

# Mega Financial Holding Company

## Minutes of the 2014 Annual General Shareholders' Meeting ( Summary Translation )

**Time and Date:** 9:00 a.m., June 24, 2014

**Place:** 13/F, Jinlin Bldg. of Mega International Commercial Bank, No. 100, Jinlin Road,  
Taipei, Taiwan, R.O.C.

**Total shares represented by shareholders present in person or by proxy:**

8,913,269,499 shares

**Percentage of shares held by shareholders present in person or by proxy:** 80.642%  
of the total number of 11,048,692,252 issued shares, excluding 1,401,131,731 shares held  
by shareholders residing in China.

**Chairman:** Yeou-Tsair Tsai, Chairman of the Board of Directors

**Attending directors:**

Yeou-Tsair Tsai, Kuang-Si Shiu, Ying-Wei Peng, Joanne Ling, Ta-Pei Liu, Yaw-Chung Liao,  
Chien-Liang Chen, Philip Wen-chyi Ong, Justin Jan-Lin Wei, Chung Hsiang Lin

**Recorder:** Chia-Min Hong          Chia-Lin Chang

**1. Announce a quorum is present and call the meeting to order**

**2. Chairperson's Remarks (omitted)**

**3. Company Reports**

(1) 2013 Business Report (omitted)

(2) Audit Committee's Review Report on the 2013 Financial Statements (omitted)

(3) Report on the promulgation of relevant laws and regulations governing the holding of  
voting shares of the same financial holding company exceeding a certain percentage  
by a same person or same affiliated person

(Shareholders' questions and the management's responses are omitted)

**4. Matters for Recognition**

**Proposal 1: Adoption of the 2013 Business Report and Financial Statements  
(Proposed by the Board)**

Explanation: The Company's financial statements were audited by CPA, Chien-Hung

Chou and King-Tse Huang, of PricewaterhouseCoopers, Taiwan. The Consolidated Financial Statements described above and the Business Report of 2013 have been authorized by the Board and examined by the Audit Committee. The 2013 Business Report (omitted) and Financial Statements are attached as Attachment 1.

(Shareholders' questions and the management's responses are omitted)

Voting results:

Shares present at the time of voting: 8,913,150,842

	Number of Votes	Percentage
Votes in favor	7,694,809,021	86.33%
Votes against	788,387	0.01%
Votes abstained	1,217,553,434	13.66%

**RESOLVED**, that the 2013 Business Report and Financial Statements be and hereby were accepted as submitted.

**Proposal 2: Adoption of the Proposal for Distribution of 2013 Earnings**

**(Proposed by the Board)**

Explanation: 1. The proposal is handled pursuant to Article 228 of the Company Act and Article 31 of the Company's Articles of Incorporation.

2. The Company's 2013 earning was audited by PricewaterhouseCoopers, Taiwan. The Company's beginning retained earnings are NT\$16,564,547,378, which after deducting adjustment for adoption of TIFRS NT\$120,870,273 and appropriation of special reserve for first-time adoption of TIFRS NT\$1,730,767,312, adding reverse of special reserve for first-time adoption of TIFRS NT\$21,399,956, and deducting retained earnings decreased due to actuarial pension loss NT\$456,630,454, the adjusted retained earnings are NT\$14,277,679,295. The adjusted retained earnings after adding the Company's 2013 earnings NT\$22,489,233,123 and deducting the legal reserve NT\$2,248,923,312, the distributable earnings are NT\$34,517,989,106. Pursuant to the Company's Articles of Incorporation and related regulation, the Board of Directors is proposed to distribute the dividends as follows:

(1) NT\$ 1.11 per share in cash with aggregate cash dividends of NT\$13,819,304,621.

- (2) Remuneration to directors in cash of NT\$101,201,000, and employee profit sharing in cash for NT\$10,150,000, which have been recognized as 2013 expenses. Remuneration to directors increases NT\$73,836 versus booking amount due to CPA's adjustment of 2013 earnings, and employee profit sharing decreases NT\$96,685 versus booking amount due to difference of estimation. The differences would be treated as changes in accounting estimation of 2014.
3. To accommodate the adoption of income tax integration, the 2013 earnings shall be applied to the funds of dividends distribution first.
4. After this proposal is approved by the annual general shareholders' meeting, the board is authorized to set the ex-dividend date.
5. If the number of shares outstanding is changed due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances, the board is authorized to adjust the dividend pay out ratio based on the cash dividend resolved to be distributed and the number of shares outstanding on the ex-dividend date.
6. The 2013 Profit Distribution Proposal is attached as Attachment 2.

(Shareholders' questions and the management's responses are omitted)

Voting results:

Shares present at the time of voting: 8,913,269,196

	Number of Votes	Percentage
Votes in favor	7,670,050,207	86.05%
Votes against	70,743,394	0.79%
Votes abstained	1,172,475,595	13.16%

**RESOLVED**, that the above proposal for distribution of 2013 earnings be and hereby was accepted as proposed.

## 5. Matters for Discussion

### **Proposal 1: Amendment to the Company's Articles of Incorporation** **(Proposed by the Board)**

Explanation: 1. To conform to the needs of capitalization for future development, the Article 6 of the Company's Articles of Incorporation is to be amended to raise the authorized capital from NT\$140 billion to NT\$220 billion. The Article 33 will also be amended to update the revision date.

2. Comparison of the Amended Articles of the Company's Articles of

Incorporation is omitted.

(Shareholders' questions and the management's responses are omitted)

Voting results:

Shares present at the time of voting: 8,913,269,499

	Number of Votes	Percentage
Votes in favor	7,189,422,086	80.66%
Votes against	125,639,506	1.41 %
Votes abstained	1,598,207,907	17.93%

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

**Proposal 2: Amendment to the Company's "Procedures for Derivatives Trading"**  
**(Proposed by the Board)**

Explanation: 1. In order to comply with the amendment made to the Regulations Governing the Acquisition or Disposal of Assets by Public Companies, promulgated by FSC on Dec. 30, 2013 and adapt to business requirement, it is proposed that some Articles of the Company's "Procedures for Derivatives Trading" be amended. The key points of these amendments are provided as follows:

- (1) Specifying derivative trading is explicitly for hedging purpose. (Article 3)
  - (2) Specifying derivative transactions explicitly should be proposed to the upcoming meeting of board of directors. (Article 5)
  - (3) Adding the procedures for the Company to engage in derivative transactions with related parties. (Article 6)
  - (4) Adding the risk management measures the Company should adopt when engaging in derivative transactions. (Article 12)
  - (5) Specifying that material derivative transactions and amendment, or set-up of "Procedures for Derivatives Trading" explicitly should be passed by the Audit Committee, if not passed, may be passed by the majority of two thirds of all Directors. (Article 17)
  - (6) In line with the set-up of Audit Committee, the wording of supervisors will be amended to the wording of Audit Committee. (Article 15 and 18)
2. Comparison of the Amended Provisions of the "Procedures for Derivatives Trading". is omitted.

(Shareholders' questions and the management's responses are omitted)

Voting results:

Shares present at the time of voting: 8,913,269,499

	Number of Votes	Percentage
Votes in favor	7,294,074,119	81.83%
Votes against	67,577,184	0.76%
Votes abstained	1,551,618,196	17.41%

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

**Proposal 3: Amendment to the Company's "Procedures for Acquisition or Disposal of Assets" (Proposed by the Board)**

Explanation: 1. In order to comply with the amendments made to the Regulations Governing the Acquisition or Disposal of Assets by Public Companies promulgated by FSC on Dec. 30, 2013, the Board is proposed to amend the Articles of Incorporation. The key points of the amendment are provided as follows:

- (1) In comply with the wording used by International Financial Reporting Standards, revising the wording of other fixed assets and machinery equipments used for businesses, and the definition of related parties and subsidiary as well. (Article 3~4 to 6~7 and 12~13, 25)
  - (2) Explicitly specifying that intangible asset transactions with government institutions do not need an independent auditor's opinion on the reasonableness of the transaction price. (Article 9)
  - (3) Explicitly specifying that transactions of government bonds, domestic money market funds, RP, RS etc., do not require prior approval of the Audit Committee and the Board of Directors. (Article 13)
  - (4) Adding new article that the evaluation approach specified in Articles 14~16 on acquirement of real property from a related party, should not apply to the real property acquired through engaging a related party to build the real property. (Article 14)
  - (5) Specifying that subscriptions and redemptions of the domestic money market funds are not subject to the public announcement requirements. (Article 25)
2. Comparison of the Amended Provisions of the "Procedures for Acquisition or Disposal of Assets" is omitted.

Voting results:

Shares present at the time of voting: 8,913,269,499

	Number of Votes	Percentage
Votes in favor	7,294,093,143	81.83%
Votes against	67,544,761	0.76%
Votes abstained	1,551,631,595	17.41%

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

**Proposal 4: Proposal for releasing the prohibition on some of the Board members from participation in competitive business. (Proposed by the Board)**

Explanation: 1. In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.

2. Some directors who participate in the operations of another company that engages in the same or similar business as the Company, have not obtained the approval from the shareholders' meeting. It is proposed that the shareholders' meeting release the following directors from the non-competition restrictions according to the Article 209 of the Company Act.

Name of Director	Concurrent Position	Position Held
Ministry of Finance	Hua Nan Financial Holdings Co., Ltd.	Director
Bank of Taiwan	Taiwan Financial Asset Service Corp.	Director
	BankTaiwan Insurance Brokers Co., Ltd.	Director
	Taiwan Futures Exchange Corp.	Director
Wen-Chyi Ong	Chunghwa Post Co., Ltd	Chairman

(Shareholders' questions and the management's responses are omitted)

Voting results:

Shares present at the time of voting, excluding recusal shares due to conflict of interest: 7,122,436,044

	Number of Votes	Percentage
Votes in favor	5,505,743,675	77.30%

Votes against	68,057,690	0.96%
Votes abstained	1,548,634,679	21.74%

**RESOLVED**, that the above proposal be and hereby was approved as proposed.

**6. Questions and Motions**

(Shareholders' questions and the management's responses are omitted)

**7. Adjournment: 13:45 p.m.**

**Attachment 1: The 2013 Financial Statements**

**Attachment 2: The 2013 Profit Distribution Proposal**

## **Attachment 1**

PWCR13000232

### **Report of Independent Accountants**

To the Board of Directors and Stockholders

Mega Financial Holding Co., Ltd.

We have audited the accompanying consolidated balance sheets of Mega Financial Holding Co., Ltd. and its subsidiaries (collectively the “Mega Group”) as of December 31, 2013, December 31, 2012, and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Mega Group’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mega Group as of December 31, 2013, December 31, 2012, and January 1, 2012 and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies”, “Regulations Governing the Preparation of Financial Reports by Public Banks”, “Regulations Governing the Preparation of Financial Reports by Public Held Bills Finance Companies”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulations



Governing the Preparation of Financial Reports by Enterprises Engaging in Insurance”, “Regulations Governing the Preparation of Financial Reports by Securities Issuers” ,“Regulations Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission(FSC).

March 26, 2014

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and audit report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

**MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(EXPRESSED IN THOUSANDS OF DOLLARS)

(Exchange rate of NT\$29.775 to US\$1:00 at December 31, 2013)

ASSETS	Notes	December 31, 2013		December 31, 2012	January 1, 2012
		NT\$	US\$	NT\$	NT\$
<b>ASSETS</b>					
Cash and cash equivalents	6(1)	\$ 367,990,287	12,359,036	\$ 313,428,092	\$ 323,103,740
Due from the Central Bank and call loans to banks	6(2)	183,257,144	6,154,732	145,062,037	180,399,521
Financial assets at fair value through profit or loss	6(3)	195,800,759	6,576,012	184,716,442	189,200,685
Available-for-sale financial assets, net	6(7) and 12	272,943,633	9,166,873	223,271,043	164,382,740
Bills and bonds purchased under resale agreements		2,585,345	86,829	2,282,052	1,360,685
Receivables, net	6(4)(5)	184,587,941	6,199,427	122,685,220	107,559,026
Current income tax assets		921,969	30,965	953,192	520,739
Non-current assets held for sale		2,576	87	-	-
Bills discounted and loans, net	6(5)	1,654,577,193	55,569,343	1,502,700,861	1,462,333,154
Reinsurance contract assets, net	6(6)(23)	3,293,937	110,628	3,301,550	3,609,063
Held-to-maturity financial assets, net	6(8) and 12	184,411,233	6,193,492	161,253,982	131,836,405
Equity investments accounted for by the equity method, net	6(9)	2,697,551	90,598	2,966,843	3,168,355
Other financial assets, net	6(5)(10) and 12	23,430,204	786,909	27,629,411	26,334,755
Investment property, net	6(11) and 12	2,059,428	69,166	2,101,127	1,531,587
Property and equipment, net	6(12) and 12	22,150,245	743,921	22,331,091	22,550,177
Intangible assets, net		318,046	10,682	303,612	292,358
Deferred income tax assets	6(38)	3,785,582	127,140	3,098,020	2,717,434
Other assets, net	6(13) and 12	8,810,740	295,911	8,884,722	7,767,194
<b>TOTAL ASSETS</b>		<b>\$ 3,113,623,813</b>	<b>\$ 104,571,751</b>	<b>\$ 2,726,969,297</b>	<b>\$ 2,628,667,618</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Due to the Central Bank and financial institutions	6(14) and 11	\$ 490,935,730	\$ 16,488,186	\$ 328,810,493	\$ 359,080,007
Funds borrowed from the Central Bank and other banks	6(15)	32,330,245	1,085,819	84,826,943	80,342,071
Financial liabilities at fair value through profit or loss	6(16)	14,856,685	498,965	14,676,886	21,312,632
Bills and bonds sold under repurchase agreements	6(17)	219,651,334	7,377,039	187,481,840	202,112,777
Commercial paper payable, net	6(18) and 11	4,393,653	147,562	1,880,597	1,749,387
Payables	6(19)	66,105,983	2,220,184	59,583,525	56,831,304
Current income tax liabilities		5,522,518	185,475	5,993,633	5,048,197
Deposits and remittances	6(20) and 11	1,933,722,541	64,944,502	1,717,989,498	1,588,688,108

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (Continued)  
(EXPRESSED IN THOUSANDS OF DOLLARS)

(Exchange rate of NT\$29.775 to US\$1:00 at December 31, 2013)

LIABILITIES AND EQUITY	Notes	December 31, 2013		December 31, 2012	January 1, 2012
		NT\$	US\$	NT\$	NT\$
Bonds payable	6(21)	\$ 55,898,677	\$ 1,877,370	\$ 62,449,668	\$ 61,401,059
Other loans	6(22) and 12	5,509,213	185,028	6,541,000	5,429,400
Provisions for liabilities	6(23)	22,414,786	752,806	22,045,319	18,717,804
Other financial liabilities	6(24)	10,094,610	339,030	11,728,176	14,524,222
Deferred income tax liabilities		2,051,201	68,890	1,694,706	1,879,418
Other liabilities	6(25)	8,544,561	286,970	10,786,252	10,179,452
<b>Total Liabilities</b>		<u>2,872,031,737</u>	<u>96,457,826</u>	<u>2,516,488,536</u>	<u>2,427,295,838</u>
<b>Equity</b>					
<b>Equity attributable to owners of parent</b>					
<b>Share capital</b>					
Common stock	6(26)	124,498,240	4,181,301	114,498,240	112,806,148
<b>Capital surplus</b>	6(26)	55,271,623	1,856,310	43,425,270	43,426,403
<b>Retained earnings</b>					
Legal reserve	6(26)	22,220,204	746,271	20,066,890	18,298,900
Special reserve	6(26)	2,547,719	85,566	2,569,119	2,766,584
Inappropriate retained earnings	6(27)	36,766,912	1,234,825	29,461,030	22,828,132
<b>Other equity interest</b>	6(28)				
Other equity interest		100,838	3,387	179,145	956,830
<b>Non-controlling interest</b>		<u>186,540</u>	<u>6,265</u>	<u>281,067</u>	<u>288,783</u>
<b>Total Equity</b>		<u>241,592,076</u>	<u>8,113,925</u>	<u>210,480,761</u>	<u>201,371,780</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 3,113,623,813</u>	<u>\$ 104,571,751</u>	<u>\$ 2,726,969,297</u>	<u>\$ 2,628,667,618</u>

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

**MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS)

(Exchange rate of NT\$29.775 to US\$1:00 at December 31, 2013)

	For the years ended December 31,		
	2013		2012
	NT\$	US\$	NT\$
Interest income	\$ 46,533,690	\$ 1,562,844	\$ 43,400,003
Less: Interest expense	( 15,257,564)	( 512,429)	( 13,827,930)
Interest income, net	<u>31,276,126</u>	<u>1,050,415</u>	<u>29,572,073</u>
Revenues other than interest, net			
Service fee revenue and commissions, net	9,789,911	328,796	9,146,669
Insurance revenue, net	1,480,026	49,707	1,264,879
Financial assets and liabilities at fair value through profit or loss	3,622,163	121,651	4,246,210
Realized gain on available-for-sale financial assets, net	2,123,657	71,323	1,816,338
Foreign exchange gain	2,947,572	98,995	2,376,717
Share of profit of associates and joint ventures accounted for under equity method	203,681	6,841	175,310
Loss on asset impairment	( 333,187)	( 11,190)	( 505,927)
Other revenue other than interest income	2,194,331	73,697	1,733,775
Revenue on disposal of non-performing loans	<u>1,704,188</u>	<u>57,236</u>	<u>1,988,673</u>
Net revenue	<u>55,008,468</u>	<u>1,847,471</u>	<u>51,814,717</u>
Bad debts expense and provisions for insurance reserve	( 5,276,424)	( 177,210)	( 4,341,908)
Reversal of (provisions for) insurance reserve	183,695	6,169	( 48,919)
Operating expenses			
Employee benefit expense	( 15,689,350)	( 526,930)	( 15,179,079)
Depreciation and amortization	( 739,528)	( 24,837)	( 768,122)
Other business and administrative expenses	( 6,486,779)	( 217,860)	( 6,202,493)
Income before Income Tax	27,000,082	906,803	25,274,196
Income Tax Expense	( 4,505,513)	( 151,319)	( 4,479,088)
Profit for the year	<u>22,494,569</u>	<u>755,484</u>	<u>20,795,108</u>
Other comprehensive income			
Cumulative translation differences of foreign operations	40,248	1,352	( 933,796)
Unrealized gain on valuation of available-for-sale financial assets	( 94,537)	( 3,175)	167,575
Actuarial gain (loss) on defined benefit plan	( 550,157)	( 18,477)	( 1,558,981)
Share of other comprehensive income of associates and joint ventures accounted for under equity method	( 24,342)	( 818)	( 24,600)
Income tax relating to the components of other comprehensive income	<u>93,527</u>	<u>3,141</u>	<u>265,027</u>
Total other comprehensive income(after Income Tax)	( 535,261)	( 17,977)	( 2,084,775)
Total comprehensive income	<u>\$ 21,959,308</u>	<u>\$ 737,507</u>	<u>\$ 18,710,333</u>
Profit (loss), attributable to:			
Owners of parent	\$ 22,489,232	\$ 755,306	\$ 20,784,648
Non-controlling interests	<u>5,337</u>	<u>179</u>	<u>10,460</u>
	<u>\$ 22,494,569</u>	<u>\$ 755,485</u>	<u>\$ 20,795,108</u>
Comprehensive income attributable to:			
Owners of parent	\$ 21,954,295	\$ 737,340	\$ 18,713,009
Non-controlling interests	<u>5,013</u>	<u>168</u>	<u>( 2,676)</u>
	<u>\$ 21,959,308</u>	<u>\$ 737,508</u>	<u>\$ 18,710,332</u>
Earnings per share			
Basic earnings per share (in dollars)	<u>\$ 1.96</u>	<u>\$ 0.07</u>	<u>\$ 1.82</u>
Diluted earnings per share (in dollars)	<u>\$ 1.96</u>	<u>\$ 0.07</u>	<u>\$ 1.82</u>

The accompanying notes are an integral part of these consolidated financial statements

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent

	Capital		Retained earnings			Other equity interest		Total	Non-controlling interest	Total
	Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriate retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets			
<u>For the year ended December 31, 2012</u>										
Balance, January 1, 2012	\$ 112,806,148	\$ 43,426,403	\$ 18,298,900	\$ 2,766,584	\$ 22,828,132	\$ -	\$ 956,830	\$ 201,082,997	\$ 288,783	\$ 201,371,780
Earnings distribution for 2011 (Note)										
Legal reserve	-	-	1,767,990	-	( 1,767,990)	-	-	-	-	-
Cash dividends	-	-	-	-	( 9,588,523)	-	-	( 9,588,523)	( 5,040)	( 9,593,563)
Stock dividends distributable	1,692,092	-	-	-	( 1,692,092)	-	-	-	-	-
Capital surplus	( 1,133)	-	-	-	-	-	-	( 1,133)	-	( 1,133)
Appropriation for special reserve	-	-	-	( 190,793)	190,793	-	-	-	-	-
Offsetting bad debt reversed from special reserve	-	-	-	( 6,656)	-	-	-	( 6,656)	-	( 6,656)
Disposal of land transferred as special reserve	-	-	-	( 16)	16	-	-	-	-	-
Profit for the year	-	-	-	-	20,784,648	-	-	20,784,648	10,460	20,795,108
Other comprehensive income for the year	-	-	-	-	( 1,293,954)	( 944,493)	166,808	( 2,071,639)	( 13,136)	( 2,084,775)
Balance, December 31, 2012	<u>\$ 114,498,240</u>	<u>\$ 43,425,270</u>	<u>\$ 20,066,890</u>	<u>\$ 2,569,119</u>	<u>\$ 29,461,030</u>	<u>(\$ 944,493)</u>	<u>\$ 1,123,638</u>	<u>\$ 210,199,694</u>	<u>\$ 281,067</u>	<u>\$ 210,480,761</u>
<u>For the year ended December 31, 2013</u>										
Balance, January 1, 2013	\$ 114,498,240	\$ 43,425,270	\$ 20,066,890	\$ 2,569,119	\$ 29,461,030	(\$ 944,493)	\$ 1,123,638	\$ 210,199,694	\$ 281,067	\$ 210,480,761
Earnings distribution for 2012 (Note)										
Legal reserve	-	-	2,153,314	-	( 2,153,314)	-	-	-	-	-
Cash dividends	-	-	-	-	( 12,594,806)	-	-	( 12,594,806)	( 9,540)	( 12,604,346)
Disposal of land transferred as special reserve	-	-	-	( 21,400)	21,400	-	-	-	-	-
Profit for the year	-	-	-	-	22,489,232	-	-	22,489,232	5,337	22,494,569
Other comprehensive income for the year	-	-	-	-	( 456,630)	43,114	( 121,421)	( 534,937)	( 324)	( 535,261)
Issuance of common stock	10,000,000	11,500,000	-	-	-	-	-	21,500,000	-	21,500,000
Share based payment transactions	-	346,353	-	-	-	-	-	346,353	-	346,353
Change in non-controlling interest by capital reduction of subsidiary	-	-	-	-	-	-	-	-	( 90,000)	( 90,000)
Balance, December 31, 2013	<u>\$ 124,498,240</u>	<u>\$ 55,271,623</u>	<u>\$ 22,220,204</u>	<u>\$ 2,547,719</u>	<u>\$ 36,766,912</u>	<u>(\$ 901,379)</u>	<u>\$ 1,002,217</u>	<u>\$ 241,405,536</u>	<u>\$ 186,540</u>	<u>\$ 241,592,076</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF US DOLLARS)

(Exchange rate of NT\$29.775 to US\$1:00 at December 31, 2013)

	Equity attributable to owners of the parent									
	Capital		Retained earnings			Other equity interest				
	Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriate retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total
<u>For the year ended December 31, 2013</u>										
Balance, January 1, 2013	\$ 3,845,449	\$ 1,458,448	\$ 673,951	\$ 86,284	\$ 989,455	(\$ 31,721)	\$ 37,738	\$ 7,059,604	\$ 9,440	\$ 7,069,044
Earnings distribution for 2012 (Note)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	72,320	-	( 72,320)	-	-	-	-	-
Cash dividends	-	-	-	-	( 422,999)	-	-	( 422,999)	( 320)	( 423,319)
Disposal of land transferred as special reserve	-	-	-	( 718)	719	-	-	1	-	1
Profit for the year	-	-	-	-	755,306	-	-	755,306	179	755,485
Other comprehensive income for the year	-	-	-	-	( 15,336)	1,448	( 4,078)	( 17,966)	( 11)	( 17,977)
Issuance of common stock	335,852	386,230	-	-	-	-	-	722,082	-	722,082
Share based payment transaction	-	11,632	-	-	-	-	-	11,632	-	11,632
Change in non-controlling interest by capital reduction of subsidiary	-	-	-	-	-	-	-	-	( 3,023)	( 3,023)
Balance, December 31, 2013	<u>\$ 4,181,301</u>	<u>\$ 1,856,310</u>	<u>\$ 746,271</u>	<u>\$ 85,566</u>	<u>\$ 1,234,825</u>	<u>(\$ 30,273)</u>	<u>\$ 33,660</u>	<u>\$ 8,107,660</u>	<u>\$ 6,265</u>	<u>\$ 8,113,925</u>

Note: Remunerations to directors and supervisors amounting to \$79,559 and \$96,899 thousand (US \$3,254 thousand) and employee bonuses amounting to \$10,186 and \$10,240 thousand (US\$ 343 thousand) for 2011 and 2012 have been deducted from the consolidated statements of comprehensive income.

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

**MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(EXPRESSED IN THOUSANDS OF DOLLARS)

(Exchange rate of NT\$29.775 to US\$1:00 at December 31, 2013)

	For the years ended December 31		
	2013		2012
	NT\$	US\$	NT\$
<b>Cash Flows from Operating Activities</b>			
Profit before tax	\$ 27,000,082	\$ 906,804	\$ 25,274,196
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	701,988	23,576	733,566
Amortization	37,540	1,261	34,556
Bad debts expense and provisions for insurance reserve	5,276,424	177,210	4,341,908
Interest expense	15,468,578	519,516	14,093,018
Interest income	( 48,619,411)	( 1,632,894)	( 45,561,978)
Dividend income	( 219,419)	( 7,369)	( 149,237)
Net change in insurance reserve	( 112,327)	( 3,773)	( 32,244)
Share based payment transaction	346,353	11,632	-
Loss on financial asset impairment	333,187	11,190	505,927
Loss on disposal of property and equipment	( 36,302)	( 1,219)	( 24,596)
Loss (gain) on disposal of investment property	51	2	( 139)
Share of profit of associates accounted for under equity method	( 203,681)	( 6,841)	( 175,310)
Changes in assets/liabilities relating to operating activities			
(Increase) decrease in due from Central Bank and call loans to other banks	( 38,195,107)	( 1,282,791)	35,337,484
(Decrease) increase in financial assets at fair value through profit or loss	( 11,084,317)	( 372,269)	4,484,243
Increase in available-for-sale financial assets	( 49,848,233)	( 1,674,164)	( 58,767,778)
Increase in receivables	( 60,155,809)	( 2,020,346)	( 15,655,538)
Increase in assets held to sale	( 2,576)	( 87)	-
Increase in bills discounted and loans	( 158,402,839)	( 5,319,995)	( 44,775,500)
Decrease in reinsurance contract assets	7,613	256	307,513
Increase in held-to-maturity financial assets	( 23,157,251)	( 777,741)	( 29,417,577)
Decrease (increase) in other financial assets	3,845,982	129,168	( 1,774,950)
Decrease (increase) in other assets	73,760	2,477	( 1,074,447)
Increase (decrease) in due to the Central Bank and financial institutions	162,125,237	5,445,012	( 30,269,514)
Increase (decrease) in financial liabilities at fair value through profit or loss	179,799	6,039	( 6,635,746)
Increase (decrease) in bills and bonds purchased under resale agreements	32,169,494	1,080,420	( 14,630,937)
Increase in payables	5,320,507	178,690	1,745,409
Increase in deposits and remittances	215,733,043	7,245,442	129,301,390

(Continued)

**MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**(EXPRESSED IN THOUSANDS OF DOLLARS)**

	For the years ended December 31,		
	2013		2012
	NT\$	US\$ (Note 2)	NT\$
(Decrease) increase in reserve of guarantee	( 8,005)	( 269)	1,423,987
Increase in liabilities reserve for employee benefits	45,263	1,520	556,192
Decrease in provisions for liabilities	( 1,633,566)	( 54,864)	( 2,796,046)
(Decrease) increase in other liabilities	( 2,241,691)	( 75,288)	606,800
Cash provided by (used in) operations	74,744,367	2,510,305	( 32,995,348)
Interest received	47,942,040	1,610,144	46,180,282
Cash dividend received	459,744	15,441	454,201
Interest paid	( 15,427,301)	( 518,129)	( 13,937,359)
Income tax paid	( 5,276,472)	( 177,211)	( 4,531,403)
Net cash provided by (used in) operating activities	<u>102,442,378</u>	<u>3,440,550</u>	<u>( 4,829,627)</u>
<b><u>Cash Flows from Investing Activities</u></b>			
Acquisition of property and equipment	( 51,809)	( 1,740)	( 88,966)
Proceeds from disposal of property and equipment	214,431	7,202	58,064
Acquisition of investment property	( 457,437)	( 15,363)	( 458,725)
Proceeds from disposal of investment property	( 2,324)	( 78)	( 847,205)
Acquisition of intangible assets	2,488	84	4,237
Proceeds from reduction of capital of investee accounted for under the equity method	<u>277,772</u>	<u>9,329</u>	<u>309,551</u>
Net cash used in investing activities	<u>( 16,879)</u>	<u>( 566)</u>	<u>( 1,023,044)</u>
<b><u>Cash Flows from Financing Activities</u></b>			
Decrease (increase) in due to the Central Bank and financial institutions	( 52,496,698)	( 1,763,113)	4,484,872
Increase in commercial papers payable	2,513,000	84,400	132,000
(Decrease) increase in bonds payable	( 6,600,000)	( 221,662)	1,000,000
(Decrease) increase in other loans	( 1,031,787)	( 34,653)	1,111,600
Change in non-controlling interest by capital reduction of subsidiary	( 90,000)	( 3,023)	-
Payment of cash dividends	( 11,394,773)	( 382,696)	( 8,696,287)
Proceeds from issuance of common stock	<u>21,500,000</u>	<u>722,082</u>	<u>-</u>
Net cash used in financing activities	<u>( 47,600,258)</u>	<u>( 1,598,665)</u>	<u>( 1,967,815)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>40,247</u>	<u>1,352</u>	<u>( 933,795)</u>
Net increase (decrease) in cash and cash equivalents	54,865,488	1,842,671	( 8,754,281)
Cash and cash equivalents at beginning of year	<u>315,710,144</u>	<u>10,603,195</u>	<u>324,464,425</u>
Cash and cash equivalents at end of year	<u>\$ 370,575,632</u>	<u>\$ 12,445,866</u>	<u>\$ 315,710,144</u>
Cash and cash equivalents composition :			
Cash and cash equivalents as shown in the balance sheet	\$ 367,990,287	\$ 12,359,036	\$ 313,428,092
Investments in bills and bonds under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	<u>2,585,345</u>	<u>86,829</u>	<u>2,282,052</u>
Cash and cash equivalents at end of year	<u>\$ 370,575,632</u>	<u>\$ 12,445,865</u>	<u>\$ 315,710,144</u>

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



MEGA FINANCIAL HOLDING CO., LTD.  
BALANCE SHEETS  
DECEMBER 31,  
(EXPRESSED IN THOUSANDS OF DOLLARS)

ASSETS	2013		2012	LIABILITIES AND EQUITY	2013		2012
	NT\$	US\$	NT\$		NT\$	US\$	NT\$
Assets				Liabilities			
Cash and cash equivalents	\$ 1,044,333	\$ 35,074	\$ 77,292	Financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ 1,200
Receivables, net	-	-	158	Commercial papers payable-Net	-	-	881,079
Current income tax assets	630,319	21,170	857,313	Payables	11,975,327	402,194	10,841,536
Available-for-sale financial assets-Net	5,550,855	186,427	5,143,167	Current income tax liabilities	121,298	4,074	1,376,534
Equity investments accounted for				Bonds payable	11,998,677	402,978	16,049,668
by the equity method, net	256,786,037	8,624,216	231,773,613	Provisions for liabilities	52,431	1,761	56,510
Other financial assets, net	758,293	25,467	758,293	Deferred tax liabilities	2,168	73	1,026
Property and equipment, net	771,442	25,909	783,919	Other liabilities	2,086	70	2,257
Deferred tax assets, net	7,737	260	7,737	Total Liabilities	<u>24,151,987</u>	<u>811,150</u>	<u>29,209,810</u>
Other assets, net	<u>8,507</u>	<u>286</u>	<u>8,012</u>	Equity			
				Common stock	124,498,240	4,181,301	114,498,240
				Capital surplus	55,271,623	1,856,310	43,425,270
				Retained earnings			
				Legal reserve	22,220,204	746,270	20,066,890
				Special reserve	2,547,719	85,566	2,569,119
				Inappropriate retained earnings	36,766,912	1,234,825	29,461,030
				Other equity	<u>100,838</u>	<u>3,386</u>	<u>179,145</u>
				Total equity	<u>241,405,536</u>	<u>8,107,659</u>	<u>210,199,694</u>
TOTAL ASSETS	<u>\$ 265,557,523</u>	<u>\$ 8,918,809</u>	<u>\$ 239,409,504</u>	TOTAL LIABILITIES AND EQUITY	<u>\$ 265,557,523</u>	<u>\$ 8,918,809</u>	<u>\$ 239,409,504</u>

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31,  
(Expressed in Thousands of Dollars, except earnings per share amounts)

	For the years ended December 31,		
	2013		2012
	NT\$	US\$	NT\$
Revenues			
Interest income	\$ 4,732	\$ 159	\$ 27,319
Financial assets and liabilities at fair value through profit or loss	1,200	40	-
Share of profit of associates and joint ventures accounted for under equity method	23,768,937	798,285	21,911,931
Other revenue except for interest income	6,895	232	33,057
Total revenue	<u>23,781,764</u>	<u>798,716</u>	<u>21,972,307</u>
Expenses and losses			
Interest expense	( 290,181 )	( 9,746 )	( 361,053 )
Loss from financial assets and liabilities at fair value through profit and loss	-	-	( 1,200 )
Foreign exchange loss	( 4 )	-	( 2 )
Impairment loss on financial assets measured at cost	-	-	( 1,039 )
Employee benefit expense	( 229,477 )	( 7,707 )	( 247,212 )
Depreciation and amortization expense	( 19,055 )	( 640 )	( 21,806 )
Other business and administrative expenses	( 88,166 )	( 2,961 )	( 79,420 )
Total expenses and losses	<u>( 626,883 )</u>	<u>( 21,054 )</u>	<u>( 711,732 )</u>
Income before Income Tax from Continuing Operations	23,154,881	777,662	21,260,575
Income tax expense	( 665,649 )	( 22,356 )	( 475,927 )
Net Income	<u>\$ 22,489,232</u>	<u>\$ 755,306</u>	<u>\$ 20,784,648</u>
Other comprehensive income			
Unrealized gain (loss) on valuation of available-for-sale financial assets	407,687	13,692	( 136,026 )
Actuarial gain on defined benefit plan	6,716	226	6,037
Share of other comprehensive income of associates and joint ventures accounted for under equity method	( 948,198 )	( 31,845 )	( 1,940,624 )
Income tax relating to the components of other comprehensive income	( 1,142 )	( 38 )	( 1,026 )
Other comprehensive loss for the period, net of tax	<u>( 534,937 )</u>	<u>( 17,965 )</u>	<u>( 2,071,639 )</u>
Total comprehensive income for the period	<u>\$ 21,954,295</u>	<u>\$ 737,341</u>	<u>\$ 18,713,009</u>
Basic Earnings Per Share (in dollars)	<u>After Taxes</u>	<u>After Taxes</u>	<u>After Taxes</u>
Net Income from Continuing Operations	<u>\$ 1.96</u>	<u>\$ 0.07</u>	<u>\$ 1.82</u>
Diluted Earnings Per Share (in dollars)	<u>After Taxes</u>	<u>After Taxes</u>	<u>After Taxes</u>
Net Income from Continuing Operations	<u>\$ 1.96</u>	<u>\$ 0.07</u>	<u>\$ 1.82</u>

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Expressed in Thousands of NT Dollars)

	Retained Earnings					Other equity interest		Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriate retained earnings	Exchange differences on translation of foreign financial statement	Unrealized gain on available-for-sale financial assets	
<u>For the year ended December 31, 2012</u>								
Balance, January 1, 2012	\$ 112,806,148	\$ 43,426,403	\$ 18,298,900	\$ 2,766,584	\$ 22,828,132	\$ -	\$ 956,830	\$ 201,082,997
Earnings distribution for 2011								
Legal reserve	-	-	1,767,990	-	( 1,767,990)	-	-	-
Cash dividends	-	-	-	-	( 9,588,523)	-	-	( 9,588,523)
Stock dividends distributable	1,692,092	-	-	-	( 1,692,092)	-	-	-
Capital surplus	-	( 1,133)	-	-	-	-	-	( 1,133)
Appropriation for special reserve	-	-	-	( 190,793)	190,793	-	-	-
Offsetting bad debt reversed from special reserve	-	-	-	( 6,656)	-	-	-	( 6,656)
Disposal of land transferred as special reserve	-	-	-	( 16)	16	-	-	-
Profit for the year	-	-	-	-	20,784,648	-	-	20,784,648
Other comprehensive income for the year	-	-	-	-	( 1,293,954)	( 944,493)	166,808	( 2,071,639)
Balance, December 31, 2012	<u>\$ 114,498,240</u>	<u>\$ 43,425,270</u>	<u>\$ 20,066,890</u>	<u>\$ 2,569,119</u>	<u>\$ 29,461,030</u>	<u>(\$ 944,493)</u>	<u>\$ 1,123,638</u>	<u>\$ 210,199,694</u>
<u>For the year ended December 31, 2013</u>								
Balance, January 1, 2013	\$ 114,498,240	\$ 43,425,270	\$ 20,066,890	\$ 2,569,119	\$ 29,461,030	(\$ 944,493)	\$ 1,123,638	\$ 210,199,694
Earnings distribution for 2012								
Legal reserve	-	-	2,153,314	-	( 2,153,314)	-	-	-
Cash dividends	-	-	-	-	( 12,594,806)	-	-	( 12,594,806)
Disposal of land transferred as special reserve	-	-	-	( 21,400)	21,400	-	-	-
Profit for the year	-	-	-	-	22,489,232	-	-	22,489,232
Other comprehensive income for the year	-	-	-	-	( 456,630)	43,114	( 121,421)	( 534,937)
Issuance of common stock	10,000,000	11,500,000	-	-	-	-	-	21,500,000
Share based payment transactions	-	346,353	-	-	-	-	-	346,353
Balance, December 31, 2013	<u>\$ 124,498,240</u>	<u>\$ 55,271,623</u>	<u>\$ 22,220,204</u>	<u>\$ 2,547,719</u>	<u>\$ 36,766,912</u>	<u>(\$ 901,379)</u>	<u>\$ 1,002,217</u>	<u>\$ 241,405,536</u>

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Expressed in Thousands of US Dollars)

	Retained Earnings					Other equity interest		Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriate retained earnings	Exchange differences on translation of foreign financial statement	Unrealized gain on available-for-sale financial assets	
<u>For the year ended December 31, 2013</u>								
Balance, January 1, 2013	\$ 3,845,449	\$ 1,458,448	\$ 673,951	\$ 86,284	\$ 989,455	(\$ 31,721)	\$ 37,738	\$ 7,059,603
Earnings distribution for 2012	-	-	-	-	-	-	-	-
Legal reserve	-	-	72,320	-	( 72,320)	-	-	-
Cash dividends	-	-	-	-	( 422,999)	-	-	( 422,999)
Disposal of land transferred as special reserve	-	-	-	( 719)	719	-	-	-
Profit for the year	-	-	-	-	755,306	-	-	755,306
Other comprehensive income for the year	-	-	-	-	( 15,336)	1,448	( 4,078)	( 17,966)
Issuance of common stock	335,852	386,230	-	-	-	-	-	722,082
Share based payment transaction	-	11,632	-	-	-	-	-	11,632
Balance, December 31, 2013	<u>\$ 4,181,301</u>	<u>\$ 1,856,310</u>	<u>\$ 746,270</u>	<u>\$ 85,566</u>	<u>\$ 1,234,825</u>	<u>(\$ 30,273)</u>	<u>\$ 33,660</u>	<u>\$ 8,107,659</u>

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,  
(Expressed in Thousands of Dollars)

	2013		2012
	NT\$	US\$	NT\$
<u>Cash Flows from Operating Activities</u>			
Net income	\$ 23,154,881	\$ 777,662	\$ 21,260,575
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	15,535	522	16,834
Amortization	3,520	118	4,972
Loss on financial asset impairment	-	-	1,039
Interest expense	290,181	9,746	361,053
Interest income	( 4,732)	( 159)	( 27,319)
Dividend income	( 1,531)	( 51)	( 1,948)
Share based payment transaction	2,054	69	-
Share of profit of associates accounted for under equity method	( 23,768,937)	( 798,285)	( 21,911,931)
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Decrease in receivables	158	5	-
(Increase) decrease in other assets	( 4,015)	( 135)	198
Changes in liabilities relating to operating activities			
(Decrease) increase in financial liabilities at fair value through profit or loss	( 1,200)	( 40)	1,200
(Decrease) increase in payables	( 16,801)	( 564)	20,419
Increase in provisions for liabilities	2,637	89	3,083
(Decrease) increase in other liabilities	( 171)	( 6)	649
Net cash used in operations	( 328,421)	( 11,029)	( 271,176)
Interest received	4,732	159	27,319
Cash dividend received	13,154,143	441,785	11,772,053
Interest paid	( 322,655)	( 10,836)	( 314,912)
Income tax paid	( 1,693,890)	( 56,890)	( 98,720)
Net cash provided by operating activities	<u>10,813,909</u>	<u>363,189</u>	<u>11,114,564</u>
<u>Cash Flows from Investing Activities</u>			
Acquisition of investment property	( 3,058)	( 103)	( 16,688)
Proceeds from reduction of capital of investee accounted for under the equity method	-	-	2,814
Acquisition of equity investments accounted for by the equity method	( 15,000,000)	( 503,778)	( 7,191,000)
Net cash used in investing activities	<u>( 15,003,058)</u>	<u>( 503,881)</u>	<u>( 7,204,874)</u>

MEGA FINANCIAL HOLDING CO., LTD.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
 (Expressed in Thousands of NT Dollars)

	2013		2012
	NT\$	US\$	NT\$
<u>Cash Flows from Financing Activities</u>			
(Decrease) increase in commercial papers payable	(\$ 882,000)	(\$ 29,622)	\$ 882,000
Decrease in bonds payable	( 4,100,000)	( 137,699)	( 300,000)
Payment in cash dividends	( 11,361,810)	( 381,589)	( 8,691,247)
Insurance of common stock	21,500,000	722,081	-
Net cash provided by financing activities	5,156,190	173,171	8,109,247
Net increase (decrease) in cash and cash equivalents	967,041	32,478	( 4,199,557)
Cash and cash equivalents at beginning of year	77,292	2,596	4,276,849
Cash and cash equivalents at end of year	\$ 1,044,333	\$ 35,074	\$ 77,292

## Attachment 2

Mega Financial Holding Co., Ltd.  
Profit Distribution Proposal  
Year 2013

Unit : NT\$

Items	Amount
Beginning retained earnings	16,564,547,378
Adjustment for adoption of TIFRS(Note 4)	(120,870,273)
Appropriation of special reserve for first-time adoption of TIFRS(Note 5)	(1,730,767,312)
Adjusted beginning retained earnings	14,712,909,793
Reverse of special reserve for first-time adoption of TIFRS(Note 6)	21,399,956
Retained earnings decreased due to actuarial pension loss(Note 7)	(456,630,454)
Adjusted retained earnings	14,277,679,295
Add : Net income of 2013	22,489,233,123
Subtotal	36,766,912,418
Less : 10% legal reserve	(2,248,923,312)
Total distributable earnings	34,517,989,106
Less : Distribution item	
Cash dividend to shareholders(NT\$1.11 per share)	(13,819,304,621)
Unappropriated retained earnings	20,698,684,485

Note :

1. Remuneration to directors-cash NT\$101,201,000.
2. Employee profit sharing-cash NT\$10,150,000.
3. The 2013 earnings shall be distributed first.
4. Due to adoption of TIFRS, the Company's distributable earnings decreased NT\$120,870,273 for the year ended December 31, 2012.
5. Pursuant to FSC Regulation No. 1010012865, issued on April 6, 2012, the Company set aside special reserve NT\$1,730,767,312 for unrealized revaluation increment and cumulative translation adjustment due to first-time adoption of TIFRS.
6. Due to Mega Bank's disposal of land, the Company reversed special reserve NT\$21,399,956 on a pro-rata basis.
7. Recognize Mega Group's actuarial pension loss NT\$456,630,454 for the year ended December 31, 2013.