



Dear Fellow Shareholder,

May 21, 2018

As the largest shareholder in Taishin FHC (2887 TT) owning 9.9% of the outstanding shares, we feel a responsibility to exercise our influence in a more active way to encourage change. The next board election will be in 2021 and waiting three more years for positive change bodes too great a risk. This year we have nominated directors with strong and industry-relevant backgrounds that can contribute to the board positively, proactively and professionally and we ask for your support in voting for our nominees.

Non-executive Director Nominee: LIN, CHIA HUNG (Peter)
Non-executive Director Nominee: WU, SU CHIU (Pamela)
Independent Director Nominee: LIN, JIN TSONG (James)

There are three key aims that underpin our shareholder action. We believe that with the changing landscape of the banking industry diversity of opinions and greater accountability is needed on the board. We wish to see more consistency in the board's corporate governance standards. We also urge Taishin for a resolution of its investment in Chang Hwa Bank (CHB).

Given our significant investment in Taishin, our firm's long-term interests are very much aligned with our fellow shareholders. We see value in Taishin but also recognize that the future strategy of the company should not be left up to the same team responsible for its failures in the past. Current management should hold itself accountable for lagging its peers in financial performance and being unable to execute on its CHB merger strategy.

There is little evidence that the current board has learned from its previous mistakes and we are concerned that only a few voices are heard in making business decisions with far-reaching impact. We want to understand that there are clear, equitable processes and policies in place to safeguard our investment, and we want to ensure that the board fulfils its role in oversight without overstepping its position into management execution.

We respect that Taishin's executive team takes great effort to communicate with its foreign shareholders, but in recent years how much of the senior executives' time has been

wasted on public relations, proxy fights and lawsuits rather than being focused on developing the core business? As the largest shareholder, we have the right to ask questions and to expect answers that are followed by concrete actions, not rationalization.

We also recognize that we can use our influence to speak on behalf of minority shareholders, and for this reason each of our nominees have committed to the following actions if elected to the board.

- 1) We will push for resolution of the overhanging CHB investment within the next three years because shareholders have waited too long. Merge to achieve synergies or Sell to achieve better deployment of capital and improve valuation.
- 2) We will propose a change to the articles of incorporation, regarding the distribution of profit to directors, to ensure that a smaller board does not receive higher compensation. We will support clear, objective remuneration policies for the directors that are based on overall performance and contribution to the board.
- 3) We will advocate the creation of a nomination committee, with a majority of independent directors that will be responsible for recommending board directors based on clear criteria that incorporate performance and the skill set required for the future strategy of the firm.
- 4) We will recommend that the board increase the number of director seats to ensure that the board has the necessary expertise and diversity of thought to oversee future strategy.

We again urge the board to ensure that the shareholder meeting is managed fairly and transparently given that Taishin International Bank will be the Transfer agency overseeing the process.

The past few weeks have been an edifying experience as we see that we have already effected positive change by just showing up and asking questions. On June 8th, please support

our director nominees so that we can continue to add value by working together for the benefit of all stakeholders. For more information and to view our nominee profiles please visit www.pjam.com.tw.

Sincerely,

PJ Asset Management