> term of board of directors."
2. The aforementioned financial statements, including the balance sheet (which contains the consolidated balance sheet), the comprehensive income statement (which contains the consolidated comprehensive income statement), the statement of changes in equity (which contains the consolidated statement of changes in equity) and the statement of cash flow (which contains the consolidated statement of cash flow) have been audited and certified by KPMG's Certified Public Accountants Chen Chun-Kuang and Lee Feng-Hui with a standard unqualified opinion.
3. For the details of the 2017 business performance report, 2017 financial statements and consolidated financial statements, please see attachments 5 and 6.
4. Open for acknowledgement.

Resolution: According to the calculation of votes, there were 2,589,698,668 votes in favor (396,826,992 votes were cast via e-voting), which represented 87.27% of total voting rights, 1,815,819 votes against (1,815,819 votes were cast via e-voting), 0 vote invalid and 375,614,380 votes abstained/uncast (363,524,240 votes were cast via e-voting). The motion was adopted as proposed.

Subject (2): Acknowledgement of the Company's earnings distribution of 2017.  
(proposed by the board of directors).

Interpretation:

1. The Company's earnings distribution of 2017 has been approved by the 32<sup>nd</sup> meeting of the 3<sup>rd</sup> term of Audit Committee and the 33<sup>rd</sup> meeting of the 6<sup>th</sup> term of board of directors. The Audit Committee has been asked to issue an Audit Committee Review Report.
2. The paid-in capital of the Company is NT\$35,423,606,710, which is equivalent to 3,542,360,671 common shares. We propose to distribute the dividend and bonus per share of NT\$0.7364611 (the total shares are 3,470,428,671 which are

calculated in accordance with the number of shares with the rights to participate in a distribution as of April 25, 2018). We will distribute NT\$0.5155228 per share in cash with the total of NT\$1,789,085,043 and NT\$0.2209383 per share will be the capital increment with the total is NT\$766,750,700 which will issue 76,675,070 new shares for distribution. For the Company' earnings distribution of 2017, please see attachment 7.

3. After the aforementioned proposal of earnings distribution has been resolved, in case of capital increment, repurchase, transfer, conversion, or cancellation of the Company's shares, or employees' exercise of their rights to convert stock option certificates into shares which may lead to the changes in distribution ratio of dividends, the board of directors is given the authority to adjust the payout ratio.
4. The cash dividend will be calculated based on the distribution ratio and rounded to NT\$ dollar. For the remainder less than NT\$ 1, based on the principle of fairness, NT\$1 will be distributed according the decimal number of the original distributed amount in descending order (if two or more decimal numbers are the same, the register numbers shall be adopted to decide the sequence) until the total distribution amount of cash dividend is met.
5. After such proposal is acknowledged and adopted by the shareholders' ordinary meeting, the board of directors is given the authority to enact the base date of ex-dividend and handle all the matters related to the allocation of dividends based on the actual situation.
6. Open for acknowledgement.

Resolution: According to the calculation of votes, there were 2,592,644,513 votes in favor (399,772,837 votes were cast via e-voting), which represented 83.37% of total voting rights, 1,808,827 votes against (1,808,827 votes were cast via e-voting), 0 vote invalid and 372,675,527 votes abstained/uncast (360,585,387 votes were cast via e-voting). The motion was adopted as proposed.

## **V. Subjects of Discussion and Election:**

Subject (1): Propose to issue new shares by means of capital increment supplemented by earnings of 2017. Shareholders' voting is required. (proposed by the board of directors).

Interpretation:

1. This proposal is conducted in accordance with Article 240 of the Company Act and Article 19, 19-2-1 and 24 of the Articles of Incorporation of the Company.
2. For the purpose of reinforcing the financial structure of the Company, we propose to distribute common share dividends from earnings of 2017 with each share temporarily set at NT\$0.2209383. In total, the allocation amounts to NT\$766,750,700 for capital increment by issuing 76,675,070 new common shares, which is NT\$10 at par value per share. Such issuance of new shares supplemented by earnings is calculated based on the shareholding ratio of stockholders in accordance with the number of outstanding shares recorded in

the Company's shareholders' register on the base day of share placement. In principle, 22.09383 shares would be allocated to every thousand shares free of charge. For allocated odd lots less than one share, shareholders are required to conduct the registration of rounded shares within 5 days from the book closure date; in the case of overdue rounding or odd lots that are less than one share after rounding, cash will be allocated according to the face value (rounded to NT\$ dollar). As for the remaining shares, the Chairman is authorized to designate specific persons to purchase them at par value.

3. After the aforementioned proposal of earnings distribution has been resolved, in case of capital increment, redemption, transfer, conversion, or cancellation of the Company's shares, or employees' exercise of their rights to convert stock option certificates into shares which may affect the number of outstanding shares and change the distribution ratio of dividends. The adjustment of the shareholders' allotment ratio shall be conducted on the basis of the actual number of outstanding shares on the base date of ex-right.
4. After such proposal is adopted by the shareholders' ordinary meeting and reported to the competent authority for approval, the board of directors is given the authority to enact the base date of ex-right and adjust the shareholders' allotment ratio based on the actual situation.
5. The rights of the new common shares issued by means of capital increment as mentioned above are the same as that of the issued common shares.
6. The proposal has been adopted by the 32<sup>nd</sup> meeting of the 3<sup>rd</sup> term of Audit Committee and the 33<sup>rd</sup> meeting of the 6<sup>th</sup> term of board of directors.
7. Open for resolution.

Resolution: According to the calculation of votes, there were 2,592,619,040 votes in favor (399,747,364 votes were cast via e-voting), which represented 87.37% of total voting rights, 1,827,985 votes against (1,827,985 votes were cast via e-voting), 0 vote invalid and 372,681,842 votes abstained/uncast (360,591,702 votes were cast via e-voting). The motion was adopted as proposed.

Subject (2): Propose to amend "The Rules Governing the Election of Directors of Jih Sun Financial Holding Co., Ltd." Shareholders' voting is required. (proposed by the board of directors).

Interpretation:

1. It is proposed to amend Articles 5, 7 and 19 of the Rules in accordance with the Letter of Jin-Guan-Zheng-Fa-Zi No. 1060027112 issued by the Financial Supervisory Commission on Jul 28, 2017 regarding the amendments to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the Letter of Quan-Kong-Zi No. 1060004934 issued by the Bankers Association of the Republic of China on Sep 13, 2017 regarding the amendments to partial articles of the "Corporate



Governance Best-Practice Principles for Financial Holding Companies.”

2. Please see the details of the Contrast Table of The Rules Governing the Election of Directors of Jih Sun Financial Holding Co., Ltd. before and after Amendments and the Rules after amendments (draft) in attachment 8.
3. The proposal has been adopted by the 27<sup>th</sup> meeting of the 3<sup>rd</sup> term of Audit Committee and the 28<sup>th</sup> meeting of the 6<sup>th</sup> term of board of directors.
4. Open for resolution.

Resolution: According to the calculation of votes, there were 2,592,515,854 votes in favor (399,644,178 votes were cast via e-voting), which represented 87.37% of total voting rights, 1,824,345 votes against (1,824,345 votes were cast via e-voting), 0 vote invalid and 372,788,668 votes abstained/uncast (36,698,528 votes were cast via e-voting). The motion was adopted as proposed.

Subject (3): Propose to elect the Company’s 7<sup>th</sup> term directors. Shareholders’ voting is required. (proposed by the board of directors).

Interpretation:

1. The tenure of the 6<sup>th</sup> term of directors of the Company will expire on June 11, 2018. We propose to conduct the election of the 7<sup>th</sup> term of directors in accordance with the Company Act and the provisions pertaining to the Company’s Rules Governing the Election of Directors. Pursuant to Article 199-1, Paragraph 1 of the Company Act, along with the convention of the 2018 shareholders’ meeting of the Company, the tenure of the 6<sup>th</sup> term of directors of the Company will expire earlier at the time when the 7<sup>th</sup> term of directors take office.
2. Pursuant to Article 15, Paragraph 1 of the Company’s Articles of Incorporation, the Company has 11 seats of directors, including 3 seats of independent directors. In addition, according to Paragraph 2 under the same Article, a candidate nomination system shall be adopted for the election of directors of the Company, and the shareholders shall elect directors from the director candidate roster. There are 11 seats of the 7<sup>th</sup> term of directors to be elected (including 3 seats of independent directors). The tenure is 3 years, starting from June 8, 2018 and ending on June 7, 2021.
3. The Company’s 7<sup>th</sup> term of director candidates have been reviewed and approved by the 32<sup>nd</sup> meeting of the 3<sup>rd</sup> term of Audit Committee and the 33<sup>rd</sup> meeting of the 6<sup>th</sup> term of board of directors. The roster is as below:

No.	Position	Name	Company represented by candidate
1	Director	Huang Ching-Tang	Capital Target Limited
2	Director	Huang Flynn Xuxian	Capital Target Limited
3	Director	James C. Tang	Capital Target Limited
4	Director	Yang Chih Kuang	Capital Target Limited
5	Director	Tse Chi Wai	Capital Target Limited
6	Director	Masaaki Sakamoto	SIPF B.V.
7	Director	Chunmei Ozaki (Huang)	SIPF B.V.

8	Director	Hiroshi Nakagawa	SIPF B.V.
9	Independent Director	Liou Chih-Poung	-
10	Independent Director	Huang Hsin-Hui	-
11	Independent Director	Tong Joseph	-

4. For the brief introduction to the experiences of the 7<sup>th</sup> term of director (including independent director) candidates and the reasons for constantly nominating the independent director who has served three terms of independent director, please see attachment 9.

5. Open for election.

The result of election:

Name list of the elected directors (including independent directors):

Position	Stock Number or ID Number	Elected Director	Elected Voting Rights
Director	305382	CAPITAL TARGET LIMITED Representative of a juridical person director: Huang Ching-Tang	5,619,147,372
Director	305382	CAPITAL TARGET LIMITED Representative of a juridical person director: Huang Flynn Xuxian	1,338,365,407
Director	305382	CAPITAL TARGET LIMITED Representative of a juridical person director: James C. Tang	1,344,909,863
Director	305382	CAPITAL TARGET LIMITED Representative of a juridical person director: Yang Chih Kuang	1,338,369,741
Director	305382	CAPITAL TARGET LIMITED Representative of a juridical person director: Tse Chi Wai	1,337,057,796
Director	286393	SIPF B.V. Representative of a juridical person director: Masaaki Sakamoto	4,706,807,307
Director	286393	SIPF B.V. Representative of a juridical person director: Chunmei Ozaki (Huang)	4,704,858,052
Director	286393	SIPF B.V. Representative of a juridical person director: Hiroshi Nakagawa	4,704,854,931
Independent Director	B1204xxxxx	Liou Chih-Poung	213,971,300
Independent Director	A2207xxxxx	Huang Hsin-Hui	232,279,193
Independent Director	19591xxxxx	Tong Joseph	191,534,996

Subject (4): Propose to release the Company's 7<sup>th</sup> term directors from non-competition restriction. Shareholders' voting is required. (proposed by the board of directors).

Interpretation:

1. Pursuant to Article 209 of the Company Act, a director engaging in, either for

himself/herself/itself or on behalf of another person, activities that are within the scope of a company's business shall explain at the shareholders' meeting the essential details of such activities and obtain the shareholders' approval for engaging in such activities.

2. The Company is aware that the newly elected 7<sup>th</sup> term of directors may participate in business activities the same as or similar to the Company's business scale. Pursuant to Article 209 of the Company Act, the proposal is for the shareholders' meeting to agree upon releasing such newly elected directors from non-competition restrictions. For the details about the newly elected 7<sup>th</sup> term of directors and their concurrent serving status, please see attachment 10.
3. The proposal has been approved and reviewed by the 32<sup>nd</sup> meeting of the 3<sup>rd</sup> term of Audit Committee and the 33<sup>rd</sup> meeting of the 6<sup>th</sup> term of board of directors.
4. Open for resolution.

Resolution:

To release the Company's director Huang Ching-Tang from non-competition restrictions. According to the calculation of votes, there were 1,648,596,554 votes in favor (308,671,830 votes were cast via e-voting), and the votes in favor accounted for 77.97% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,189,179 votes against (2,189,179 votes were cast via e-voting), 0 vote invalid and 463,396,182 votes abstained/uncast (451,306,042 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director Huang Flynn Xuxian from non-competition restrictions.

According to the calculation of votes, there were 1,648,597,558 votes in favor (308,672,834 votes were cast via e-voting), and the votes in favor accounted for 77.97% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,187,175 votes against (2,187,175 votes were cast via e-voting), 0 vote invalid and 463,397,182 votes abstained/uncast (451,307,042 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director James C. Tang from non-competition restrictions.

According to the calculation of votes, there were 1,648,596,726 votes in favor (308,672,002 votes were cast via e-voting), and the votes in favor accounted for 77.97% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,187,174 votes against (2,187,174 votes were cast via e-voting), 0 vote invalid and 463,398,015 votes abstained/uncast (451,307,875 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director Yang Chih Kuang from non-competition restrictions.

According to the calculation of votes, there were 1,648,597,274 votes in favor (308,672,550 votes were cast via e-voting), and the votes in favor accounted for 77.97% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,188,174 votes against (2,188,174 votes were cast via e-voting), 0 vote invalid and 463,396,467 votes abstained/uncast (451,306,327 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director Tse Chi-Wai from non-competition restrictions.

According to the calculation of votes, there were 1,648,587,020 votes in favor (308,662,296 votes were cast via e-voting), and the votes in favor accounted for 77.97% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,196,881 votes against (2,196,881 votes were cast via e-voting), 0 vote invalid and 463,398,014 votes abstained/uncast (451,307,874 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director Masaaki Sakamoto from non-competition restrictions.

According to the calculation of votes, there were 1,245,212,681 votes in favor (308,672,906 votes were cast via e-voting), and the votes in favor accounted for 72.78% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,185,617 votes against (2,185,617 votes were cast via e-voting), 0 vote invalid and 463,398,668 votes abstained/uncast (451,308,528 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director Chunmei Ozaki (Huang) from non-competition restrictions.

According to the calculation of votes, there were 1,245,210,135 votes in favor (308,670,360 votes were cast via e-voting), and the votes in favor accounted for 72.78 % of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,188,103 votes against (2,188,103 votes were cast via e-voting), 0 vote invalid and 463,398,728 votes abstained/uncast (451,308,588 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's director Hiroshi Nakagawa from non-competition restrictions.

According to the calculation of votes, there were 1,245,211,679 votes in favor (308,671,904 votes were cast via e-voting), and the votes in favor accounted for 72.78% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,188,105 votes against (2,188,105 votes were cast via e-voting), 0 vote invalid and 463,397,182 votes abstained/uncast (451,307,042 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's Independent directors Liou Chih-Poung from non-competition restrictions.

According to the calculation of votes, there were 2,501,539,509 votes in favor (308,667,833 votes were cast via e-voting), and the votes in favor accounted for 84.30% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,188,163 votes against (2,188,163 votes were cast via e-voting), 0 vote invalid and 463,401,195 votes abstained/uncast (451,311,055 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's Independent directors Huang Hsin-Hui from non-competition restrictions.

According to the calculation of votes, there were 2,501,539,525 votes in favor (308,667,849 votes were cast via e-voting), and the votes in favor accounted for 84.30% of total voting rights after deducting those held by the person recusing himself to avoid conflict of interests, 2,188,147 votes against (2,188,147 votes were cast via e-voting), 0 vote invalid and 463,401,195 votes abstained/uncast (451,311,055 votes were cast via e-voting). The motion was adopted as proposed.

To release the Company's Independent directors Tong Joseph from non-competition restrictions.

According to the calculation of votes, there were 2,501,541,691 votes in favor (308,670,015 votes were cast via e-voting), and the votes in favor accounted for 84.30% of total voting rights, 2,187,107 votes against (2,187,107 votes were cast via e-voting), 0 vote invalid and 463,400,069 votes abstained/uncast (451,309,929 votes were cast via e-voting). The motion was adopted as proposed.

**VI. Provisional Motions:** After the meeting chairman asked all attending shareholders, there were no other provisional motion.

**VII. Adjournment:** 10:17 am on the same day. All meeting agendas scheduled for today have been discussed and the meeting chairman announced that the meeting was adjourned.

Note: The meeting minutes are the summary of the meeting proceedings. Please refer to live audio and video recordings for the details.

Chairman: Huang Ching-Tang

Minutes taker: Yang Mei-Hui

**Dear Shareholders,**

In retrospect of 2017, the Company adheres to the sustainable business philosophy and cultivates the core businesses. Not only has it improved the financial structure constantly, but it also has posted growth in revenue and profit. Its consolidated net revenue in 2017 was NT\$8.167 billion, up 15% from 2016; the consolidated net income before tax was NT\$2.381 billion, up 56% from 2016. Its income was mainly contributed by the bank and the securities subsidiaries.

In addition to the enhancement of business performance, the Company also performed exceptionally in corporate governance and business innovation. The Company was still ranked “Top 5 % among TPEX listed companies in the third term of corporate governance evaluation” held by the Securities and Futures Institute in 2017. Its subsidiaries also had outstanding performance in the relevant business. Jih Sun Bank was awarded the “Prize of Backing up the Youth Starting Business” in the SME credit guarantee financing business by the Ministry of Economic Affairs, and the outcome of its efforts in combining finance and technology also won it the “Electronic Cash Flow Business Best Services Innovation Award” for the “Taiwan Pay” QR code card issuance service, the “Electronic Cash Flow Business Best Services Innovation Award” for the “Taiwan Pay” debit card service, and the “Electronic Cash Flow Business Best Services Innovation Award” for the electronic fee/tax payment processing platform business. On the other hand, Jih Sun Securities has developed on its own the “Jih Sun Online” APP and “Cloud-Computing-Enabled Transaction System” which have been granted two patents of FinTech. It has also been awarded the 2017 “Golden Award for Best Securities Firm Services” in the financial award category held by the Wealth Magazine, the 2017 “Best Digital Services Award” according to the securities evaluation conducted by the Excellence Magazine and two major awards, which were “Best 10 Outstanding Enterprises” and “Best 10 Innovation, Research and Development, in the 17<sup>th</sup> term of the global peak awards.

To look into 2018, in the face of uncertainties in the business environment, Jih Sun FHC will draw up the forward-looking business strategies, plan and promote the concrete and feasible business development plans and steadily head toward the vision of “becoming the most trusted wealth management partner of customers.”

**I. 2017 business result**

**(I) Business environment analysis**

In terms of the analysis of the global economic development, because the developed countries have led the economic recovery in 2017, the emerging and developing countries have kept improving the growth. Global trade also showed remarkable growth that fueled a moderate recovery of global economy and trading in financial market has gradually increased. In the aspect of the US economy, because both the private spending growth and the enterprise investment growth were better than expected, the economic growth was also better than expected.

As for Taiwan’s economic performance in 2017, although the enterprises suffered severe exchange losses as a result of NTD appreciation and it has posted negative impacts on the domestic economy, as international trade gradually picked up and global economy steadily recovered, the domestic economy, driven by the robust expansion of exports of semiconductor, large-size panels and machines, remained strong in H1, 2017. In H2, 2017, Taiwan’s export momentum continued to soar for reasons of a pickup in demands in the peak season, the release of new mobile devices and the constant development of business opportunities arising from the emerging application of automotive electronic appliances, Internet of Things and artificial intelligence. Hence, the economic prosperity kept looking up and the Directorate General of Budget, Accounting and Statistics of Executive Yuan has revised the 2017 economic growth rate upward to 2.84%.

## Attachment 1

### Business Overview Report of Jih Sun Financial Holding Co., Ltd.

In terms of the analysis of business performance of the financial industry, it has posted growing profit in 2017 and has ended the declining trend lasting for two consecutive years. According to the data publicized by the Financial Supervisory Commission (FSC), as the economy turned sound in 2017, the stock market trading volume soared substantially. The entire securities industry's pre-tax earnings amounted to NT\$43.7 billion in 2017, substantially expanding 95% from 2016. Although the banking industry also stabilized the performance and showed no more decline, it was still influenced by the low interest rate environment and so its profit was restricted. Coupled with the profit of government-owned banks and partial private banks being influenced as a result of the recognition of loans extended to Ching Gu as bad debt, in 2017, the domestic banks' pre-tax profit was NT\$305.9 billion as a whole, slightly up 2% as compared with 2016 and suggesting that the profit stopped declining and rebounded after the profit shrinking for two consecutive years.

(II) The change in core businesses

Jih Sun Financial Holding Co., Ltd. was incorporated on February 5, 2002, and its core businesses are the commercial banking business and securities and futures business. Currently its investee enterprises include Jih Sun International Commercial Bank Ltd., Jih Sun Securities Co., Ltd. and Jih Sun International Property Insurance Agency Co., Ltd., totaling three subsidiaries and was remaining unchanged from 2016.

The Company is developed based on the core of double engine composed of commercial banking and securities and futures. These two major core businesses have developed equally for many years. In 2017, the contributions of commercial banking and securities and futures to the consolidated net revenue were NT\$3.953 billion and NT\$4.455 billion respectively, and the contributions of the consolidated pre-tax net income were NT\$1.053 billion and NT\$1.411 billion respectively.

(III) The result of the implementation of business plan and business strategies

The Company actively planned for business strategies of the subsidiaries and integrated resources so as to maximize the FHC's benefits. With the efforts of all colleagues, the Company and its major subsidiaries enhanced their operating soundness year by year and maintained a stable financial structure. For the financial structure of the Company within the recent three years, the analysis is as described in the following table:

Unit: NT\$ million	2015/12/31	2016/12/31	2017/12/31
Consolidated total assets	268,509	285,011	295,957
Consolidated shareholders' equities	37,450	37,504	396,091
Capital stock	33,963	35,424	35,424
Consolidated capital adequacy ratio	203.60%	169.90%	165.98%
Debt to net worth ratio	11.06%	9.10%	11.43%
Double leverage ratio	109.39%	107.81%	110.26%

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### Business Overview Report of Jih Sun Financial Holding Co., Ltd.

At the end of 2017, the consolidated capital adequacy ratio was 165.93%, decreasing from 169.90% in late 2016; the debt-to-net worth ratio was 11.44%, increasing from 9.10% in late 2016; the double leverage ratio was 110.27%, increasing from 107.81% in late 2016. The change in the financial structure was mainly because the Company repurchased its common shares as treasury shares for the fifth and sixth time, leading to a decline in the net worth. However, the Company's financial structure was remained stable.

(IV) The analysis of financial revenue/expenditure and profitability

Jih Sun FHC is a financial holding company whose income mainly comes from re-investment profit. For 2017, the investment income accounted for by using equity method represented 99.36% of the total income, and the income mainly came from the banking and securities businesses, while other income accounted for 0.64%. For 2017, the consolidated ROA of the Company was 0.80% and ROE was 6.10%, and both were better than 2016. For the Company's financial revenue/expenditure and profitability over the recent three years, the analysis is as described in the following table:

Unit: NT\$ million	2015	2016	2017
Net income	7,563	7,094	8,167
Provision for (reversal of) bad debt expense and guarantee liability against reserve	(120)	344	(25)
Operating expense	5,568	5,221	5,811
Income tax expense	126	111	46
Consolidated total profit/loss	1,988	1,417	2,335
Retained earnings	3,495	3,089	5,105
Returned on assets (ROA; %)	1.25	0.51	0.80
Returned on equities (ROE; %)	5.42	3.78	6.10
Consolidated net income ratio (%)	26.29	19.97	28.59
Earnings per share (EPS; NT\$ dollar)	0.56	0.40	0.67

Both the Company's revenue and profit have showed growth in 2017; its consolidated net revenue in 2017 was NT\$8.167 billion, up 15% from 2016; net income before tax was NT\$2.381 billion, up 56% from 2016; its income was mainly contributed by the bank subsidiary and the securities subsidiary. Jih Sun Bank's consolidated net revenue in 2017 was NT\$3.953 billion, up 3% from 2016; the consolidated net income before tax was NT\$1.053 billion, up 40% from 2016. Jih Sun Securities' consolidated net revenue in 2017 was NT\$4.455 billion, up 30% from 2016; the consolidated net income before tax was NT\$1.411 billion, up 65% from 2016; its income mainly came from an increase in fee income because of a substantial expansion of stock market trading volume.

(V) The execution status of business target and budget

In accordance with the ranking of the 3<sup>rd</sup> term of corporate governance evaluation in 2017, the Company was ranked on the top 5% of TPEX-listed companies and effectively hit the target of "Reinforcement of corporate governance." In terms of "Enhancement of profitability," its overall profit in 2017 has expanded from that in 2016. Given that other financial peers have also showed the trend of increasing profit, the Company's rankings in ROE and EPS were both lower than those in 2016 and the targets were missed.

In terms of "Improvement of financial structure," because the Company purchased its common shares as treasury shares to be transferred to employees for the fifth and sixth time, the net worth was lower than the budget. As a result, the consolidated capital adequacy ratio was lower than the budget, and both the debt-to-net worth ratio and the double leverage ratio were higher than the budget. However, the Company's financial structure was remained stable.



## Attachment 1

### Business Overview Report of Jih Sun Financial Holding Co., Ltd.

#### (VI) The research and development status

The Company and its subsidiaries are committed to investing in research and development. In 2017, the R&D projects contained the research of financial market and business strategies, the development of information system, the development of risk management tools, the development of derivatives and educational training.

## II. The influence of external competition environment, legal environment and macroeconomic business environment, as well as the future development strategies:

In retrospect of 2017, as the economy expanded steadily, the US Fed announced on Sep 20, 2017 the activation of the balance sheet reduction plan starting from Oct. The Fed began to reduce the balance sheet by no longer investing in bonds which are matured starting from Oct 2017. At first, the monthly reduction is US\$10 billion per month, and a quarterly increment of US\$10 billion is adopted to the balance sheet reduction. When it comes to Q4, 2018, the amount of monthly balance sheet reduction will come to the maximum of US\$50 billion which may have negative impact on the development of the global economy. To look into global economic development in 2018, the global trading volume is likely to keep expanding, and major international research institutions expects the US economy to expand constantly in 2018 and global economic growth to outperform that in 2017. Nevertheless, attention should be paid to the influence derived from factors, such as the US Fed's interest rate increase timeline, the movements of monetary policies of major countries, the significant political and economic development in the U.S. and European countries and the geopolitical risk.

To look into the domestic economic development in 2018, the trend of technical innovation and application, such as semiconductor companies' advanced process, is likely to pump up Taiwan's export momentum. Furthermore, the government's active promotion of the industry innovation plan, the Forward-looking Infrastructure Development Program, the improvement of investment environment and the expansion of public financial expenditure are all beneficial to stimulating the private investment. The semi-conductor companies are expected to keep expanding investments in high-end process, so the domestic investment momentum may persist. Nevertheless, we still need to observe whether the momentum of global economic growth persists. Given that the US monetary policies are at the stage of "tightening" cause by both interest rate increase and balance sheet reduction, ECB's is also tightening monetary policies, increasing trade protectionism causes concerns, and the geopolitical risk also requires attention, all uncertainties may generate material impacts on the global economy and finance that are in a recovery and further impact Taiwan's economic performance. Major forecast institutions predict Taiwan's 2018 GDP growth rate to slightly slip and the 2018 economic growth rate will be between 2.27% and 2.43%.

In terms of the analysis of the influence of technical innovation on the financial industry, IoT, social network, cloud-computing, and mobile finance continued to change consumer behaviors and commercial models over recent years. In view of this, the FSC proposed the "FinTech Development 10 Major Plans" in 2016 and planned to accelerate the promotion of the digital financial business. Furthermore, the FSC especially planned the FinTech Law, the "FinTech Development and Innovative Experience Covenant," which is the so-called "regulatory sandbox," and the said Covenant has passed the third reading by the Legislative Yuan on Dec 29, 2017. There are opportunities for Taiwan's FinTech industry to march forward. The FSC established the FinTech Innovation Park in 2018 as supplemental measures, and looks forward to incubating Taiwan's FinTech unicorn in following three to five years. So-called unicorns are start-ups with a market value exceeding US\$1 billion. The development of FinTech provides the public with secure and convenient financial services and changes the financial territory.

In the face of various uncertainties in the external environment, the Company adheres to the sustainable business philosophy of "becoming the most trusted wealth management partner of customers" and "top priority for customers, top concern for credit, and principal focus on

## Attachment 1

### Business Overview Report of Jih Sun Financial Holding Co., Ltd.

harmony,” and draws up 2018 business strategies as below: 1. Cohesion of business consensus, establishment of sustainable development; 2. Deep cultivation, innovation and enhancement of core business; 3. Planning and promotion of digital finance; 4. Enhancement of management efficiency and implementation of risk control and legal compliance; 5. Corporate governance and corporate social responsibility.

### III. The summary of 2018 business plan

#### (I) Business guidelines and material business policies

In response to the changes in external business environments and long-term financial development trend, the Company has planned 2018 business guidelines and material business policies based on the business strategies, which are explained respectively as below:

1. Cohesion of business consensus, establishment of sustainable development
  - (1) Definite business goal clearly: In terms of finance, to pursue the goal of ROE reaching 10%; in terms of operations, to generate the value for channels actively.
  - (2) Proper allocation of capital and assets: To review the structure of investments and effectiveness of capital allocation as a FHC, and to plan for allocation of asset positions properly.
  - (3) Enhance the implementation: To establish a review mechanism and define the reward/punishment system so as to ascertain the implementation of policies.
  - (4) Maximization of shareholders' values: To boost the efficacy of capital utilization and expand asset scale in order to fulfill the maximization of shareholders' value.
2. Deep cultivation, innovation and enhancement of core business
  - (1) To integrate the business resources of the subsidiaries and develop the strategies of all the subsidiaries, combine innovation of services and products across channels and platforms, and reinforce co-selling among businesses so as to provide the most trustworthy investment and wealth management services for customers.
  - (2) Jih Sun Bank ascertains that its core business is SME, while Jih Sun Securities will grow based on the firm footing of a wide customer base in the brokerage business. The goal is to further enhance the FHC's overall operating benefits through in-depth sales services.
3. Planning and promotion of digital finance
  - (1) To integrate diversified channels, connect physical and virtual channels through FinTech innovations, bring the advantages of digital finance into full play and grasp the trend of artificial intelligence development in order to provide customers with convenient and safe wealth management services.
  - (2) To emphasize the importance of strategic R&D, grasp the market business opportunities and vibration, and think about operating reforms driven by investments in foreign and domestic markets, R&D and design of financial products, or digital finance from a comprehensive perspective, so as to ensure long-term competitiveness.
4. Enhancement of management efficiency and implementation of risk control and legal compliance
  - (1) To continue to enhance risk management techniques and balance risks and rewards.
  - (2) To strengthen the information security defense ability, such as hacker prevention, virus prevention, and leakage prevention, so as to secure the safety of information system.
  - (3) To upgrade all kind of internal management and prevention systems and build

## Attachment 1

### Business Overview Report of Jih Sun Financial Holding Co., Ltd.

up the group's ability of anti-money laundering and countering the financing of terrorism as a whole so as to implement legal compliance properly.

#### 5. Corporate governance and corporate social responsibility

- (1) To implement different procedures with respect to legal compliance, risk management, internal control and internal audit in order to ensure the rights and interests of the Company, employees, shareholders and customers.
- (2) To actively take part in all charity activities, which will not only fulfill the Company's obligation of giving back to the society and taking the corporate responsibilities, but through which the Bank may also promote the corporate image and demonstrate its confidence in sustainable operation.

#### (II) The expected business goals

To look into 2018, global economy recovers steadily and international trade gradually picks up. Nevertheless, Taiwan's economy is still affected by uncertain factors, such as whether global economic growth momentum can persist and the US monetary policy enters the "tightening" stage. The Company has drawn up a specific development plan based on the changes in internal and external environments, and proposed the 2018 overall business goals as follows:

1. Enhancement of profitability
2. Improvement of financial structure
3. Reinforcement of corporate governance

## IV. The conclusion

The Company continues the steady development. The Company's credit ratings have also been affirmed by Fitch Ratings. The following are the credit ratings of the Company and its subsidiaries announced by Fitch Ratings on July 18, 2017:

1. Jih Sun FHC: domestic long-term credit rating: A-(tw); outlook of domestic long-term rating: stable; domestic short-term credit rating: F2(twn).
2. Jih Sun Bank: domestic long-term rating: A-(tw); outlook of domestic long-term rating: stable; domestic short-term credit rating: F2(twn).
3. Jih Sun Securities: domestic long-term rating: A-(tw); outlook of domestic long-term rating: stable; domestic short-term credit rating: F2(twn).

Above is the detailed explanation on business result in 2017 and business outlook for 2018. We hereby thank all the shareholders for your long-term support, and we sincerely hope to receive your encouragement continuously. Wish you health and success.

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

## **Attachment 2**

### **Review Report of Audit Committee**

The Audit Committee agrees on the proposals about the Company's 2017 financial statements (including the consolidated financial statements), the business performance report and the earnings distribution, which have also been resolved by the board of directors. Of which, the Company's 2017 financial statements (including the consolidated financial statements) have been audited by KPMG, which has been commissioned by the Company, and an unqualified audit report has been issued.

The Audit Committee is responsible for supervising over the Company's financial reporting procedures.

When the attesting CPAs certified the Company's 2017 financial statements (including the consolidated financial statements), they discussed the following matters with the Audit Committee:

1. Based on the scope and time of audit planned by the attesting CPAs, there were no material audit discoveries.
2. There were no discoveries of other factors that might have affected the relation of independency of CPAs and other matters according to the statement of independency provided by the attesting CPAs to the Audit Committee regarding the personnel in the accounting firm that such CPAs belong to are subject to the rules of independency according to in The Norm of Professional Ethics for Certified Public Accountant.

The Audit Committee agrees that the proposals about the Company's 2017 financial statements (including the consolidated financial statements), the business performance report and the earnings distribution, which have also been resolved by the board of directors, are in compliant with the relevant laws and regulations. Hence, we hereby make a report above in accordance with Article 219 of the Company Act.

To:

2018 Shareholders' Ordinary Meeting of Jih Sun Financial Holding Co., Ltd.

Convener of the Audit Committee: Lin Chih-Chung

2018/04/26

## Attachment 3

### **The Measures for Transferring the Shares Repurchased for the 6<sup>th</sup> Time to Employees by Jih Sun Financial Holding Co., Ltd.**

Enactment date: 2017/09/29

- Article 1 For the purpose of motivating the employees and enhancing the cohesion of the employees, the Company enacts The Measures for Transferring the Shares Repurchased to Employees pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by the Financial Supervisory Commission. When the Company repurchases the shares to be transferred to the employees, unless otherwise specified in the laws and regulations, it shall make arrangements based on the Measures.
- Article 2 The shares to be transferred to the employees by the Company are common shares, and the rights and obligations thereof, unless otherwise provided in the relevant laws and regulations and the Measures, shall be the same as those of other outstanding common shares.
- Article 3 The shares to be repurchased this time may be transferred to the employees at once or at several times within three years since the repurchase of the shares based on the Measures.
- Article 4 The employees who meet the qualifications of transferees are entitled to the subscription based on the amount of subscription prescribed in Article 5 of the Measures, provided that those who may not hold the Company’s shares pursuant to the laws and regulations may not subscribe:
1. Formal employees (exclusive of those on probation or dispatched workers) of the Company and its domestic and overseas subsidiaries before the base day of subscription.
  2. Employees of the Company and its domestic and overseas subsidiaries who have specific contribution or exceptional performances that have been approved by the board of directors.
- The subsidiaries mentioned in the Measures refer to the companies which the Company owns over 50% of voting rights directly or indirectly in and the Company has controlling power over.
- Article 5 Number of shares that are allowed to be subscribed by the employees and the distribution methods:
1. Number of shares that are allowed to be subscribed by the employees of the Company and its subsidiaries will be distributed based on the following rules:  
Number of shares that are allowed to be subscribed by the employees shall be calculated based on the principles of seniority, job grade, employee performance and contribution of the employees, and submitted to be ratified by the Chairman.
  2. The Chairman is given the authority to ratify additionally the relevant rules pertaining to amount of shares to be transferred and the payment period for subscription while carrying out the transfer.
  3. An employee who does not subscribe and make a payment upon the maturity of the payment period for subscription is deemed to have waved his/her right. For the shortfall in the subscription, the Chairman may delegate other employees to make a subscription additionally.

- Article 6      Operational procedures for transferring the shares repurchased to the employees.
1. Based on the resolution of the board of directors meeting, to make an announcement and reporting, and repurchase the Company's shares during the period of execution.
  2. The board of directors sets and announces the base day of subscription by the employees and the number of shares that are allowed to be subscribed, the payment period for subscription, the contents of the rights, restrictive covenants and restrictions on retransfer based on the Measures.
  3. To make a statistics of actual number of shares which are paid for subscription, and make a registration for transfer of the shares.
- Article 7      Agreed transfer price per share
- The transfer price of such transfer of the shares to be repurchased to the employees is the average actual repurchased price (round up to two decimal places), provided that, if the number of common shares issued by the Company is increased or decreased before the transfer, the Company may adjust the transfer price within the percentage of increase or decrease in issued shares.
- Formula of adjustment of share transfer price:  
The transfer price after adjustment = Average actual repurchased price per share x total number of common shares after the Company's repurchase of shares ends ÷ total number of common shares before the Company transfers the repurchased shares to the employees (Note 1).
- Note 1: Total number of common shares is based on the total number of outstanding shares stated in the company amendment registration chart by the Ministry of Economic Affairs.
- Article 8      After the shares to be repurchased this time are transferred to the employees and the transfer is registered, the remaining rights and obligations, except for those provided in the Measures, are the same as those of the original shares.
- Article 9      The Measures will take effect after being resolved and approved by the board of directors. Any amendments to it may be proposed to the board of directors for ratification.
- Article 10     The Measures, and any amendments thereto, shall be reported to the shareholders' meeting,

**Contrast Table of The Rules of Procedure for Board of Directors Meeting of Jih Sun Financial Holding Company before and after Amendments**

Contents after amendments	Contents before amendments	Explanations for amendments
<p>Article 14 (Items for discussion at the Board Meetings) The following items shall be submitted for discussion in Board Meetings of the Company. Except in the case of an emergency or for other legitimate reasons, the following items shall be included in the reason for convening the meeting and may not be raised as provisional motions.</p> <ol style="list-style-type: none"> <li>Proposal for the Articles of Incorporation.</li> <li>Review of the organizational and business regulations.</li> </ol> <p>(Omitted)</p> <p>18. Any other items that shall be resolved by Board Meetings as required by the relevant laws and regulations or the Articles of Incorporation of the Company; material items as required by the competent authorities or items authorized by a shareholders' meeting.</p> <p>The term "related parties" stated in Subparagraph 17 of the preceding paragraph refers to the related parties regulated by the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "a major donation to a non-related party" refers to any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. However, stricter rules prescribed in the Company's Rules Governing the Donation, if any, shall prevail.</p> <p>The term "within a 1-year period" stated in the preceding paragraph refers to the period of one year preceding the date the date on which the current Board of Directors meeting is convened. The amount of donation that has been approved by Board Meetings needs not to be counted.</p> <p>If any of the items listed under Paragraph 1 meets the provision of Article 14-5 of the Securities and Exchange Act, it shall be arranged based on the rules thereof.</p> <p><u>At least one independent director of the Company shall attend the Board of Directors Meeting in person; the entirety of independent directors shall attend in person any Board of Directors Meeting concerning a matter that requires a resolution by the Board of Directors under Paragraph 1. If an Independent Director cannot attend the meeting in person, he/she shall appoint another independent director to attend as his or her proxy. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the Board Meeting minutes; an independent director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the Board Meeting minutes.</u></p>	<p>Article 14 (Items for discussion at the Board Meetings) The following items shall be submitted for discussion in Board Meetings of the Company. Except in the case of an emergency or for other legitimate reasons, the following items shall be included in the reason for convening the meeting and may not be raised as provisional motions.</p> <ol style="list-style-type: none"> <li>Proposal for the Articles of Incorporation.</li> <li>Review of the organizational and business regulations.</li> </ol> <p>(Omitted)</p> <p>18. Any other items that shall be resolved by Board Meetings as required by the relevant laws and regulations or the Articles of Incorporation of the Company; material items as required by the competent authorities or items authorized by a shareholders' meeting.</p> <p>The term "related parties" stated in Subparagraph 17 of the preceding paragraph refers to the related parties regulated by the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "a major donation to a non-related party" refers to any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. However, stricter rules prescribed in the Company's Rules Governing the Donation, if any, shall prevail.</p> <p>The term "within a 1-year period" stated in the preceding paragraph refers to the period of one year preceding the date the date on which the current Board of Directors meeting is convened. The amount of donation that has been approved by Board Meetings needs not to be counted.</p> <p>If any of the items listed under Paragraph 1 meets the provision of Article 14-5 of the Securities and Exchange Act, it shall be arranged based on the rules thereof.</p>	<ol style="list-style-type: none"> <li>This is amended in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" publicized on 2017/07/28.</li> <li>To adjust the wordings in Paragraphs 2 and 3.</li> <li>To clearly state that where a company has an independent director or independent directors, at least one independent shall attend the board of directors meeting in person. Moreover, where there are agendas that shall be resolved by the board of directors meeting, the entirety of independent directors shall attend the board meeting; where an independent director may not attend the meeting in person, another independent director shall be designated to attend the meeting as a proxy.</li> </ol>

**The Rules of Procedure for Board of Directors Meetings of Jih Sun Financial Holding Company**

Date of amendment: 2017/09/29

- Article 1. (Basis for the adoption of these Rules)**  
According to the provision in Article 26-3, Paragraph 8 of the Securities and Exchange Act, Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and the Corporate Governance Best Practice Principles, the Company set up the Rules to establish a benign BoD governance system, enhance its supervisory and management functions.
- Article 2. (Convention of Board of Directors meetings)**  
Board of Directors meetings (“Board Meetings”) of the Company shall be held at least once every quarter so as to meet the business needs and may be held at any time in the case of emergency.
- Article 3. (Meeting notices)**  
To convene a board meeting of the Company, a meeting notice which specifies the date, venue and reason for convening the meeting shall be sent to each Director and Independent Director (referred to herein as “the Directors”) no later than 7 days before the scheduled date. However, Board Meetings may be convened at any time without being subject to the aforementioned restriction of 7 days in case of emergency. The meeting notices referred in the preceding paragraph, if approved by the Directors, may be sent by way of electronic format. Except in the case of an emergency or for other legitimate reasons, the matters listed under Article 14 of the Rules shall be included in the reason for convening the meeting and may not be raised as provisional motions.
- Article 4. (Meeting materials)**  
The Secretarial Department of Administration Division is appointed by the Board of Directors of the Company to act as the unit in charge of the meeting procedures (“the Secretariat”). However, it may be changed in accordance with the relevant provisions of organization and authorization of the Company or the consent by the Board of Directors after a proposal is submitted. The Secretariat shall prepare agenda items for the Board Meeting and provide sufficient meeting materials together with the meeting notices.
- If the Directors consider meeting materials to be insufficient, they may request the Secretariat to provide supplemental materials in advance. If the Directors consider the materials for a specific agenda to be insufficient in content, the deliberation of such agenda may be postponed by a resolution of the Board of Directors.
- Article 5. (Attendance book and attendance by proxy)**  
An attendance book shall be provided at every Board Meeting for the attending Directors (or their proxies) to sign in. Directors attending meetings via video conference shall be deemed as attending in person.
- If unable to attend, a Director may appoint another Director to attend on his/her behalf by proxy, and a proxy form which specifies the scope of authorization for the reason for convening the meeting shall be presented at every turn; any appointee shall not act as proxy for more than one Director.
- Article 6. (Venue and time for a meeting)**  
Board Meetings shall be held at the location of the Company and during the office hours or at any other appropriate place and time convenient for the Directors to attend.
- Article 7. (Video conference)**  
Board meetings may be held via video conference. Directors attending meetings via video conference shall be deemed as attending in person.



**Article 8. (Chairman and acting Chairman of Board Meetings)**

Board Meetings shall be convened and presided over by the Chairman of the Board of Directors of the Company. However, the first meeting of every term of the newly elected Board of Directors shall be convened and presided over by the Director who has received the largest number of votes after the election in the Shareholders' Meeting; if there are two or more persons with such convening rights, they shall elect from amongst themselves or draw lots to decide one person to convene and preside over the meeting.

In case the Chairman of the Board of Directors is on leave or unable to exercise his/her powers for any cause, the Vice Chairman shall act as the acting Chairman. In case that there is no Vice Chairman or the Vice Chairman is also on leave or unable to exercise his/her powers for any cause, the Chairman shall appoint a Director to act on his/her behalf. In the absence of such an appointee, the Directors shall elect from amongst themselves one person to act on the behalf of the Chairman.

**Article 9. (Non-voting participants)**

Depending on the meeting agendas, personnel of the relevant departments or the subsidiaries may be invited to attend Board Meetings as non-voting participants to report the current business profile and reply to the Directors' questions, enabling them to understand the Company's current status and make appropriate resolutions.

If necessary, CPAs, attorneys or other professionals may be invited to the meetings to offer explanation. They may provide professional opinions for the Board of Directors' reference but they shall leave before the discussion and voting sessions.

People in attendance without the Chairman's approval may be requested to leave immediately by the Chairman.

**Article 10. (Postponement of the meeting)**

If half or more of the Directors are present at the scheduled time for a Board Meeting, the Chairman shall call the meeting to order. If half or more of all Directors are not yet present at the scheduled time for a Board Meeting, the Chairman may announce the postponement of the meeting time. The postponements shall be limited to twice at the most. If the quorum is still not met after two such delays, the Chairman shall recall the meeting following the procedures provided in Article 3, Paragraph 1 of the Rules.

The term "all Directors" stated in the preceding paragraph and in Article 19, Paragraph 4, Subparagraph 2 of the Rules shall be calculated as the number of directors in office.

**Article 11. (Audio or video recording of Board Meeting process)**

The process of Board Meetings of the Company shall be fully recorded in audio or video format and retained for at least five years. The recordings may be stored in electronic format.

If a lawsuit regarding any matter resolved by the Board of Directors occurs before such retention period expires, the relevant audio or video recordings shall be retained until the completion of the lawsuit.

If a Board Meeting is held via video conference, the video recording shall be part of the meeting minutes and be appropriately retained during the existence of the Company.

**Article 12. (Agenda items)**

The agenda of regular Board Meetings of the Company, convened in accordance with Article 2, Paragraph 1 of the Rules, shall include at least the following items:

1. Matters to be reported:
  - (1) The meeting minutes of the previous meeting and the implementation status.
  - (2) Reporting on important financial and business matters.
  - (3) Reporting on internal audit activities.
  - (4) Other important matters to be reported.
2. Matters for discussion:
  - (1) Items for continued discussion from the previous meeting.
  - (2) Items for discussion at this meeting.
3. Provisional motions:
 

The term “regular Board Meetings” stated in the preceding paragraph refers to the first or the last meeting in each quarter. Financial statements that must be audited or reviewed by CPAs may be submitted in advance or held over if they cannot be submitted in regular Board Meetings as scheduled or if necessary.

**Article 13. (Discussion of proposals)**

In principle, the discussion of agendas at a Board Meeting shall proceed in accordance with the scheduled agenda attached to the meeting notice. However, it may be changed if approved by more than half of the attending Directors.

During a meeting, the Chairman may, at his/her discretion, set time for intermission or negotiation.

Unless otherwise approved by more than half of the attending Directors, the Chairman may not declare the adjournment of the meeting arbitrarily.

In the process of a Board Meeting, if the number of Directors staying in the meeting is less than half of the present Directors, the Chairman shall declare a suspension of the meeting upon a motion made by any remaining Director, and Article 10, Paragraph 1 of the Rules shall apply *mutatis mutandis*.

**Article 14. (Items for discussion at the Board Meetings)**

The following items shall be submitted for discussion in Board Meetings of the Company. Except in the case of an emergency or for other legitimate reasons, the following items shall be included in the reason for convening the meeting and may not be raised as provisional motions.

1. Proposal for the Articles of Incorporation.
2. Review of the organizational and business regulations.
3. Proposal for capital increase or reduction.
4. Proposal for surplus earnings distribution or loss make-up.
5. Resolutions for issuance of corporate bonds.
6. Appointment of directors and supervisors in the subsidiaries.
7. Establishment, revocation and alteration of domestic/overseas branches.
8. Business plan of the Company.
9. Annual and semi-annual financial reports, excluding the semi-annual financial reports that need not to be audited/certified by CPAs pursuant to the laws and regulations.
10. Adoption, amendment or assessment of the effectiveness of the internal control system.
11. Adoption or amendment of the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, and capital utilization except for deposits in financial institutions.
12. Items of personal interest of Directors.
13. Material asset or derivatives transaction.
14. The raising, issuance, or private placement of any equity-type securities.
15. The appointment or discharge of an attesting CPA, or the remuneration given thereto.

16. The appointment or discharge of a finance, accounting, or internal audit officer.
17. A donation to a related party or a major donation to a non-related party. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
18. Any other items that shall be resolved by Board Meetings as required by the relevant laws and regulations or the Articles of Incorporation of the Company; material items as required by the competent authorities or items authorized by a shareholders' meeting.

The term "related parties" stated in Subparagraph 17 of the preceding paragraph refers to the related parties regulated by the Regulations Governing the Preparation of Financial Reports by Securities Issuers; the term "a major donation to a non-related party" refers to any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. However, stricter rules prescribed in the Company's Rules Governing the Donation, if any, shall prevail.

The term "within a 1-year period" stated in the preceding paragraph refers to the period of one year preceding the date the date on which the current Board of Directors meeting is convened. The amount of donation that has been approved by Board Meetings needs not to be counted.

If any of the items listed under Paragraph 1 meets the provision of Article 14-5 of the Securities and Exchange Act, it shall be arranged based on the rules thereof.

At least one independent director of the Company shall attend the Board of Directors Meeting in person; the entirety of independent directors shall attend in person for any Board of Directors Meeting concerning a matter that requires a resolution by the Board of Directors under Paragraph 1. If an independent director cannot attend the meeting in person, he/she shall appoint another independent director to attend as his or her proxy. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the Board Meeting minutes; an independent director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the Board Meeting minutes.

**Article 15. (Directors' statements and the Chairman's control of the meeting)**

After a Director makes a statement, the Chairman may reply by himself/herself, designate the relevant personnel to reply, or designate any professional in attendance to provide the relevant and necessary information.

The Chairman may stop a Director's statement if the statement is repeated regarding the same item or beyond the scope of the item under discussion, thereby affecting the other Directors' right to make statements or the process of the meeting.

**Article 16. (Timing for voting)**

When the Chairman considers that a matter has been sufficiently discussed to a degree of putting to a vote, the Chairman may announce the discussion closed and bring the matter to vote.

**Article 17. (Voting)**

In the voting process of Board Meeting, a resolution is deemed to have been adopted if no objection is heard from the attending Directors in response to the Chairman's inquiry. The resolution shall be referred into voting if an objection is raised in response to the Chairman's inquiry.

The method of voting shall be one of the following as determined by the Chairman:

- (1) Voting by raising hand or through voting machine.
- (2) Voting by calling the names.
- (3) Voting by ballot.
- (4) Agreed by over 50% of the total number of Directors.

The “attending Directors” stated in the preceding paragraph do not include the Directors prohibited from exercising voting rights pursuant to Article 18, Paragraph 1 of the Rules.

Unless otherwise specified in the Company Act, the relevant laws and regulations or the Company’s Articles of Incorporation, a resolution shall be adopted by a majority of the Directors present at the meeting attended by a majority of all Directors.

In the case of an amendment or an alternative to an agenda, the Chairman shall determine the sequence of voting. If any one of them has been resolved, the others shall be deemed vetoed and no further voting is required.

Directors who have objections to voting results may submit written statements that shall be recorded in the Board Meeting minutes.

The Chairman may appoint person(s) to monitor the voting process and person(s) to count the ballots; the person(s) appointed to monitor the voting process should be chosen from among the Directors.

The voting results shall be announced in the meeting and recorded in the meeting minutes.

The Company shall upload the resolutions to Market Observation Post System within the time period prescribed if the resolutions are material information as regulated in the relevant laws and regulations, or in the rules prescribed by Taiwan Securities Exchange or by Taipei Exchange.

**Article 18. (Recusal system for directors and calculation of the voting right)**

If a Director or the juridical person the Director represents has a personal interest in a discussion item, he/she shall disclose the material contents of his/her interest at the Board Meeting. If the personal interest may impair the interest of the Company, the Director may not join the discussion and voting of such item. The Director shall physically recuse himself/herself from the discussion and voting, and may not exercise voting right on behalf of another Director.

Pursuant to Article 206, Paragraph 2 of Company Act, Article 180, Paragraph 2 of the Company Act shall apply mutatis mutandis to the Directors prohibited from exercising voting right as prescribed in the preceding paragraph.

**Article 19. (Meeting minutes and sign-in matters)**

The resolutions of every Board Meeting shall be recorded in the meeting minutes, which shall be signed or sealed by both the meeting chairman and the minute taker and distributed to each Director within twenty days after the meeting; the meeting minutes may be produced and distributed in electronic format.

The meeting minutes shall be filed as an important document for the Company and be retained properly while the Company is in existence.

The meeting minutes shall accurately record the following items:

1. The session (or year), venue and time of the meeting.
2. The meeting chairman’s name.

3. The attendance status of the Directors, including names and number of those who are present, on leave, and absent.
4. The names and job titles of those attending the meeting as non-voting participants.
5. The minute taker's name.
6. Report items.
7. Discussion items: the voting method and the result of each agenda; the summary of comments made by the Directors, Independent Directors, experts, and other personnel; names of Directors with personal interests involved, reports of material contents of interest, reasons for making or not making a recusal, and status of recusal, pursuant to the prescription of Paragraph 1 of the preceding article; any objection or reservation with a record or written opinion.
8. Provisional motions: the names of the proposers; the voting method and the result of each proposed resolution; the summary of comments made by the Directors, Independent Directors, experts, and other personnel; names of interested Directors, reports of material contents of interest, reasons for making or not making a recusal, and status of recusal pursuant to the prescription of Paragraph 1 of the preceding article; any objection or reservation with a record or written opinion.
9. Other items required to be recorded.

Any resolution with the following items shall, in addition to being stated in the meeting minutes, be published on the Market Observation Post System designated by Financial Supervisory Commission based on the time regulated by government's law after the date on which a Meeting is held:

1. Independent directors had objection/reservation and opinions, and records or written opinions have been made from them.
2. Not being passed by the audit committee of the Company, but being adopted with the approval of two-thirds or more of all Directors.

The attendance books of Board Meetings shall be part of the meeting minutes and be retained properly during the existence of the Company.

**Article 20. (Authorization principles of the Board of Directors)**

In addition to the discussion items that shall be proposed for discussion at Board Meetings of the Company listed in Article 14, Paragraph 1 of the Rules and the functions and powers exclusive to the Board of Directors as prescribed by the relevant laws and regulations, the level of delegation and the content and matters covered by the Board of Directors shall be specific in accordance with the laws and regulations or the Articles of Incorporation of the Company.

**Article 21. (Meetings of board of managing directors)**

(Deleted)

**Article 22. (Items not covered)**

Items not covered in the Rules shall comply with Company Act, the Securities and Exchange Act, the Articles of Incorporation of the Company and the relevant laws and regulations.

**Article 23. (Supplementary provisions)**

The Rules, and any amendment thereto, shall be effective after being approved by the Board Meetings and shall be reported to the shareholders' meeting.

**One. 2017 Business Overview**

In retrospect of 2017, although the external business environment was stern, the Company continued to adhere to the principle of steady operations to cultivate the core business deeply. Not only has it improved the financial structure constantly, but it also has posted growth in revenue and profit. Its consolidated net revenue in 2017 was NT\$8.167 billion, up 15% from 2016; the consolidated net income before tax was NT\$2.381 billion, up 56% from 2016. Its income was mainly contributed by the bank and the securities subsidiaries. In addition to the enhancement of business performance, the Company also performed exceptionally in corporate governance and business innovation. The Company was ranked “Top 5 % among TPEX listed companies in the third term of corporate governance evaluation” held by the Securities and Futures Institute in 2017. Its subsidiaries also had outstanding performance in the relevant business and received several awards. Here are the explanations of the 2017 business results of the Company and its subsidiaries item by item:

**I. Domestic and Overseas Economic and Financial Environments**

In terms of the analysis of the global economic development, because the developed countries have led the economic recovery in 2017, the emerging and developing countries have kept improving the growth. Global trade also showed remarkable growth that fueled a moderate recovery of global economy and trading in financial market has gradually increased. In the aspect of the US economy, because both the private spending growth and the enterprise investment growth were better than expected, the economic growth was also better than expected.

As for Taiwan’s economic performance in 2017, although the enterprises suffered severe exchange losses as a result of NTD appreciation and it has posted negative impacts on the domestic economy, as international trade gradually picked up and global economy steadily recovered, the domestic economy, driven by the robust expansion of exports of semiconductor, large-size panels and machines, remained strong in H1, 2017. In H2, 2017, Taiwan’s export momentum continued to soar for reasons of a pickup in demands in the peak season, the release of new mobile devices and the constant development of business opportunities arising from the emerging application of automotive electronic appliances, Internet of Things and artificial intelligence. Hence, the economic prosperity kept looking up and the Directorate General of Budget, Accounting and Statistics of Executive Yuan has revised the 2017 economic growth rate upward to 2.84%.

In terms of the analysis of business performance of the financial industry, it has posted growing profit in 2017 and has ended the declining trend lasting for two consecutive years. According to the data publicized by the Financial Supervisory Commission (FSC), as the economy turned sound in 2017, the stock market trading volume soared substantially. The entire securities industry’s pre-tax earnings amounted to NT\$43.7 billion in 2017, substantially expanding 95% from 2016. Although the banking industry also stabilized the performance and showed no more decline, it was still influenced by the low interest rate environment and so its profit was restricted. Coupled with the profit of government-owned banks and partial private banks being influenced as a result of the recognition of loans extended to Ching Gu as bad debt, in 2017, the domestic banks’ pre-tax profit was NT\$305.9 billion as a whole, slightly up 2% as compared with 2016 and suggesting that the profit stopped declining and rebounded after the profit shrinking for two consecutive years.

**II. The change in core businesses**

Jih Sun Financial Holding Co., Ltd. was incorporated on February 5, 2002, and its core businesses are the commercial banking business and securities and futures business. Currently its investee enterprises include Jih Sun International Commercial Bank Ltd., Jih Sun Securities Co., Ltd. and Jih Sun International Property Insurance Agency Co., Ltd., totaling three subsidiaries and was remaining unchanged from 2016.

The Company is developed based on the core of double engine composed of commercial banking and securities and futures. These two major core businesses have developed equally for many years. In 2017, the contributions of commercial banking and securities and futures to consolidated net revenue were NT\$3.953 billion and NT\$ 4.455 billion respectively, and the contributions of the consolidated pre-tax net income were NT\$1.053 billion and NT\$1.411 billion respectively.

## Attachment 5

### Business Performance Report of Jih Sun Financial Holding Co., Ltd.

#### III. The result of the implementation of business plan and business strategies

The Company actively planned for business strategies of the subsidiaries and integrated resources so as to maximize the FHC's benefits. With the efforts of all colleagues, the Company and its major subsidiaries enhanced their operating soundness year by year and maintained a stable financial structure. For the financial structure of the Company within the recent three years, the analysis is as described in the following table:

Unit: NT\$ million	2015/12/31	2016/12/31	2017/12/31
Consolidated total assets	268,509	285,011	295,957
Consolidated shareholders' equities	37,450	37,504	396,091
Capital stock	33,963	35,424	35,424
Consolidated capital adequacy ratio	203.60%	169.90%	165.93%
Debt to net worth ratio	11.06%	9.10%	11.43%
Double leverage ratio	109.39%	107.81%	110.26%

At the end of 2017, the consolidated capital adequacy ratio was 165.93%, decreasing from 169.90% in late 2016; the debt-to-net worth ratio was 11.44%, increasing from 9.10% in late 2016; the double leverage ratio was 110.27%, increasing from 107.81% in late 2016. The change in the financial structure was mainly because the Company repurchased its common shares as treasury shares for the fifth and sixth time, leading to a decline in the net worth. However, the Company's financial structure was remained stable.

#### IV. The analysis of financial revenue/expenditure and profitability

Jih Sun FHC is a financial holding company whose income mainly comes from re-investment profit. For 2017, the investment income accounted for by using equity method represented 99.36% of the total income, and the income mainly came from the banking and securities businesses, while other income accounted for 0.64%. For 2017, the consolidated ROA of the Company was 0.80% and ROE was 6.10%, and both were better than 2016. For the Company's financial revenue/expenditure and profitability over the recent three years, the analysis is as described in the following table:

Unit: NT\$ million	2015	2016	2017
Net income	7,563	7,094	8,167
Provision for (reversal of) bad debt expense and guarantee liability against reserve	(120)	344	(25)
Operating expense	5,568	5,221	5,811
Income tax expense	126	111	46
Consolidated total profit/loss	1,988	1,417	2,335
Retained earnings	3,495	3,089	5,105
Returned on assets (ROA; %)	1.25	0.51	0.80
Returned on equities (ROE; %)	5.42	3.78	6.10
Consolidated net income ratio (%)	26.29	19.97	28.59
Earnings per share (EPS; NT\$ dollar)	0.56	0.40	0.67

Both the Company's revenue and profit have showed growth in 2017; its consolidated net revenue in 2017 was NT\$8.167 billion, up 15% from 2016; the consolidated net income before tax was NT\$2.381 billion, up 56% from 2016; its income was mainly contributed by the bank subsidiary and the securities subsidiary. Jih Sun Securities' consolidated net revenue in 2017 was NT\$4.455 billion, up 30% from 2016; the consolidated net income before tax was NT\$1.411 billion, up 65% from 2016; its income mainly came from an increase in fee income because of a substantial expansion of stock market trading volume. Jih Sun Bank's consolidated net revenue in 2017 was NT\$3.953 billion, up 3% from 2016; the consolidated net income before tax was NT\$1.053 billion, up 40% from 2016.

#### V. The execution status of business target and budget

In accordance with the ranking of the 3<sup>rd</sup> term of corporate governance evaluation in 2017, the Company was ranked on the top 5% of TPEX-listed companies and effectively hit the target of "Reinforcement of corporate governance." In terms of "Enhancement of profitability," its overall profit in 2017 has expanded from that in 2016. Given that other financial peers have also showed the trend of increasing profit, the Company's rankings in ROE and EPS were both lower than those in 2016 and the targets were missed.

## Attachment 5

### Business Performance Report of Jih Sun Financial Holding Co., Ltd.

In terms of “Improvement of financial structure,” because the Company purchased its common shares as treasury shares to be transferred to employees for the fifth and sixth time, the net worth was lower than the budget. As a result, the consolidated capital adequacy ratio was lower than the budget, and both the debt-to-net worth ratio and the double leverage ratio were higher than the budget. However, the Company’s financial structure was remained stable.

#### VI. The research and development status

The Company and its subsidiaries are committed to investing in research and development. In 2017, the R&D projects contained the research of financial market and business strategies, the development of information system, the development of risk management tools, the development of derivatives and educational training.

#### VII. Credit rating

The Company continues the steady development. The Company’s credit ratings have also been affirmed by Fitch Ratings. The following are the credit ratings of the Company and its subsidiaries announced by Fitch Ratings on July 18, 2017:

1. Jih Sun FHC: domestic long-term credit rating: A-(twn); outlook of domestic long-term rating: stable; domestic short-term credit rating: F2(twn).
2. Jih Sun Bank: domestic long-term rating: A-(twn); outlook of domestic long-term rating: stable; domestic short-term credit rating: F2(twn).
3. Jih Sun Securities: domestic long-term rating: A-(twn); outlook of domestic long-term rating: stable; domestic short-term credit rating: F2(twn).

#### Two. Summary of 2018 Business Plan

A look ahead into 2018, we are facing the uncertainty of the business environment and we shall pay more attention to the risk control and management and focus on the core business and continue the innovation to create the maximum value for the shareholders. The 2018 business plan will be explained as follows:

##### I. The influence of external competition environment, legal environment and macroeconomic business environment, as well as the future development strategies:

In retrospect of 2017, as the economy expanded steadily, the US Fed announced on Sep 20, 2017 the activation of the balance sheet reduction plan starting from Oct. The Fed began to reduce the balance sheet by no longer investing in bonds which are matured starting from Oct 2017. At first, the monthly reduction is US\$10 billion per month, and a quarterly increment of US\$10 billion is adopted to the balance sheet reduction. When it comes to Q4, 2018, the amount of monthly balance sheet reduction will come to the maximum of US\$50 billion which may have negative impact on the development of the global economy. To look into global economic development in 2018, the global trading volume is likely to keep expanding, and major international research institutions expects the US economy to expand constantly in 2018 and global economic growth to outperform that in 2017. Nevertheless, attention should be paid to the influence derived from factors, such as the US Fed’s interest rate increase timeline, the movements of monetary policies of major countries, the significant political and economic development in the U.S. and European countries and the geopolitical risk.

To look into the domestic economic development in 2018, the trend of technical innovation and application, such as semiconductor companies’ advanced process, is likely to pump up Taiwan’s export momentum. Furthermore, the government’s active promotion of the industry innovation plan, the Forward-looking Infrastructure Development Program, the improvement of investment environment and the expansion of public financial expenditure are all beneficial to stimulating the private investment. The semi-conductor companies are expected to keep expanding investments in high-end process, so the domestic investment momentum may persist. Nevertheless, we still need to observe whether the momentum of global economic growth persists. Given that the US monetary policies are at the stage of “tightening” cause by both interest rate increase and balance sheet reduction, ECB’s is also tightening monetary policies, increasing trade protectionism causes concerns, and the geopolitical risk also requires attention, all uncertainties may generate material impacts on the global economy and finance that are in a recovery and further impact Taiwan’s economic performance. Major forecast institutions predict Taiwan’s 2018 GDP growth rate to slightly slip and the 2018 economic growth rate will be between 2.27% and 2.43%.



**Business Performance Report of Jih Sun Financial Holding Co., Ltd.**

In terms of the analysis of the influence of technical innovation on the financial industry, IoT, social network, cloud-computing, and mobile finance continued to change consumer behaviors and commercial models over recent years. In view of this, the FSC proposed the “FinTech Development 10 Major Plans” in 2016 and planned to accelerate the promotion of the digital financial business. Furthermore, the FSC especially planned the FinTech Law, the “FinTech Development and Innovative Experience Covenant,” which is the so-called “regulatory sandbox,” and the said Covenant has passed the third reading by the Legislative Yuan on Dec 29, 2017. There are opportunities for Taiwan’s FinTech industry to march forward. The FSC established the FinTech Innovation Park in 2018 as supplemental measures, and looks forward to incubating Taiwan’s FinTech unicorn in following three to five years. So-called unicorns are start-ups with a market value exceeding US\$1 billion. The development of FinTech provides the public with secure and convenient financial services and changes the financial territory.

In the face of various uncertainties in the external environment, the Company adheres to the sustainable business philosophy of “becoming the most trusted wealth management partner of customers” and “top priority for customers, top concern for credit, and principal focus on harmony,” and draws up 2018 business strategies as below: 1. Cohesion of business consensus, establishment of sustainable development; 2. Deep cultivation, innovation and enhancement of core business; 3. Planning and promotion of digital finance; 4. Enhancement of management efficiency and implementation of risk control and legal compliance; 5. Corporate governance and corporate social responsibility.

**II. Business Guideline and Business Plan**

The Company adheres to “becoming the most trusted wealth management partner of customers,” as well as the sustainable business philosophy of “top priority for customers, top concern for credit, and principal focus on harmony.” the Company has planed 2018 business guidelines and matieral business policies based on the business strategies, which are explained respectively as below:

1. Cohesion of business consensus, establishment of sustainable development
  - (1) Definite business goal clearly: In terms of finance, to pursue the goal of ROE reaching 10%; in terms of operations, to generate the value for channels actively.
  - (2) Proper allocation of capital and assets: To review the structure of investments and effectiveness of capital allocation as a FHC, and to plan for allocation of asset positions properly.
  - (3) Enhance the implementation: To establish a review mechanism and define the reward/punishment system so as to ascertain the implementation of policies.
  - (4) Maximization of shareholders’ values: To boost the efficacy of capital utilization and expand asset scale in order to fulfill the maximization of shareholders’ value.
2. Deep cultivation, innovation and enhancement of core business
  - (1) To integrate the business resources of the subsidiaries and develop the strategies of all the subsidiaries, combine innovation of services and products across channels and platforms, and reinforce co-selling among businesses so as to provide the most trustworthy investment and wealth management services for customers.
  - (2) Jih Sun Bank ascertains that its core business is SME, while Jih Sun Securities will grow based on the firm footing of a wide customer base in the brokerage business. The goal is to further enhance the FHC’s overall operating benefits through in-depth sales services.
3. Planning and promotion of digital finance
  - (1) To integrate diversified channels, connect physical and virtual channels through FinTech innovations, bring the advantages of digital finance into full play and grasp the trend of artificial intelligence development in order to provide customers with convenient and safe wealth management services.
  - (2) To emphasize the importance of strategic R&D, grasp the market business opportunities and vibration, and think about operating reforms driven by investments in foreign and domestic markets, R&D and design of financial products, or digital finance from a comprehensive perspective, so as to ensure long-term competitiveness.
4. Enhancement of management efficiency and implementation of risk control and legal compliance
  - (1) To continue to enhance risk management techniques and balance risks and rewards.
  - (2) To strengthen the information security defense ability, such as hacker prevention, virus prevention, and leakage prevention, so as to secure the safety of information system.
  - (3) To upgrade all kind of internal management and prevention systems and build up the

## Attachment 5

### Business Performance Report of Jih Sun Financial Holding Co., Ltd.

group's ability of anti-money laundering and countering the financing of terrorism as a whole so as to implement legal compliance properly.

5. Corporate governance and corporate social responsibility
  - (1) To implement different procedures with respect to legal compliance, risk management, internal control and internal audit in order to ensure the rights and interests of the Company, employees, shareholders and customers.
  - (2) To actively take part in all charity activities, which will not only fulfill the Company's obligation of giving back to the society and taking the corporate responsibilities, but through which the Bank may also promote the corporate image and demonstrate its confidence in sustainable operation.

### III. Business goal

To look into 2018, global economy recovers steadily and international trade gradually picks up. Nevertheless, Taiwan's economy is still affected by uncertain factors, such as whether global economic growth momentum can persist and the US monetary policy enters the "tightening" stage. The Company has drawn up a specific development plan based on the changes in internal and external environments, and proposed the 2018 overall business goals as follows:

1. Enhancement of profitability
2. Improvement of financial structure
3. Reinforcement of corporate governance

Responsible person: Huang Ching-Tang

Manager: Wang Chih-Fang

Accounting supervisor: Wang Hui-Chen

## Attachment 6

### Independent Auditor's Report

The Board of Directors  
Jih Sun Financial Holding Co., Ltd.

#### Opinion

We have audited the accompanying consolidated balance sheets of Jih Sun Financial Holding Co., Ltd. and its subsidiaries (“the Company”) as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows and the notes to the consolidated financial statements as of Jan 1 to Dec 31, 2017 and 2016 including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the consolidated financial performance and consolidated cash flows as of Jan 1 to Dec 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (“IFRSs”) , International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountant Code of Professional Ethics in Republic of China (“the Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December, 31, 2017. These matters are 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.

##### 1. Fair value assessment of financial instruments

Please refer to Note 4(8) “Financial instruments”, Note 5(2) “Major sources of uncertainty for assumptions and estimation”, and Note 6(33) “Disclosure of financial instruments” to the consolidated financial statements.

Description of key audit matters:

Some of the financial instruments held by the Company were without a quoted price in an active market, and the fair value of such instruments were estimated based on other valuation techniques. Therefore, valuation of financial instruments was one of the key audit matters in our

audit of the Company's financial statements.

Our principal audit procedures included:

Our main audit procedures included testing of the Company's controls over the identification, measurement and management of valuation risk. For financial instruments which used quoted market price, sampling test was conducted to confirm the adequacy and correctness of the quoted price; for financial instruments without a quoted market price, sampling test was conducted to review valuation documents from the Company to confirm whether the adequacy and correctness of the valuation method. In addition, we also assessed whether the Company's presentation and disclosure of financial instruments meets relevant accounting standard.

2. Assessments on impairment loss on loans and receivables

Please refer to 4(18) "Financial asset impairment", Note 5(2) "Major sources of uncertainty for assumptions and estimation", Note 6(6) "Receivables – net" and Note 6(8) "Loans discounted – net" to the consolidated financial statements.

Description of key audit matters:

The management of the Company assessed the loans and receivables to determine whether there was any observable evidence of impairment. Loans and receivables that demonstrated evidence of impairment will be then individually or collectively assessed. For the collectively assessed loans and receivables, the Company used a model established by the management basing on past loss experience for loans and receivables with similar credit risk characteristics; for the individually assessed loans and receivables, the Company assessed the impairment loss based on the present value of estimated future cash flows. As the aforementioned measurement is subject to significant judgments and estimation by the management, impairment of loans and receivables was one of the key audit matters in our audit of the Company's financial statements.

Our principal audit procedures included:

Our main audit procedures included understanding the methodology used by the management to assess the impairment of loans and receivables, and performing the relevant control procedures. For the individually assessed loans and receivables, we evaluated the rationality of future recoverable cash flow and the value of collateral. For the collectively assessed loans and receivables, we evaluated the integrity of loans, the model design adopted for the relevant impairment assessment and the rationality of the relevant parameters. Simultaneously, we assessed whether the allowance amount exceeded the minimum requirement as set out in related regulations by the competent authority.

3. Net brokering service fee

Please refer to Note 4(17) "Revenue recognition" and Note 6(36) "Net service fee (charge) and commission's income" to the consolidated financial statements.

Description of key audit matters:

The Company receives orders to trade and engage in brokerage so as to earn brokering service fee. Whether the Company's revenue and discount recognition is correct may cause a material impact on the financial statements, therefore, we identify revenue recognition as a key audit matter.

Our principal audit procedures included:

To make a random inspection into the trading procedures in order to test whether the internal control of the brokerage business is executed effectively or not; to make a random inspection into the approval of discount of brokering fee income; to make a random inspection into the

relevant forms in order to test the accuracy of calculation of brokering service fee and analyze the differences.

### **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 and IFRSs, IASs, interpretation as well as related guidance endorsed 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 the 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision 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 managements.
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 auditor's report to the related disclosures in the consolidated financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precluded 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.

KPMG Accounting Firm

CPA: Chen Chun-Kuang and Lee Feng-Hui  
Authorized certification ref. no. of competent  
authority of securities:  
Jin-Guan-Zheng Shen-Zi No. 1020000737  
Jin-Guan-Zheng Shen-Zi No. 1000011652  
2018/03/16

**Jih Sun Financial Holding Company and its Subsidiaries**  
**Consolidated Balance Sheet**  
**December 31, 2017 and 2016**

Unit: NT\$ Thousand

Assets		2017.12.31		2016.12.31		Liabilities and Equity		2017.12.31		2016.12.31	
Item	Amount	%	Amount	%	Item	Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities</b>						
Cash and cash equivalents	\$ 6,984,735	2	7,184,578	3	Deposits from the central bank and banks	14,326,820	5	16,973,456	6		
Due from central bank and call loans to banks	11,416,966	4	8,723,270	3	Financial liabilities at fair value through profit or loss	1,067,558	1	2,198,445	1		
Financial assets at fair value through profit or loss	54,821,418	19	55,733,437	20	Securities sold under repurchase agreements	15,603,851	5	16,297,684	6		
Available-for-sale financial assets, net	30,612,091	10	29,911,945	11	Commercial papers issued, net	9,467,763	3	5,488,746	2		
Securities purchased under resell agreements	-	-	19,977	-	Payables	13,389,552	5	8,729,191	3		
Receivables, net	21,017,558	7	14,657,257	5	Current tax liabilities	9,504	-	10,876	-		
Current tax assets	91,502	-	188,882	-	Deposits	188,696,215	64	180,949,718	63		
Loans discounted, net	150,655,451	51	146,627,780	51	Bonds payable	5,000,000	2	5,000,000	2		
Held-to-maturity financial assets, net	2,429,649	1	-	-	Other borrowings	1,140,000	-	1,110,000	-		
Investments accounted for using equity method, net	272,062	-	270,040	-	Provisions	217,418	-	184,785	-		
Restricted assets, net	890,620	-	1,401,570	-	Other financial liabilities	6,994,683	2	10,154,964	4		
Other financial assets, net	9,177,287	3	11,845,949	4	Deferred tax liabilities	69,305	-	72,228	-		
Investment property, net	411,053	-	440,044	-	Other liabilities	883,928	-	337,212	-		
Property and equipment, net	5,107,458	2	5,140,443	2	<b>Total Liabilities</b>	<b>256,866,597</b>	<b>87</b>	<b>247,507,305</b>	<b>87</b>		
Intangible assets, net	167,229	-	177,683	-	<b>Equity attributable to owners of parent</b>						
Deferred tax assets	50,671	-	40,493	-	Common stock	35,423,607	12	35,423,607	12		
Other assets, net	1,851,474	1	2,648,246	1	Retained earnings						
					Legal reserve	1,440,323	-	1,298,814	-		
					Special reserve	1,371,328	-	370,605	-		
					Unappropriated earnings	2,293,281	1	1,419,632	1		
					Other equity interest	(540,782)	-	(1,036,647)	-		
					Treasury stocks	(925,693)	-	-	-		
					Non-controlling interests	28,563	-	28,278	-		
					<b>Total Equity</b>	<b>39,090,627</b>	<b>13</b>	<b>37,504,289</b>	<b>13</b>		
					Significant contingents liabilities and unrecognized contract commitments						
					Significant subsequent events						
<b>Total Assets</b>	<b>\$ 295,957,224</b>	<b>100</b>	<b>285,011,594</b>	<b>100</b>	<b>Total Liabilities and Equity</b>	<b>\$ 295,957,224</b>	<b>100</b>	<b>285,011,594</b>	<b>100</b>		

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Jih Sun Financial Holding Company and its Subsidiaries**  
**Consolidated Statement of Comprehensive Income**  
**January 1 to December 31, 2017 and 2016**

Unit: NT\$ Thousand

	<u>January to December, 2017</u>		<u>January to December, 2016</u>		Change %
	Amount	%	Amount	%	
Revenue from interest	\$ 4,462,352	55	4,211,903	59	6
Deduct: interest expenses	1,315,490	16	1,349,409	19	(3)
Net interest income	<u>3,146,862</u>	39	<u>2,862,494</u>	40	10
Net income (loss) except interest					
Net service fee (charge) and commissions income	3,499,700	43	2,793,398	39	25
Gains on financial assets or liabilities at fair value through profit or loss	239,217	3	381,721	6	(37)
Realized gains on available for sale financial assets	168,035	2	153,940	2	9
Foreign exchange gains	261,279	3	132,184	2	98
(Impairment loss) reversal of impairment loss on assets	(1,886)	-	3,158	-	(160)
Share of profit of associates and joint ventures accounted for using equity method	12,602	-	11,126	-	13
Net other non-interest incomes	<u>840,881</u>	10	<u>755,956</u>	11	11
Net income except interest subtotal	<u>5,019,828</u>	61	<u>4,231,483</u>	60	19
Net income	<u>8,166,690</u>	100	<u>7,093,977</u>	100	15
(Reversal of ) provision for bad debt expenses and guarantee liability	(24,974)	-	344,443	5	(107)
Operating expenses					
Employee benefits expense	3,601,692	44	3,147,385	44	14
Depreciation and amortization expenses	219,560	3	236,265	3	(7)
Other general and administrative expenses	1,989,399	24	1,837,800	26	8
Total operating expenses	<u>5,810,651</u>	71	<u>5,221,450</u>	73	11
<b>Income from continuing operations</b>	<u>2,381,013</u>	29	<u>1,528,084</u>	22	56
<b>Tax expense</b>	<u>(46,273)</u>	-	<u>(111,247)</u>	(2)	(58)
<b>Profit</b>	<u><b>2,334,740</b></u>	<b>29</b>	<u><b>1,416,837</b></u>	<b>20</b>	<b>65</b>
<b>Other comprehensive items</b>					
Components of other comprehensive income that will not be reclassified to profit or loss					
Losses on remeasurements of defined benefit plan	(47,837)	-	4,864	-	(1,083)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(154)	-	508	-	(130)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	8,158	-	(827)	-	1,086
Subtotal of other comprehensive income that will not be reclassified to profit or loss, net of tax	<u>(39,833)</u>	-	<u>4,545</u>	-	(976)
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements	(137,720)	(2)	19,207	-	(817)
Unrealized gains (losses) on valuation of available-for-sale financial assets	633,585	7	(1,019,930)	(14)	162
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-
Subtotal of other comprehensive income that will be reclassified to profit or loss, net of tax	<u>495,865</u>	5	<u>(1,000,723)</u>	(14)	150
Other comprehensive income, net	<u>456,032</u>	5	<u>(996,178)</u>	(14)	146
<b>Comprehensive income</b>	<u><b>\$ 2,790,772</b></u>	<u><b>34</b></u>	<u><b>420,659</b></u>	<u><b>6</b></u>	<b>563</b>
<b>Profit, attributable to</b>					
Profit, attributable to owners of parent	\$ 2,333,097	29	1,415,093	20	65
Profit, attributable to non-controlling interests	1,643	-	1,744	-	(6)
	<u><b>\$ 2,334,740</b></u>	<u><b>29</b></u>	<u><b>1,416,837</b></u>	<u><b>20</b></u>	
<b>Comprehensive income, attributable to</b>					
Comprehensive income, attributable to owners of parent	\$ 2,789,146	34	418,909	6	566
Comprehensive income, attributable to non-controlling interests	1,626	-	1,750	-	(7)
	<u><b>\$ 2,790,772</b></u>	<u><b>34</b></u>	<u><b>420,659</b></u>	<u><b>6</b></u>	
<b>Earnings per Share (NT\$ dollar)</b>					
Basic earnings per share	<u><b>\$ 0.67</b></u>		<u><b>0.40</b></u>		

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen



**Jih Sun Financial Holding Company and its Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**January 1 to December 31, 2017 and 2016**

Unit: NT\$ Thousand

Item	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Retained earnings			Other equity interest			Treasury stocks	Total equity attributable to owners of parent		
	Common stock	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total				
Balance, January 1, 2016	\$ 33,963,028	1,104,210	444,891	1,946,041	(114,316)	78,392	(35,924)	-	37,422,246	27,883	37,450,129
Profit	-	-	-	1,415,093	-	-	-	-	1,415,093	1,744	1,416,837
Other comprehensive income	-	-	-	4,539	19,207	(1,019,930)	(1,000,723)	-	(996,184)	6	(996,178)
Total comprehensive income of this period	-	-	-	1,419,632	19,207	(1,019,930)	(1,000,723)	-	418,909	1,750	420,659
Appropriation and distribution of retained earnings:											
Legal reserve	-	194,604	-	(194,604)	-	-	-	-	-	-	-
Special reserve	-	-	(74,286)	74,286	-	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	(365,144)	-	-	-	-	(365,144)	-	(365,144)
Stock dividends - common stock	1,460,579	-	-	(1,460,579)	-	-	-	-	-	-	-
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(1,355)	(1,355)
Balance, December 31, 2016	<b>35,423,607</b>	<b>1,298,814</b>	<b>370,605</b>	<b>1,419,632</b>	<b>(95,109)</b>	<b>(941,538)</b>	<b>(1,036,647)</b>	-	<b>37,476,011</b>	<b>28,278</b>	<b>37,504,289</b>
Profit	-	-	-	2,333,097	-	-	-	-	2,333,097	1,643	2,334,740
Other comprehensive income	-	-	-	(39,816)	(137,720)	633,585	495,865	-	456,049	(17)	456,032
Total comprehensive income of this period	-	-	-	2,293,281	(137,720)	633,585	495,865	-	2,789,146	1,626	2,790,772
Appropriation and distribution of retained earnings:											
Legal reserve	-	141,509	-	(141,509)	-	-	-	-	-	-	-
Special reserve	-	-	1,000,723	(1,000,723)	-	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	(277,400)	-	-	-	-	(277,400)	-	(277,400)
Purchase of treasury stocks	-	-	-	-	-	-	-	(925,693)	(925,693)	-	(925,693)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(1,341)	(1,341)
Balance, December 31, 2017	<b>\$ 35,423,607</b>	<b>1,440,323</b>	<b>1,371,328</b>	<b>2,293,281</b>	<b>(232,829)</b>	<b>(307,953)</b>	<b>(540,782)</b>	<b>(925,693)</b>	<b>39,062,064</b>	<b>28,563</b>	<b>39,090,627</b>

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Jih Sun Financial Holding Company and its Subsidiaries**  
**Consolidated Statement of Cash Flow**  
**January 1 to December 30, 2017 and 2016**

Unit: NTS Thousand

	January to December, 2017	January to December, 2016
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 2,381,013	1,528,084
Adjustments		
Adjustments to reconcile profit		
Depreciation expense	159,887	176,760
Amortization expense	59,673	59,505
Interest expense	1,315,490	1,349,409
Financial income	(60,342)	(66,638)
Interest income	(4,462,352)	(4,211,903)
Dividend income	(648,391)	(584,811)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(857,570)	(162,004)
Provision for bad debt expense and guarantee liability	265,577	722,116
Share of profit of associates and joint ventures accounted for using equity method	(12,602)	(11,126)
Gain (loss) on disposal of property and equipment	(18,897)	-
Loss on retirement of property and equipment	354	2,781
Property and equipment transferred to expense	-	22
Loss on disposal of investments	-	677
Impairment loss on financial assets (reversal of impairment loss on assets)	1,886	(3,158)
Total adjustments to reconcile profit	(4,257,287)	(2,728,370)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Due from the central bank and call loans to banks	68,584	(113,755)
Financial assets at fair value through profit or loss	123,528	82,775
Securities purchased under agreements to resell	19,977	(19,977)
Receivables	(6,475,505)	(893,547)
Loans discounted	(4,200,640)	(7,262,557)
Available-for-sale financial assets	(66,561)	(19,940,271)
Held-to-maturity financial assets	(2,429,649)	-
Total changes in operating assets	(12,960,266)	(28,147,332)
Changes in operating liabilities:		
Deposits from the central bank and banks	(2,646,636)	9,610,534
Financial liabilities at fair value through profit or loss	515,174	(448,407)
Securities sold under repurchase agreements	(693,833)	4,305,800
Payables	4,658,884	(270,701)
Deposits	7,746,497	(86,829)
Provisions	27,981	(25,684)
Total changes in operating liabilities	9,608,067	13,084,713
Total changes in operating assets and liabilities	(3,352,199)	(15,062,619)
Total adjustments	(7,609,486)	(17,790,989)
Cash outflow generated from operations	(5,228,473)	(16,262,905)
Interest and financial income received	4,549,247	4,204,800
Dividend income received	648,391	584,811
Interest paid	(1,314,019)	(1,371,690)
Income taxes received	137,002	118,929
Income taxes paid	(92,230)	(116,912)
<b>Net cash flows used in operating activities</b>	<b>(1,300,082)</b>	<b>(12,842,967)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(106,649)	(78,761)
Acquisition of intangible assets	(43,333)	(29,970)
Proceeds from disposal of property and equipment	22,097	-
Acquisition of financial assets at cost	(45,325)	-
Proceeds from disposal of financial assets at cost	-	50
Proceeds from capital reduction of financial assets at cost	10,747	69,553
Decrease in restricted assets	510,950	297,654
Decrease (increase) in other financial assets	2,701,325	(2,265,343)
Decrease in other assets	748,752	1,031,108
Dividend income received	10,452	10,686
<b>Net cash flows from (used in) investing activities</b>	<b>3,809,016</b>	<b>(965,023)</b>
<b>Cash flows from financing activities:</b>		
Increase in commercial paper issued	3,979,017	2,569,375
Increase in other borrowings	30,000	510,000
(Decrease) increase in other financial liabilities	(3,160,281)	2,990,173
Increase (decrease) in other liabilities	546,716	(1,077,085)
Cash dividends paid	(277,400)	(365,144)
Payments to acquire treasury stocks	(925,693)	-
Change in non-controlling interests	(1,341)	(1,355)
<b>Net cash flows from financing activities</b>	<b>191,018</b>	<b>4,625,964</b>
Effect of exchange rate changes on cash and cash equivalents	(137,515)	19,241
Net increase (decrease) in cash and cash equivalents of this period	2,562,437	(9,162,785)
Cash and cash equivalents at beginning of period	10,948,004	20,110,789
Cash and cash equivalents at end of period	<b>\$13,510,441</b>	<b>10,948,004</b>
Components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheets	\$6,984,735	7,184,578
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	6,525,706	3,763,426
Cash and cash equivalents at end of period	<b>\$13,510,441</b>	<b>10,948,004</b>

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Jih Sun Financial Holding Company**  
**Balance Sheet**  
**December 31, 2017 and 2016**

Unit: NT\$ Thousand

Assets	2017.12.31	2016.12.31	Liabilities and Equity	2017.12.31	2016.12.31
Item	Amount	Amount	Item	Amount	Amount
Cash and cash equivalents	\$ 272,223	285,874	Short-term borrowings	\$ 400,000	200,000
Receivables, net	111,814	12,355	Commercial papers issued, net	3,618,961	2,799,377
Current tax assets	67,274	180,957	Payables	447,208	408,173
Investments accounted for using equity method, net	43,074,323	40,401,223	Provisions	1,120	996
Property and equipment, net	71	128	Deferred tax liabilities	2,005	2,050
Intangible assets, net	18	201	Other Liabilities	563	532
Other assets, net	6,198	6,401	<b>Total liabilities</b>	<b>4,469,857</b>	<b>3,411,128</b>
			Equity		
			Common stock	35,423,607	35,423,607
			Retained earnings		
			Legal reserve	1,440,323	1,298,814
			Special reserve	1,371,328	370,605
			Unappropriated earnings	2,293,281	1,419,632
			Other equity interest		
			Exchange differences on translation of foreign financial statements	(232,829)	(95,109)
			Unrealized (losses) gains on available-for-sale financial assets	(307,953)	(941,538)
			Treasury stocks	(925,693)	-
			<b>Total equity</b>	<b>39,062,064</b>	<b>37,476,011</b>
<b>Total Assets</b>	<b>\$ 43,531,921</b>	<b>40,887,139</b>	<b>Total Liabilities and Equity</b>	<b>\$ 43,531,921</b>	<b>40,887,139</b>

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Jih Sun Financial Holding Company**  
**Statement of Comprehensive Income**  
**January 1 to December 31, 2017 and 2016**

Unit: NT\$ Thousand

Item	January to December, 2017	January to December, 2016
	Amount	Amount
Operating revenues:		
Share of profit of associates and joint ventures accounted for using equity method	\$2,392,373	1,515,722
Other revenues	15,374	17,331
	2,407,747	1,533,053
Operating expenses and losses		
Operating expenses	83,465	86,843
Interest expenses	17,442	14,303
Other expenses and losses	4,366	4,272
	105,273	105,418
Profit before tax	2,302,474	1,427,635
Tax (expense) income	30,623	(12,542)
Profit	2,333,097	1,415,093
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(47,817)	4,857
Share of comprehensive profits and losses of the subsidiaries, affiliates and joint ventures recognized by the equity method	(154)	508
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	8,155	(826)
Subtotal of other comprehensive income that will not be reclassified to profit or loss, net of tax	(39,816)	4,539
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation of foreign financial statements	(137,720)	19,207
Unrealized gains (losses) on valuation of available-for-sale financial assets	633,585	(1,019,930)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-
Subtotal of other comprehensive income that will be reclassified to profit or loss, net of tax	495,865	(1,000,723)
Other comprehensive income, net of tax	456,049	(996,184)
Total comprehensive income	<b>\$2,789,146</b>	<b>418,909</b>
EPS		
Basic EPS (NT\$ dollar)	<b>\$0.67</b>	<b>0.40</b>

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Jih Sun Financial Holding Company**  
**Statement of Changes in Equity**  
**January 1 to December 31, 2017 and 2016**

Unit: NTS Thousand

Item	Share capital	Retained earnings			Other equity interest			Treasury stocks	Total equity
	Common stock	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total		
Balance, January 1, 2016	\$ 33,963,028	1,104,210	444,891	1,946,041	(114,316)	78,392	(35,924)	-	37,422,246
Profit of this period	-	-	-	1,415,093	-	-	-	-	1,415,093
Other comprehensive income of this period	-	-	-	4,539	19,207	(1,019,930)	(1,000,723)	-	(996,184)
Total comprehensive income of this period	-	-	-	1,419,632	19,207	(1,019,930)	(1,000,723)	-	418,909
Appropriation and distribution of retained earnings:									
Legal reserve	-	194,604	-	(194,604)	-	-	-	-	-
Special reserve	-	-	(74,286)	74,286	-	-	-	-	-
Cash dividends - common stock	-	-	-	(365,144)	-	-	-	-	(365,144)
Stock dividends - common stock	1,460,579	-	-	(1,460,579)	-	-	-	-	-
Balance, Dec 31, 2016	\$ 35,423,607	1,298,814	370,605	1,419,632	(95,109)	(941,538)	(1,036,647)	-	37,476,011
Balance, January 1, 2017	\$ 35,423,607	1,298,814	370,605	1,419,632	(95,109)	(941,538)	(1,036,647)	-	37,476,011
Profit of this period	-	-	-	2,333,097	-	-	-	-	2,333,097
Other comprehensive income of this period	-	-	-	(39,816)	(137,720)	633,585	495,865	-	456,049
Total comprehensive income of this period	-	-	-	2,293,281	(137,720)	633,585	495,865	-	2,789,146
Appropriation and distribution of retained earnings:									
Legal reserve	-	141,509	-	(141,509)	-	-	-	-	-
Special reserve	-	-	1,000,723	(1,000,723)	-	-	-	-	-
Cash dividends - common stock	-	-	-	(277,400)	-	-	-	-	(277,400)
Purchase of treasury stocks	-	-	-	-	-	-	-	(925,693)	(925,693)
Balance, Dec 31, 2017	\$ 35,423,607	1,440,323	1,371,328	2,293,281	(232,829)	(307,953)	(540,782)	(925,693)	39,062,064

Note : For the years 2017 and 2016, the remuneration for directors are accrued \$14,300,000, the remuneration for employees are accrued \$83,000 and \$60,000, respectively. The remuneration for directors and the remuneration for employees are recognized as current years' operating expenses, and are deducted from comprehensive income.

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Jih Sun Financial Holding Company**  
**Statement of Cash Flow**  
**January 1 to December 31, 2017 and 2016**

Unit: NT\$ Thousand

Item	January to December, 2017		January to December, 2016	
	Subtotal	Total	Subtotal	Total
<b>Cash flows from operating activities:</b>				
Profit before tax		\$ 2,302,474		1,427,635
Adjustments				
Adjustments to reconcile profit				
Depreciation expense	64		408	
Amortization expense	183		191	
Share of profit of associates and joint ventures accounted for using equity method	(2,392,373)		(1,515,722)	
Interest income	(1,420)		(1,674)	
Interest expense	17,442		14,303	
Total adjustments to reconcile loss		(2,376,104)		(1,502,494)
Changes in operating assets and liabilities				
(Increase) decrease in account receivables	(91,589)		20,567	
(Increase) decrease in other assets	(62)		159	
Increase (decrease) in payables	38,967		(508,440)	
Increase in provisions	124		219	
Increase in other liabilities	31		22	
Total changes in operating assets and liabilities		(52,529)		(487,473)
Cash outflow generated from operations		(126,159)		(562,332)
Interest received	1,423		1,706	
Income tax received	136,569		118,527	
Income tax paid	(136)		(22,247)	
Interest paid	(17,374)		(14,350)	
Net cash flows used in operating activities		(5,677)		(478,696)
<b>Cash flows from investing activities:</b>				
Dividend received	175,542		1,055,523	
Acquisition of property and equipment	(7)		-	
Net cash flows from investing activities		175,535		1,055,523
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term borrowings from banks	200,000		(100,000)	
Increase (decrease) in commercial papers payable	819,584		(119,994)	
Payments to acquire treasury stocks	(925,693)		-	
Cash dividend paid	(277,400)		(365,144)	
Net cash flows used in financing activities		(183,509)		(585,138)
Net decrease in cash and cash equivalents		(13,651)		(8,311)
Cash and cash equivalents at beginning of period		285,874		294,185
Cash and cash equivalents at end of period		<b>\$ 272,223</b>		<b>285,874</b>

Chairman: Huang Ching-Tang

President: Wang Chih-Fang

Accounting Supervisor: Wang Hui-Chen

**Attachment 7**  
**Jih Sun Financial Holding Co., Ltd.**  
**Earnings Distribution Table of 2017**

Unit: NT\$ dollar

Undistributed earnings at the beginning of the term	\$	0
Minus: Revaluation of defined benefit plan recognized in retained earnings		(39,816,112)
Plus: Reveral of minus item of equities for provision of special reserve		495,863,858
		456,047,746
Undistributed earnings after adjustment at the beginning of the term		456,047,746
Plus: Net income after tax of 2017		2,333,097,775
Minus: Provision of legal reserve (10%)		(233,309,778)
Earnings available for distribution		2,555,835,743
Distribution items		
Dividends for shareholders:		
Common share stock dividend: NT\$0.2209383 per share		(766,750,700)
Common share cash dividend: NT\$0.5155228 per share		(1,789,085,043)
Undistributed earnings at the end of the term	\$	0

Note 1:

The total of minus items of equities, such as cumulative translation adjustment and unrealized gains(losses) of financial products under shareholder's equities in 2017 is NT\$540,782,925, which was decreased by NT\$495,863,858 as compared with the loss from the total amount of minus items (NT\$1,036,646,783) under equities in 2016. Therefore, we supplement the provision of special reserve.

Note 2:

The distribution of common share dividend is calculated in accordance with the number of shares with the right to participate in a distribution as of April 25, 2018. (3,470,428,671 shares) and the distribution amount is NT\$2,555,835,743 in total. If the number of outstanding shares on the base date of distribution of cash dividend is affected by factors such as capital increment, repurchase, transfer, conversion, or cancellation of the Company's shares, or employees' exercise of their rights to convert stock option certificates into shares which may lead to the changes in distribution ratio of dividends, the board of directors is given the authority to adjust the payout ratio.

Chariman: Huang Ching-Tang

Manager: Wang Chih-Fang

Accounting supervisor: Wang Hui-Chen

**Attachment 8**

**The Contrast Table of The Rules Governing the Election of Directors of Jih Sun Financial Holding Co., Ltd. before and after Amendments**

Content after amendments	Content before amendments	Explanation for amendments
<p>Article 5</p> <p>In cases where there are five or less directors in the Company, two of whom are required to possess any of the qualifications set forth in Article 9, Paragraph 1 of the “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company”; if there are more than five directors, one director in addition to the original two shall possess any of such qualifications for an increment of every four directors.</p> <p>The directors of the Company may not engage in any of the matters prescribed in Article 3 of the “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.”</p> <p>When the number of directors falls below <u>seven</u> due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Company’s Articles of Incorporation, the Company shall call a special shareholders’ meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>Article 5</p> <p>In cases where there are five or less directors in the Company, two of whom are required to possess any of the qualifications set forth in Article 9, Paragraph 1 of the “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company”; if there are more than five directors, one director in addition to the original two shall possess any of such qualifications for an increment of every four directors.</p> <p>The directors of the Company may not engage in any of the matters prescribed in Article 3 of the “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.”</p> <p>When the number of directors falls below <u>five</u> due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Company’s Articles of Incorporation, the Company shall call a special shareholders’ meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>1. According to the amendments to Articles 29 and 30 of the “Corporate Governance Best-Practice Principles for Financial Holding Companies” promulgated on Sep 13, 2017, the minimum no. of the board members is adjusted higher from <u>5 directors</u> to <u>7 directors</u>. Thus, to adjust Paragraph 3 of this article accordingly.</p> <p>2. Amendment: When the number of directors falls below <u>seven</u> due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting.</p>
<p>Article 7</p> <p>The board of directors of the Company may, prior to calling a shareholders’ meeting to hold the re-election of independent directors, conduct a preview and overall assessment on whether the qualifications, academic background and experience of the independent director candidates recommended by the shareholders or the board of directors are consistent with Articles 3 and 9 of the “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company” and Articles 2, 3 and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and then provide the roster of independent director candidates along with the opinions and data related to review and assessment for the shareholders’ reference, enabling them to choose competent independent directors.</p>	<p>Article 7</p> <p>The board of directors of the Company may, prior to calling a shareholders’ meeting to hold the re-election of independent directors, conduct a preview and overall assessment on whether the qualifications, academic background and experience of the independent director candidates recommended by the shareholders or the board of directors are consistent with Articles 3 and 9 of the “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company” and Articles 2, 3 and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and then provide the roster of independent director candidates along with the opinions and data related to review and assessment for the shareholders’ reference, enabling them to choose competent independent directors.</p>	<p>1. To make amendments in accordance with Articles 5, Paragraph 6 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated on Jul 28, 2017.</p> <p>2. To add Paragraph 2 for explanations: To clearly state that when an independent director candidate has served as the Company’s independent director for three consecutive terms, the Company shall jointly announce the reasons for continuing nominating the candidate for acting as independent director at the time of publicizing the review</p>



**Attachment 8**

**The Contrast Table of The Rules Governing the Election of Directors of Jih Sun Financial Holding Co., Ltd. before and after Amendments**

Content after amendments	Content before amendments	Explanation for amendments
<p><u>When an independent director included by the Company into the roster of independent director candidates pursuant to the preceding paragraph has served as the Company's independent director for three consecutive terms, the Company shall jointly announce the reasons for continuing nominating the candidate for acting as independent director at the time of publicizing the review results as prescribed in Article 6, Paragraph 2, and shall explain the aforementioned reasons to the shareholders while carrying out an election at the shareholders' meeting.</u></p>		<p>results as regulated, and shall explain the aforementioned reasons to the shareholders while carrying out an election at the shareholders' meeting, which serve as a reference for shareholders in the election.</p>
<p>Article 19 The Rules, and any amendments thereto, shall be announced for implementation after approval by the shareholders' meeting. The Rules were enacted on June 6, 2003. The first amendment was on June 11, 2004. The second amendment was on June 9, 2006. The third amendment was on April 10, 2007. The fourth amendment was on June 19, 2009. The fifth amendment was on June 24, 2011. The sixth amendment was on June 22, 2012. The seventh amendment was on June 21, 2013. The eighth amendment was on June 8, 2016. <u>The ninth amendment was on June 8, 2018.</u></p>	<p>Article 19 The Rules, and any amendments thereto, shall be announced for implementation after approval by the shareholders' meeting. The Rules were enacted on June 6, 2003. The first amendment was on June 11, 2004. The second amendment was on June 9, 2006. The third amendment was on April 10, 2007. The fourth amendment was on June 19, 2009. The fifth amendment was on June 24, 2011. The sixth amendment was on June 22, 2012. The seventh amendment was on June 21, 2013. The eighth amendment was on June 8, 2016.</p>	<p>To add the date of the amendment.</p>

## The Rules Governing the Election of Directors of Jih Sun Financial Holding Co., Ltd.

Date of amendment: 2018/06/08

Article 1 Unless otherwise specified in the laws and regulations and the Articles of Incorporation of the Company, the election of the Company's directors shall be conducted pursuant to the Rules.

Article 2 Unless otherwise specified in the laws and regulations, the election of the Company's directors shall be conducted at a shareholders meeting.

Article 3 Consideration shall be given to the overall composition of the board of directors in the selection of the Company's directors. It is advisable that the composition of the board members shall be determined by taking diversity into consideration, provided that no improper restrictions shall be set against gender, age, nationality, and culture. The members of the board shall possess the necessary knowledge, skills and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Law, marketing, technology, accounting and financial analysis ability.
3. Business management ability.
4. Crises management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The qualification and election of independent directors shall be conducted pursuant to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

A specific percentage of board members of the Company shall adhere to the provisions set forth in the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."

Article 4 (Deleted)

Article 5 In cases where there are five or less directors in the Company, two of whom are required to possess any of the qualifications set forth in Article 9, Paragraph 1 of the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company"; if there are more than five directors, one director in addition to the original two shall possess any of such qualifications for an increment of every four directors.

The directors of the Company may not engage in any of the matters prescribed in Article 3 of the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."

When the number of directors falls below seven due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 Pursuant to Articles 14-2 and 183 of the Securities and Exchange Act, the Company shall appoint independent directors, the number of which may not be less than two and not less than one-fifth of the total number of directors.

The Company adopts a candidate nomination system for the election of the directors. For the purpose of reviewing the qualifications, academic background and experiences of director candidates and whether they are involved in any of the actions prescribed in Article 30 of the Company Act, the Company may not arbitrarily add requirements for documentary proof of other qualifications. In addition, it shall publicize the results of the review to serve as a reference for shareholders, and the shareholders shall elect the directors among the nominees listed in the roster of director candidates. Elections of both independent directors and non-independent directors shall be held at the same time with the number of elected directors being calculated separately. The candidates receiving ballots representing the highest number of votes will be elected independent directors and non-independent directors sequentially and respectively.

The roster of director candidates of the Company shall be proposed through the methods below. After the board of directors evaluates that the candidates comply with the qualification requirements of directors, the roster will be submitted to the shareholders' meeting for election:

1. Shareholders holding 1% or more of the total number of issued shares may propose the roster of independent director and non-independent director candidates to the Company in written form, provided that the number of nominees may not exceed the required number of directors to be elected.
2. The board of directors proposes the roster of independent director and non-independent director candidates, provided that the number of nominees may not exceed the required number of directors to be elected.
3. Other methods approved by the competent authority.

The independent directors of the Company shall possess any of the qualifications set forth in Article 2, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and shall not be found involved in matters under Article 2, Paragraph 2 and Article 3 of the same Regulations.

When the number of independent directors falls below the rules prescribed in the first paragraph due to the dismissal of an independent director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders' meeting; when all independent shareholders are dismissed, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 7 The board of directors of the Company may, prior to calling a shareholders' meeting to hold the re-election of independent directors, conduct a preview and overall assessment on whether the qualifications, academic background and experience of the independent director candidates recommended by the shareholders or the board of directors are consistent with Articles 3 and 9 of the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company" and Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and then provide the roster of independent director candidates along with the opinions and data related to review and assessment for the shareholders' reference, enabling them to choose competent independent directors.

When an independent director included by the Company into the roster of independent director candidates pursuant to the preceding paragraph has served as the Company's independent director for three consecutive terms, the Company shall jointly announce the reasons for continuing nominating the candidate for acting as independent director at the time of publicizing the review results as prescribed in Article 6, Paragraph 2, and shall explain the aforementioned reasons to the shareholders while carrying out an election at the shareholders' meeting.

Article 8 In cases where a government organization or a juristic person is the Company's shareholder, such government organization or juristic person and its representative may be elected

non-independent directors respectively; however, they may not be elected the independent directors. In addition, the appointment letter for the appointed representative shall be provided upon application for register.

Article 9 The cumulative voting method shall be used for election of directors and independent directors of the Company. Each share will have votes in a number equal to the number of the directors or independent directors to be elected, and may be cast for a single candidate or split among multiple candidates. Those receiving ballots representing the highest number of votes shall be elected.

Article 10 In accordance with the number of directors and independent directors of the Company prescribed in the Articles of Incorporation, the candidates receiving ballots representing the highest number of votes respectively shall be elected directors or independent directors sequentially, under the premise that the percentage and qualifications set forth in Articles 5 and 6 of the Rules are complied with. However, it shall be conducted in accordance with the circumstances as below:

1. When a candidate receiving the highest number of votes does not possess any of the qualifications set forth in Articles 5 and 6 of the Rules, resulting in the number of persons of the Company that shall possess the qualifications falling short of the statutory percentage, the candidate may not be elected director or independent director. Moreover, the vacancy shall be filled by the candidate receiving the second highest number of votes originally and possessing any of the qualifications set forth in Articles 5 and 6 of the Rules, and such candidate shall be elected director or independent director.
2. If two or more candidates receive the same number of votes, thus exceeding the specified number of positions, the one that possesses any of the qualifications set forth in Articles 5 and 6 of the Rules shall be preceded to be elected, which is followed by drawing lots by those receiving the same number of votes. The chairperson shall draw lots on behalf of the absent candidate.

Article 11 (Deleted)

Article 12 The chairperson shall, prior to the election, assign a number of the vote monitoring and bot counting personnel to carry out the relevant matters.

Article 13 The Company shall prepare the ballots with attendance card number printed on them and the number of votes associated with each ballot specified on them.

Article 14 If a candidate is a shareholder, a voter must enter the candidate's full name, shareholder account number and the allotted number of votes in each ballot; if a candidate is not a shareholder, a voter shall enter the candidate's full name and identification document number. However, when the candidate is a government organization or juristic person, the name of the government organization or juristic person and its representative shall be entered in the column for the candidate on the ballot.

Article 15 A ballot is invalid under any of the following circumstances:

1. The ballot is not the one prescribed in the Rules.
2. A blank ballot is cast inside the ballot box.
3. The number of candidate entered exceeds the required number.
4. Other words or marks are entered in addition to the candidate's name (including its juristic person title or the full name of the representative) and shareholder account number or the identification document number.
5. Any of a candidate's full name, shareholder account number, identification document number or allotted number of votes that have been entered is altered.
6. The writing is unclear or indecipherable.
7. The candidate whose name is entered in the ballot is a shareholder, but the candidate's name does not conform with that given in the shareholder register; or the candidate whose

name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name, identification document number and data specified on identity card do not match.

8. The name of the candidate entered is identical to that of another candidate, but neither shareholder account number nor identity card number is provided in the ballot to identify such individual.

Article 16 If the total combined number of allotted votes on a ballot is less than the number of votes held by the voter, the insufficient votes are deemed as abstained.

Article 17 The votes shall be calculated on site immediately after the end of the poll, and the chairperson shall announce the voting result on site immediately, including the name list of elected directors and independent directors and the number of votes with which they were elected.

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

Article 18 Others matters not mentioned herein, if any, shall be conducted pursuant to the rules of the Company and the relevant laws and regulations.

Article 19 The Rules, and any amendments thereto, shall be announced for implementation after approval by the shareholders' meeting.

The Rules were enacted on June 6, 2003.

The first amendment was on June 11, 2004.

The second amendment was on June 9, 2006.

The third amendment was on April 10, 2007.

The fourth amendment was on June 19, 2009.

The fifth amendment was on June 24, 2011.

The sixth amendment was on June 22, 2012.

The seventh amendment was on June 21, 2013.

The eighth amendment was on June 8, 2016.

The ninth amendment was on June 8, 2018.

## Attachment 9

**Brief Introduction of the Experiences of the 7<sup>th</sup> Term Directors  
(Including Independent Director) Candidates and Reasons for Constantly Nominating the  
Independent Director who has Served Three Terms of Independent Director**

Type of nominees	Name of nominees	Academic background	Experience	Current position	Number of shareholding (Unit: share)	Company that the nominee represents
Director	Huang Ching-Tang	1. Bachelor of Law, National Taiwan University 2. Master Degree, National Sun Yat-Sen University	1. President and Vice Chairman of Ta Chong Securities Co., Ltd. 2. President and Chairman of Waterland Securities Co., Ltd. 3. President of Ta Chong Bank Ltd. 4. President of King's Town Bank	1. Chairman of Jih Sun Financial Holding Co., Ltd. 2. Chairman of Jih Sun International Commercial Bank Limited 3. Director of Jih Sun Securities Co., Ltd. 4. Director of Jih Sun Venture Capital Co., Ltd. 5. Juristic-person supervisor of Taiwan Stock Exchange Corporation	852,946,952	Capital Target Limited
Director	Huang Flynn Xuxian	Master of Business Administration, University of Chicago, USA	1. Accountant of CPA, Ernst & Young 2. Co-founder and Director of Wealth Bank Los Angeles, USA 3. Independent Director of Jih Sun International Commercial Bank Limited. 4. Independent Director of Jih Sun Securities Co., Ltd. 5. Director of Carry Wealth Holdings Limited (Hong Kong)	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Director of Jih Sun International Commercial Bank Limited 3. Director of Jih Sun Securities Co., Ltd. 4. Chairman of Jih Sun Life Insurance Agency Co., Ltd. 5. Director of Jih Sun Futures Co., Ltd. 6. Director of Jih Sun Venture Capital Co., Ltd. 7. Director of Capital Target Limited 8. Chairman of Capital Target Limited 9. Director of Taiwan Futures Exchange	852,946,952	Capital Target Limited
Director	James C. Tang	1. Juris Doctor, St. John's University School of Law 2. MBA, Columbia University Graduate School of Business	1. General Manager, Shinsei Bank 2. Manager, Merrill Lynch 3. Licensed Attorney in USA	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Chairman of Jih Sun Securities Co., Ltd. 3. Director of Jih Sun International Commercial Bank Limited. 4. Director of Jih Sun Venture Capital Co., Ltd.	852,946,952	Capital Target Limited
Director	Yang Chih-Kuang	MBA of Azusa Pacific University	1. Nickent Golf. Inc General Manager and Senior Director of Operation and Finance	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Director of Jih Sun	852,946,952	Capital Target Limited

Type of nominees	Name of nominees	Academic background	Experience	Current position	Number of shareholding (Unit: share)	Company that the nominee represents
			2. Jack Tam Accountancy Corporation Senior Accountant	International Commercial Bank Limited. 3. Director of Jih Sun Securities Co., Ltd. 4. Chairman of Jih Sun International Property Insurance Agency Co., Ltd. 5. Chairman of Jih Sun Futures Co., Ltd. 6. Director of Jih Sun Venture Capital Co., Ltd. 7. Director of Capital Target Limited		
Director	Tse Chi Wai	Bachelor of Social Sciences, the University of Hong Kong	1. Director of AGCA CPA Limited-HK Branch 2. Financial Controller and Secretary of Shandong Jinchuang Co., Ltd. 3. Financial Controller and Secretary of Shanxi Sanyuan Coal Industry Co., Ltd. 4. Independent Non-Executive Director of Greens Holdings Ltd. 5. Independent Non-Executive Director of Sunac China Holdings Limited	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Director of Jih Sun International Commercial Bank Limited 3. Director of Jih Sun Securities Co., Ltd. 4. Financial Controller and Secretary of China Information Technology Development Limited 5. Executive Director of China Information Technology Development Limited 6. Independent Non-Executive Director of Sunac China Holdings Limited 7. Independent Non-Executive Director of Great Water Holdings Limited. 8. Independent Non-Executive Director of Huarong Investment Stock Corporation Limited 9. Independent Non-Executive Director of Winto Group (Holdings) Limited 10. Director of Capital Target Limited 11. Independent Non-Executive Director of Chong Kin Group Holdings Limited	852,946,952	Capital Target Limited

Type of nominees	Name of nominees	Academic background	Experience	Current position	Number of shareholding (Unit: share)	Company that the nominee represents
Director	Masaaki Sakamoto	Bachelor of Commercial Science from Hitotsubashi College	1. Experience of corporate finance both in Tokyo and Hong Kong. 2. Experience of debt investment 3. Experience of asset management	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Manager of Shinsei Bank	1,256,331,901	SIPF B.V.
Director	Chunmei Ozaki (Huang)	Kobe University: MBA	1. AICPA 2. CFA 3. Manager of Shinsei Bank (Private Equity Division), 4. Supervisor of Raffia Capital Inc. 5. Supervisor of Yamaichi Co., Ltd. 6. Supervisor of Raffia Partners, Inc.	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Manager of Shinsei Bank	1,256,331,901	SIPF B.V.
Director	Hiroshi Nakagawa	Keio University	1. Fuji Bank, Manager in Germany, Netherlands 2. Mizuho Bank, Director in Credit Division 3. Director of SIPF B.V.	1. Director of Jih Sun Financial Holding Co., Ltd. 2. Manager of Shinsei Bank	1,256,331,901	SIPF B.V.
Independent Director	Liou Chih-Poung	1. Master of Graduate Schools for Law and Politics, The University of Tokyo 2. Master of College of Law, National Taiwan University 3. Bachelor of College of Law, National Taiwan University	1. Chairman of Taiwan Society of Labor Law 2. 25 <sup>th</sup> term of Chairman of Taipei Bar Association 3. Chairman of Taiwan Law Society 4. Chairman of Taiwan Society of Construction Law 5. Committee member of Basic Wage Review Committee of Ministry of Labor 6. Committee member of Law Committee of Ministry of Labor. 7. Committee member of improper labor conduct committee of Ministry of Labor.	1. Attorney-in Charge of Formosan Brothers Attorneys-at-Law	0	None
Independent Director	Huang Hsin-Hui	1. Master of Graduate Schools for Law and Politics, The University of Tokyo 2. Bachelor of College of Law, National Taiwan University	1. (4 <sup>th</sup> ) Judicial Evaluation Committee of the Judicial Yuan. 2. (26 <sup>th</sup> and 27 <sup>th</sup> ) Director of Taipei Bar Association 3. (28 <sup>th</sup> ) Executive Supervisor of Taipei Bar Association	1. Attorney, partner of Formosan Brothers Attorneys-at-Law	0	None



Type of nominees	Name of nominees	Academic background	Experience	Current position	Number of shareholding (Unit: share)	Company that the nominee represents
			<p>4. Committee member of International Affairs Committee of Taipei Bar Association</p> <p>5. Committee member of Taipei Land Price and Standard Land Price Review Committee.</p> <p>6. Team for review of employee-employer disputed laws and living cost of Ministry of Labor.</p> <p>7. Committee member of employee-employer dispute mediation committee of Taipei City Government.</p> <p>8. Committee member of employee-employer dispute mediation committee of New Taipei City Government.</p> <p>9. Labor lecture of lawyer study institute</p>			
Independent Director	Tong Joseph	<p>1. Bachelor of Social Science, University of Hong Kong</p> <p>2. Master of Business Administration, Chinese University of Hong Kong</p>	<p>1. Senior member of the Association of Chartered Certified Accountants, UK</p> <p>2. Managing Director and Chief Executive Officer of Sun Hong Kai Ltd. (Capital Market and Institutional Brokerage)</p>	<p>1. Independent Director of Jih Sun Financial Holding Co., Ltd.</p> <p>2. Director and Chairman of Morton Securities Limited (HK)</p> <p>3. Chairman and Non-Executive Director of Tree Holdings Limited (HK)</p>	0	None

The aforementioned Mr. Tong Joseph listed in the roster of independent director candidates has served as the Company's independent director for three terms. The following are the company's explanations for constantly nominating him to serve as the independent director:

1. Independent director candidates nominated by the Company all meet the independence and required professional qualifications before being elected and during the term of office, and they all possess the knowledge, skills, literacy and all kinds of professional capabilities that shall be required as a whole for performing the business of independent directors.
2. He used to serve as the convener of the Remuneration Committee of Jih Sun FHC and is qualified as a senior member of the Association of Chartered Certified Accountants, UK. He emphasizes the formation of a leading strategy with core values and possesses a high level of professional governance and management ability. He manifests perspectives, objectivity and inclusiveness, and further enhances the quality of decision-making of business strategy planning. During his term of office, he also strengthens the implementation of the Company's corporate governance system.

Attachment 10

The Contents of Release of Directors from Non-competition Restrictions  
at the 2018 Shareholders' Ordinary Meeting

Name of Director	Company in which a Director Assumes a Position	Position
Huang Ching-Tang	Jih Sun International Commercial Bank Limited	Chairman
	Jih Sun Securities Co., Ltd.	Director
	Jih Sun Venture Capital Co., Ltd.	Director
	Taiwan Stock Exchange Corporation	Juristic-person supervisor
Huang Flynn Xuxian	Jih Sun International Commercial Bank Limited	Director
	Jih Sun Securities Co., Ltd.	Director
	Jih Sun Life Insurance Agency Co., Ltd.	Chairman
	Jih Sun Futures Co., Ltd.	Director
	Jih Sun Venture Capital Co., Ltd.	Director
	CAPITAL TARGET LIMITED	Chairman, Director
	Taiwan Futures Exchange	Director
James C. Tang	Jih Sun Securities Co., Ltd.	Chairman
	Jih Sun International Commercial Bank Limited	Director
	Jih Sun Venture Capital Co., Ltd.	Director
Yang Chih Kuang	Jih Sun International Commercial Bank Limited	Director
	Jih Sun Securities Co., Ltd.	Director
	Jih Sun Property Insurance Agency Co., Ltd.	Chairman
	Jih Sun Futures Co., Ltd.	Chairman
	Jih Sun Venture Capital Co., Ltd.	Director
	CAPITAL TARGET LIMITED	Director
Tse Chi Wai	Jih Sun International Commercial Bank Limited	Director
	Jih Sun Securities Co., Ltd.	Director
	China Information Technology Development Limited	Executive Director and Manager
	China Environmental Technology Holdings Limited.	Independent Non-Executive Director
	Great Water Holdings Limited.	Independent Non-Executive Director
	Huarong Investment Stock Corporation Limited	Independent Non-Executive Director
	Winto Group (Holdings) Limited	Independent Non-Executive Director
	Capital Target Limited	Director
	Chong Kin Group Holdings Limited	Independent Non-Executive Director
Masaaki Sakamoto	Shinsei Bank (Japan)	Manager
Chunmei Ozaki (Huang)	Shinsei Bank (Japan)	Manager
Hiroshi Nakagawa	Shinsei Bank (Japan)	Manager
Name of Independent Director	Company in which a Director Assumes a Position	Position
Liou Chih-Poung	Formosan Brothers Attorneys-at-Law	Attorney-in Charge
Huang Hsin-Hui	Formosan Brothers Attorneys-at-Law	Attorney, partner
Tong Joseph	Morton Securities Limited (HK)	Chairman, Director
	Tree Holdings Limited (HK)	Chairman of BoD, Non-executive director