

Stock Code : 2886

Mega Financial Holding Company
Handbook for the 2011 Annual Meeting of Shareholders
(Summary Translation)

Meeting Time: June 28, 2011

Place: 13rd Floor, No. 100, Jinlin Road, Taipei

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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Mega Financial Holding Company

Procedure for the 2011 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Company Reports
4. Matters for Recognition
5. Matters for Discussion
6. Questions and Motions
7. Adjournment

Mega Financial Holding Company
Year 2011
Agenda of Annual Meeting of Shareholders

Time: 09:00 a.m on Tuesday, June 28, 2011

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

Attendants: All shareholders or their representatives

Chairperson: Yeou-Tsair Tsai

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

2. Chairperson Remarks

3. Company Reports

- (1) 2010 Business Report
- (2) Supervisors' Review Report on the 2010 Financial Statements
- (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 the same person or the same connected persons

4. Matters for Recognition

- (1) Adoption of the 2010 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2010 Profits

5. Matters for Discussion

- (1) Proposal for a new share issue through capitalization of earnings
- (2) Amendment to the Company's Articles of Incorporation
- (3) Proposal for Release of the prohibition on directors from participation in competitive business

6. Questions and Motions

7. Adjournment

Company Reports

1. 2010 Business Report

Explanation: The 2010 Business Report is attached as Attachment 1 (omitted).

2. Supervisors' Review Report on the 2010 Financial Statements

Explanation: The 2010 Supervisors' Review Report is attached as Attachment 2.

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 the same person or the same connected persons

Explanation:

(1) It is handled in accordance with the Letter No.09460011530 Jin Kuan Yin (6) Tze dated Dec. 28, 2005 issued by the Financial Supervisory Commission.

(2) The announcement of the relevant laws and regulations is as follows:

(i) where a same person or same affiliated person who individually, jointly or collectively holds more than 5% of the financial holding company's outstanding voting shares shall report such fact to the competent authority within 10 days from the day of such holding; the same provision shall apply to each cumulative increase or decrease in the shares of the same person or same affiliated person by more than 1% thereafter.

(ii) where a same person or same affiliated person who intends to individually, jointly or collectively acquire more than 10%, 25% or 50% of the financial holding company's outstanding voting shares shall apply for prior approval of the competent authority.

(iii) where the same person or the same affiliated person who holds voting shares issued by a financial holding company without filing a report with the competent authority or obtaining approval from the competent authority in accordance with relevant provisions prescribed, the excess shares held by such same person or same affiliated person shall not have voting rights and shall be disposed of within the given period prescribed by the competent authority.

(3) Please refer to Articles 4, 5 and 6 of the Financial Holding Company Act and rules governing the holding of voting shares of the same financial holding company exceeding a certain percentage by the same person or the same connected persons. In the event of violation, please refer to Articles 16 and 60 of the same Act and Paragraph 1 of Article 3 and Article 13 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”.

Matters for Recognition

(Proposed by the Board)

Proposal 1: Adoption of the 2010 Business Report and Financial Statements

Explanation: The Company and its subsidiaries' consolidated financial statements were audited by independent auditors, Li, Chang-Chou and Lee, Hsiu-Ling of PricewaterhouseCoopers, Taiwan. The 2010 Business Report and Financial Statements are attached as Attachment 1 (omitted) and 3.

Resolution:

(Proposed by the Board)

Proposal 2: Adoption of the Proposal for Distribution of 2010 Profits

Explanation:

- (1) The proposal is handled in accordance with Article 228 of the Company Act and Article 33 of the Company's Articles of Incorporation.
- (2) The Company's 2010 earnings is NT\$15,110,720,506 which was audited by PricewaterhouseCoopers, Taiwan. After adding beginning retained earning NT\$3,713,960,137, and lessing the legal reserve NT\$1,511,072,051, the distributable earnings is NT\$17,313,608,592. According to the Company's Articles of Incorporation and related regulation, it is proposed to be distributed as follows (Attachment 4):
 - (i) NT\$ 0.9 per share in cash with aggregate cash dividends of NT\$9,953,483,614.
 - (ii) NT\$ 0.2 per share in stock with aggregate stock dividends of NT\$2,211,885,240.

- (iii) Remuneration to directors and supervisors in cash
NT\$67,998,000, and employees profit sharing in cash for
NT\$10,892,000.
- (3) To accommodate the adoption of income tax integration, the 2010 earnings shall be distributed first.
- (4) After this proposal is approved by the annual general shareholders' meeting, the board is authorized to set the ex-dividend date, and after authority approves the stock dividends, the board is authorized to set the ex-right date.
- (5) If shares outstanding number is altered due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances that affect dividend pay out ratio, the board is authorized to make the necessary adjustment on the pay out ratio.
- (6) If this proposal requires adjustment due to amendment of regulation, order from regulator or changes from external factors, the board is authorized to make the necessary adjustment.

Resolution:

Matters for Discussion

(Proposed by the Board)

Proposal 1: Proposal for a new share issue through capitalization of earnings

Explanation:

- (1) To strengthen financial structure and raise capital adequacy ratio, the Company, in accordance with Article 240 of the Company Act, proposes to appropriate NT\$2,211,885,240 from 2010 earnings as capital for issuance of new 221,188,524 shares, with par value of NT\$10 per share.
- (2) The Company's authorized capital is NT\$120,000,000,000, and paid-in capital is NT\$110,594,262,380. After capitalization of retained earnings of NT\$2,211,885,240, the Company's paid-in capital is NT\$112,806,147,620.
- (3) After this proposal is approved by the annual general shareholders' meeting and official authorities, the board is authorized to set the ex-right date. 20 free shares will be distributed per one thousand shares based on the shareholding percentage recorded in the shareholders register on the ex-right date. If the stock dividends include any fractional shares which are less than one full share, the shareholders may go to the Company's stock agent to form one full share by pooling together of their fractional shares within 5 days after the ex-right date, otherwise the distribution will be made in the form of cash in a dollar amount. The Chairman is authorized by the board to contact specific persons to subscribe remainder fractional shares at par value.
- (4) Rights and obligations of the newly issued shares are same as the existing shares.
- (5) If shares outstanding number is altered due to share buyback,

transfer, conversion, cancellation of treasury shares or other circumstances that affect dividend pay out ratio, the board is authorized to make the necessary adjustment on the pay out ratio.

- (6) If this proposal requires adjustment due to amendment of regulation, order from regulator or changes from external factors, the board is authorized to make the necessary adjustment.

Resolution:

(Proposed by the Board)

Proposal 2: Amendment to the Company's Articles of Incorporation

Explanation:

- (1) It is proposed to amend the Company's Articles of Incorporation according to the regulations governing the remuneration committee. The major amendments are briefed as follows:

(i) Article 19-1:

It is proposed to prescribe that the Company shall establish a remuneration committee according to the Article 14-6 of Securities and Exchange Act.

(ii) Article 29:

To further implement group policies and strengthen subsidiary supervision, it is proposed that the limit on number of executive vice president be lifted.

- (2) A Comparison Table for Amended Articles of Incorporations is attached as Attachment 5 (omitted).

Resolution:

(Proposed by the Board)

Proposal 3: Proposal for Release of the Prohibition on Directors from Participation in Competitive Business.

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 meeting of shareholders the essential contents of such an act and secure its approval.
- (2) Directors who participate in the operations of another company that has the same or similar business scope to that of the Company, who have not obtained the approval from the shareholders' meeting, hereby requests the approval of the shareholders' meeting to release the prohibition on directors from participation in competitive business in accordance with Article 209 of the Company Act. Details of the above referenced competition activities of the directors are as follows:

Name of Director	Concurrent Position	Position Held
Yeou-Tsair Tsai	Mega Int'l Commercial Bank Co., Ltd.	Chairman
	National Credit Card Center of R.O.C.	Director
	Taiwan Futures Exchange Corporation	Director
	Taiwan Asset Management Corporation	Director
	Taipei Financial Center Corporation	Director
Chun-Tien Cheng	Mega Bills Finance Co., Ltd.	Independent Director
Song-Chin Su	Mega Securities Co., Ltd.	Independent Director

Resolution:

Questions and Motions

Attachment 2

Supervisors' Review Report

The Board of Directors of the Company has compiled and delivered the business report, the consolidated financial statements, and the proposal for distribution of earnings for 2010. Wherein, the consolidated financial statements were audited by CPA Li, Chang-Chou and Lee, Hsiu-Ling of PricewaterhouseCoopers. The Supervisors have examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 219 of the Company Act and Article 36 of the Securities and Exchange Act for your ratification.

To :

2011 General Shareholders' Meeting

Mega Financial Holding Co., Ltd.

Supervisor: Oliver Fang-Lai Yu

Supervisor: Yaw-Chung Liao

Supervisor: Kuo-Hui Hsiao

Supervisor: Justin Jan-Lin Wei

Supervisor: Joanne Ling

Date : April 26, 2011

Attachment 3

Report of Independent Accountants

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 as of December 31, 2010 and 2009, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Rules Governing the Audit 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulations Governing the Preparation of Financial Reports by Publicly Held Banks", "Regulations Governing the Preparation of Financial Reports by Publicly 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 Industry of Property and Casualty Insurance", "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and accounting

principles generally accepted in the Republic of China.

The consolidated financial statements of Mega Financial Holding Co., Ltd. and its subsidiaries as of and for the year ended December 31, 2010 expressed in US dollars were translated from the New Taiwan dollar consolidated financial statements using the exchange rate of US\$1:NT\$29.86 as of December 31, 2010 solely for the convenience of the readers. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

March 14, 2011

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 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

DECEMBER 31, 2010 AND 2009

(EXPRESSED IN THOUSANDS OF DOLLARS)

	2010		2009			2010		2009	
	NT\$	US\$	NT\$	US\$		NT\$	US\$	NT\$	US\$
ASSETS					LIABILITIES AND STOCKHOLDERS' EQUITY				
Cash and cash equivalents (Notes 4 (1) and 5)	\$ 271,737,992	9,100,402	\$ 314,204,440		Due to the Central Bank and financial institutions (Notes 4 (14) and 5)	\$ 322,704,165	\$ 10,807,239	\$ 410,577,424	
Due from the Central Bank and call loans to banks (Note 4 (2))	126,448,073	4,234,698	90,674,726		Funds borrowed from the Central Bank and other banks (Note 4 (15))	38,568,640	1,291,649	43,320,303	
Financial assets at fair value through profit or loss (Notes 4 (3) and 6)	162,320,183	5,436,041	127,525,330		Commercial paper payable, net (Note 4 (16))	8,862,396	296,798	7,105,666	
Bills and bonds purchased under resale agreements	1,783,691	59,735	796,095		Financial liabilities at fair value through profit or loss (Note 4 (17))	30,019,921	1,005,356	35,384,545	
Receivables, net (Notes 4 (4) and 6)	147,486,410	4,939,264	121,305,198		Bills and bonds sold under repurchase agreements (Note 4 (18))	181,816,680	6,088,971	171,365,526	
Bills discounted and loans, net (Notes 4 (5) and 5)	1,336,834,541	44,770,078	1,281,835,254		Payables (Notes 4 (19) and 5)	71,412,873	2,391,590	57,498,958	
Available-for-sale financial assets, net (Notes 4 (7) and 6)	185,898,407	6,225,667	233,016,512		Deposits and remittances (Notes 4 (20) and 5)	1,558,573,139	52,196,020	1,484,004,073	
Held-to-maturity financial assets, net (Notes 4 (8) and 6)	217,839,872	7,295,374	263,152,861		Bonds payable (Note 4 (21))	53,050,000	1,776,624	50,153,000	
Equity investments accounted for by the equity method, net (Note 4 (9))	2,574,762	86,228	2,727,944		Other loans (Notes 4 (22) and 6)	11,168,000	374,012	11,266,600	
Other financial assets, net (Notes 4 (10) and 6)	23,460,086	785,669	24,870,737		Accrued pension liability (Note 4 (23))	1,805,559	60,467	1,955,840	
Real estate investments, net (Note 4 (11) and 6)	468,997	15,707	514,113		Reserve for operations and liabilities (Note 4 (24))				
Property and equipment, net (Notes 4 (12) and 6)	21,139,449	707,952	23,176,304		Reserve for insurance	9,209,879	308,435	7,288,236	
Intangible assets, net	236,768	7,929	323,719		Other reserves	4,967,231	166,351	6,736,648	
Other assets, net (Notes 4 (13) and 6)	11,478,692	384,416	13,408,350		Other financial liabilities (Note 4(25))	7,357,699	246,407	4,660,368	
					Other liabilities (Notes 4 (12),(26))	8,951,015	299,766	9,918,901	
					Total Liabilities	2,308,467,197	77,309,685	2,301,236,088	
					Stockholders' Equity				
					Capital stock				
					Common stock (Note 4 (27))	110,594,262	3,703,760	110,594,262	
					Capital surplus (Note 4 (28))	43,426,403	1,454,334	43,426,403	
					Retained earnings (Note 4 (29))				
					Legal reserve	16,787,828	562,218	15,354,639	
					Special reserve	354,967	11,888	354,967	
					Unappropriated retained earnings	18,824,681	630,431	16,206,576	
					Equity adjustments				
					Unrealized revaluation increments	2,319,945	77,694	2,319,945	
					Cumulative translation adjustments	829,397	27,776	1,598,513	
					Unrealized gains on financial instruments	7,733,637	258,996	5,799,275	
					Minority interest	369,606	12,378	640,915	
					Total Stockholders' Equity	201,240,726	6,739,475	196,295,495	
					Commitments and Contingent Liabilities (Note 7)				
					Significant Subsequent Events (Note 9)				
TOTAL ASSETS	\$ 2,509,707,923	\$ 84,049,160	\$ 2,497,531,583		TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,509,707,923	\$ 84,049,160	\$ 2,497,531,583	

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

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS)

	2010		2009			
	NT\$	US\$	NT\$			
Interest income (Note 5)	\$ 36,120,844	1,209,673	\$	41,466,789		
Less: Interest expense (Note 5)	(11,057,015)	(370,295 )	(	14,991,088)	
Interest income, net	25,063,829	839,378		26,475,701		
Revenues other than interest income, net						
Service fee revenue and commissions, net (Notes (4)30 and 5)	9,543,624	319,612		9,539,248		
Insurance revenue, net	1,137,297	38,088		1,359,971		
Gain from financial assets and liabilities at fair value through profit or loss	1,997,917	66,909		4,727,713		
Realized gain on available-for-sale financial assets, net	1,247,843	41,790		2,070,532		
Realized gain (loss) on held-to-maturity financial assets, net	21,990	736	(	179,844)	
Investment income from equity investments accounted for by the equity method	183,496	6,145		185,015		
Gain on real estate investments	1,953	65		2,016		
Foreign exchange gain	2,021,343	67,694		1,954,631		
(Loss) gain on disposal of assets	(3,137)	(105)		1,030,363		
Loss on asset impairment (Note 4 (34))	(1,081,420)	(36,216 )	(	1,993,320)	
Gain on financial assets carried at cost, net	579,677	19,413		462,158		
Bad debts and overdue accounts recovered, net	200,801	6,725		55,551		
Other losses (Note 4(7))	(3,007,951)	(100,735 )	(	108,939)	
Other reserves (Note 4(7))	2,193,593	73,463	(	1,044,399)	
Other revenue other than interest income, net	1,875,985	62,826		1,895,905		
Net revenue	41,976,840	1,405,788		46,432,302		
Bad debts expense on loans (Note 4(6))	(2,233,788)	(74,809 )	(	7,305,574)	
Provisions for insurance reserves	(110,318)	(3,695 )	(	22,302)	
Operating expenses						
Personnel expenses (Note 4(31))	(14,468,002)	(484,528 )	(	13,117,071)	
Depreciation and amortization expenses (Note 4(31))	(885,980)	(29,671 )	(	1,008,874)	
Other business and administrative expenses (Note 5)	(5,639,060)	(188,849 )	(	5,922,294)	
Income before Income Tax from Operating Unit	18,639,692	624,236		19,056,187		
Income tax expense (Note 4 (32))	(3,490,074)	(116,881 )	(	4,711,317)	
Consolidated net income	\$ 15,149,618	\$ 507,355	\$	14,344,870		
Consolidated net income attributable to:						
Stockholders of the Company	\$ 15,110,720	\$ 506,052	\$	14,331,894		
Minority interest	38,898	1,303		12,976		
	\$ 15,149,618	\$ 507,355	\$	14,344,870		
	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>Before Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Basic earnings per share (in dollars) (Note 4(33))						
Consolidated net income	<u>\$ 1.69</u>	<u>\$ 1.37</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 1.72</u>	<u>\$ 1.30</u>
Diluted earnings per share (in dollars) (Note 4(33))						
Consolidated net income	<u>\$ 1.69</u>	<u>\$ 1.37</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 1.72</u>	<u>\$ 1.30</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 STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>				Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Minority Interest	Total	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve						Unappropriated Retained Earnings
<u>For the year ended December 31, 2009</u>										
Balance, January 1, 2009	\$ 110,594,262	\$ 43,426,403	\$15,325,187	\$ 354,967	\$ 4,668,990	\$ 3,191,570	\$ 1,755,165	(\$ 1,838,061)	\$ 555,900	\$ 178,034,383
Earnings distribution for 2008 (Note)										
Legal reserve	-	-	29,452	-	(29,452)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,764,856)	-	-	-	-	(2,764,856)
Adjustments in other stockholders' equity arising from equity investments accounted for by the equity method										
Changes in asset revaluation increments	-	-	-	-	-	(871,625)	-	-	-	(871,625)
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	6,965,712	-	6,965,712
Changes in cumulative translation adjustments	-	-	-	-	-	-	(156,652)	-	-	(156,652)
Consolidated net income for the year ended December 31, 2009	-	-	-	-	14,331,894	-	-	-	12,976	14,344,870
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	671,624	-	671,624
Changes in minority interest	-	-	-	-	-	-	-	-	72,039	72,039
Balance, December 31, 2009	<u>\$ 110,594,262</u>	<u>\$ 43,426,403</u>	<u>\$15,354,639</u>	<u>\$ 354,967</u>	<u>\$ 16,206,576</u>	<u>\$ 2,319,945</u>	<u>\$ 1,598,513</u>	<u>\$ 5,799,275</u>	<u>\$ 640,915</u>	<u>\$ 196,295,495</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings				Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Minority Interest	Total	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve						Unappropriated Retained Earnings
<u>For the year ended December 31, 2010</u>										
Balance, January 1, 2010	\$ 110,594,262	\$ 43,426,403	\$15,354,639	\$ 354,967	\$ 16,206,576	\$ 2,319,945	\$ 1,598,513	\$ 5,799,275	\$ 640,915	\$ 196,295,495
Earnings distribution for 2009 (Note)										
Legal reserve	-	-	1,433,189	-	(1,433,189)	-	-	-	-	-
Cash dividends	-	-	-	-	(11,059,426)	-	-	-	-	(11,059,426)
Adjustments in other stockholders' equity arising from equity investments accounted for by the equity method										
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	(886,457)	-	(886,457)	
Changes in cumulative translation adjustments	-	-	-	-	-	(769,116)	-	-	(769,116)	
Consolidated net income for the year ended December 31, 2010	-	-	-	-	15,110,720	-	-	-	38,898	15,149,618
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	2,820,819	-	2,820,819
Changes in minority interest	-	-	-	-	-	-	-	-	(310,207)	(310,207)
Balance, December 31, 2010	<u>\$ 110,594,262</u>	<u>\$ 43,426,403</u>	<u>\$16,787,828</u>	<u>\$ 354,967</u>	<u>\$ 18,824,681</u>	<u>\$ 2,319,945</u>	<u>\$ 829,397</u>	<u>\$ 7,733,637</u>	<u>\$ 369,606</u>	<u>\$ 201,240,726</u>

Note: For the years ended December 31, 2009 and 2008, bonuses to directors and supervisors were NT\$64,493 thousand and NT\$2,650 thousand, respectively, and bonuses to employees were NT\$20,637 thousand and NT\$424 thousand, respectively, which were deducted from the consolidated statements of income.

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of US Dollars)

	<u>Retained Earnings</u>				Unappropriated Retained Earnings	Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Minority Interest	<u>Total</u>
	<u>Common Stock</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>						
<u>For the year ended December 31, 2010</u>										
Balance, January 1, 2010	\$ 3,703,760	\$ 1,454,334	\$ 514,221	\$ 11,888	\$ 542,752	\$ 77,694	\$ 53,533	\$ 194,215	\$ 21,464	\$ 6,573,861
Earnings distribution for 2009 (Note)										
Legal reserve	-	-	47,997	-	(47,997)	-	-	-	-	-
Cash dividends	-	-	-	-	(370,376)	-	-	-	-	(370,376)
Adjustments in other stockholders' equity arising from equity investments accounted for by the equity method										
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(29,687)	-	(29,687)
Changes in cumulative translation adjustments	-	-	-	-	-	-	(25,757)	-	-	(25,757)
Consolidated net income for the year ended December 31, 2010	-	-	-	-	506,052	-	-	-	1,303	507,355
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	94,468	-	94,468
Changes in minority interest	-	-	-	-	-	-	-	-	(10,389)	(10,389)
Balance, December 31, 2010	<u>\$ 3,703,760</u>	<u>\$ 1,454,334</u>	<u>\$ 562,218</u>	<u>\$ 11,888</u>	<u>\$ 630,431</u>	<u>\$ 77,694</u>	<u>\$ 27,776</u>	<u>\$ 258,996</u>	<u>\$ 12,378</u>	<u>\$ 6,739,475</u>

Note: For the years ended December 31, 2009 and 2008, bonuses to directors and supervisors were US\$2,160 thousand and US\$82 thousand, respectively, and bonuses to employees were US\$691 thousand and US\$13 thousand, respectively, which were deducted from the consolidated statement of 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
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF DOLLARS)

	2010		2009
	NT\$	US\$	NT\$
<u>Cash Flows from Operating Activities</u>			
Consolidated net income attributable to stockholders of the company	\$ 15,110,720	\$ 506,052	\$ 14,331,894
Consolidated net income attributable to minority interest	38,898	1,303	12,976
Adjustments to reconcile consolidated net income to net cash (used in) provided by operating activities:			
Bad debts expense on loans	2,233,788	74,809	7,305,574
Investment income from equity investments accounted for by the equity method	(183,496)	(6,145)	(185,015)
Cash dividends distributed by equity investments accounted for by the equity method	129,034	4,321	79,897
Valuation gain from financial assets and liabilities	(1,100,922)	(36,870)	(1,016,728)
Loss (gain) on disposal of assets	3,137	105	(1,030,363)
Loss on asset impairment	1,081,420	36,216	1,993,320
Depreciation and amortization expenses	885,980	29,671	1,008,874
Loss on scrapped assets	304	10	25,666
Other reserves	(2,193,593)	(73,463)	1,044,399
Provisions for insurance reserves	110,318	3,695	22,302
Changes in assets and liabilities:			
(Increase) decrease in financial assets at fair value through profit or loss	(33,693,931)	(1,128,397)	71,399,131
(Increase) decrease in bills and bonds purchased under resale agreements	(987,596)	(33,074)	933,202
Increase in receivables	(27,696,254)	(927,537)	(1,856,857)
Increase in other financial assets	(675,996)	(22,639)	(398,770)
Net change in deferred income tax assets/liabilities	774,095	25,924	(202,526)
Decrease (increase) in other assets	1,778,714	59,568	(3,857,515)
Decrease in financial liabilities at fair value through profit or loss	(5,364,624)	(179,659)	(16,049,520)
Increase (decrease) in payables	13,913,915	465,972	(15,193,611)
(Decrease) increase in accrued pension liability	(150,281)	(5,033)	314,545
Decrease in other financial liabilities	(2,108,100)	(70,599)	(1,990,772)
Decrease in other liabilities	(967,886)	(32,414)	(1,556,979)
Net cash (used in) provided by operating activities	<u>(39,062,356)</u>	<u>(1,308,184)</u>	<u>55,133,124</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Thousands of Dollars)

	2010		2009
	NT\$	US\$	NT\$
<u>Cash Flows from Investing Activities</u>			
(Increase) decrease in due from the Central Bank and call loans to banks	(\$ 35,773,419)	(\$ 1,198,038)	\$ 12,512,619
(Increase) decrease in bills discounted and loans	(52,661,996)	(1,763,630)	33,738,531
Decrease (increase) in held-to-maturity financial assets	45,337,820	1,518,346	(166,631,168)
Decrease in available-for-sale financial assets	49,985,619	1,673,999	6,738,181
Decrease in financial instruments carried at cost	329,260	11,027	299,194
Proceeds from capital reduction on equity investments accounted for by the equity method	206,880	6,929	-
Proceeds from sale of property and equipment	15,744	527	936,003
Acquisition of property and equipment	(675,612)	(22,626)	(399,424)
Acquisition of intangible assets	(4,121)	(138)	(5,238)
Net cash provided by (used in) investing activities	6,760,175	226,396	(112,811,302)
<u>Cash Flows from Financing Activities</u>			
(Decrease) increase in due to the Central Bank and financial institutions	(87,873,259)	(2,942,842)	14,074,240
Increase in deposits and remittances	79,374,497	2,658,222	167,859,321
Decrease in funds borrowed from the Central Bank and other banks	(4,751, 663)	(159,131)	(9,864,884)
Increase (decrease) in bonds payable	2,897,000	97,019	(4,196,347)
Increase (decrease) in bills and bonds sold under repurchase agreements	10,451,154	350,005	(77,126,467)
Increase in commercial paper payables	1,756,730	58,832	5,449,110
(Decrease) increase in other loans	(98,600)	(3,302)	6,831,547
Appropriation of cash dividends	(11,059,426)	(370,376)	(2,764,856)
(Decrease) increase in minority interests	(271,309)	(9,086)	85,015
Net cash (used in) provided by financing activities	(9,574,876)	(320,659)	100,346,679
Effect of changes in foreign exchange rate	(589,391)	(19,738)	(229,386)
Net (decrease) increase in cash and cash equivalents	(42,466,448)	(1,422,185)	42,439,115
Cash and cash equivalents, beginning of year	314,204,440	10,522,587	271,765,325
Cash and cash equivalents, end of year	\$ 271,737,992	\$ 9,100,402	\$ 314,204,440
<u>Supplemental cash flow information:</u>			
Interest paid	\$ 12,005,945	\$ 402,075	\$ 18,042,311
Income tax paid	\$ 4,384,807	\$ 146,846	\$ 4,071,237
<u>Non-cash Investing And Financing Activities</u>			
Bonds payable within 1 year	\$ 12,125,261	\$ 406,070	\$ 14,583,314

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

MEGA FINANCIAL HOLDING CO., LTD.
BALANCE SHEETS
December 31, 2010 and 2009
(Expressed in Thousands of Dollars)

ASSETS	December 31, 2010		December 31, 2009	LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2010		December 31, 2009
	NT\$	US\$	NT\$		NT\$	US\$	NT\$
Assets				Liabilities			
Cash and cash equivalents	\$ 2,689,068	\$ 90,056	\$ 3,973,949	Payables	\$ 11,083,061	\$ 371,167	\$ 9,289,859
Receivables, net	2,182,939	73,106	2,109,325	Bonds payable	15,750,000	527,461	19,450,000
Available-for-sale financial assets, net	7,147,325	239,361	4,326,506	Accrued pension liability	36,779	1,232	32,868
Equity investments accounted for by the equity method, net	214,061,392	7,168,834	212,270,268	Other liabilities	5,188	175	5,990
Financial assets carried at cost	762,046	25,521	762,046	Total Liabilities	<u>26,875,028</u>	<u>900,035</u>	<u>28,778,717</u>
Property and equipment, net	702,490	23,526	727,187	Stockholders' Equity			
Other assets, net	119,298	3,995	129,610	Common stock	110,594,262	3,703,760	110,594,262
Deferred tax assets, net	<u>81,590</u>	<u>2,733</u>	<u>134,406</u>	Capital surplus	43,426,403	1,454,334	43,426,403
				Retained earnings			
				Legal reserve	16,787,828	562,218	15,354,639
				Special reserve	354,967	11,888	354,967
				Unappropriated retained earnings	18,824,681	630,431	16,206,576
				Equity adjustments			
				Unrealized revaluation increments	2,319,945	77,694	2,319,945
				Cumulative translation adjustments	829,397	27,776	1,598,513
				Unrealized gains on financial instruments	<u>7,733,637</u>	<u>258,996</u>	<u>5,799,275</u>
				Total Stockholders' Equity	<u>200,871,120</u>	<u>6,727,097</u>	<u>195,654,580</u>
				TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			
TOTAL ASSETS	<u>\$ 227,746,148</u>	<u>\$ 7,627,132</u>	<u>\$ 224,433,297</u>		<u>\$ 227,746,148</u>	<u>\$ 7,627,132</u>	<u>\$ 224,433,297</u>

MEGA FINANCIAL HOLDING CO., LTD.
STATEMENTS OF INCOME
For the years ended December 31, 2010 and 2009
(Expressed in Thousands of Dollars, Except Per Share Amounts)

	For the year ended		For the year ended
	December 31, 2010		December 31, 2009
	NT\$	US\$	NT\$
Revenues			
Interest income	\$ 19,063	638	\$ 4,983
Investment income from equity investments accounted for by the equity method	16,099,414	539,163	15,190,437
Other revenue except for interest income	13,474	452	16,420
Total revenue	<u>16,131,951</u>	<u>540,253</u>	<u>15,211,840</u>
Expenses and losses			
Interest expense	(490,865)	(16,439)	(514,206)
Foreign exchange loss	(14)	-	(9)
Personnel expenses	(219,824)	(7,362)	(201,717)
Depreciation and amortization	(39,355)	(1,318)	(51,603)
Other business and administrative expenses	(80,700)	(2,703)	(75,466)
Total expenses and losses	<u>(830,758)</u>	<u>(27,822)</u>	<u>(843,001)</u>
Income before Income Tax from Continuing Unit	15,301,193	512,431	14,368,839
Income tax expense	(190,473)	(6,379)	(36,945)
Net Income	<u>\$ 15,110,720</u>	<u>\$ 506,052</u>	<u>\$ 14,331,894</u>

	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>Before</u>	<u>Before</u>	<u>After</u>
	<u>Taxes</u>	<u>Taxes</u>	<u>Taxes</u>	<u>Taxes</u>	<u>Taxes</u>	<u>Taxes</u>
Basic Earnings Per Share (in dollars)						
Net Income	<u>\$ 1.38</u>	<u>\$ 1.37</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 1.30</u>	<u>\$ 1.30</u>
Diluted Earnings Per Share (in dollars)						
Net Income	<u>\$ 1.38</u>	<u>\$ 1.37</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 1.30</u>	<u>\$ 1.30</u>

Attachment 4

Mega Financial Holding Co., Ltd.

Earnings Distribution Table

Year 2010

Unit : NT\$

Items	Amount
Beginning retained earnings	3,713,960,137
Add : 2010 Earnings	15,110,720,506
Subtotal	18,824,680,643
Less : 10% Legal reserve	(1,511,072,051)
Total distribution earnings	17,313,608,592
Less : Distribution items	
Cash dividend to shareholders(NT\$0.9 per share)	(9,953,483,614)
Stock Dividend to shareholders(NT\$0.2 per share)	(2,211,885,240)
Unappropriated retained earnings	5,148,239,738
Note :	
Remuneration to directors and supervisors-cash NT\$67,998,000.	
Employee profit sharing-cash NT\$10,892,000.	

Note : The 2010 earnings shall be distributed first.

Appendix 3

Mega Financial Holding Company Shareholding of Directors and Supervisors

Book closure date: Apr. 30, 2011

Position	Name	Name of the Institutional Shareholder	Shareholding	%
Chairman	Yeou-Tsair Tsai	Ministry of Finance, ROC	1,104,070,205	9.98
Director	Kuang-Si Shiu			
Director	Ming-Chung Tsegn			
Director	Sheng-Chung Lin			
Director	Ching-Tsai Chen			
Director	Dun-Jin Luh			
Director	Shi-Kuan Chen			
Director	Fang-Yu Kuo			
Director	Tzeng-Ta Yen			
Director	Ming-Hui Tang			
Director	Hsi-Chin Huang			
Director	Chung-Hsiang Lin	Labor Union of Mega Int'l Commercial Bank	1,594,617	0.01
Independent Director	Chun-Tien Cheng	-	0	-
Independent Director	Chun-Mei Ma	-	0	-
Independent Director	Song-Chin Su	-	0	-
Supervisor	Oliver Fang-Lai Yu	Chunghwa Post Co., Ltd.	301,794,574	2.73
Supervisor	Joanne Ling	Bank of Taiwan	277,170,670	2.51
Supervisor	Justin Jan-Lin Wei			
Supervisor	Yaw-Chung Liao	National Development Fund, Executive Yuan, ROC	675,916,160	6.11
Supervisor	Kuo-Hui Hsiao			