

Stock Code : 2886

**Mega Financial Holding Co., Ltd.**  
**Handbook for the 2013 Annual Meeting of Shareholders**  
**( Summary Translation )**

**Meeting Time: June 21, 2013**

**Place: 13th 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 Co., Ltd.**

## **Procedure for the 2013 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 Co., Ltd.**  
**Year 2013**  
**Agenda of Annual Meeting of Shareholders**

**Time:** 09:00 a.m on Friday, June 21, 2013

**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) 2012 Business Report
- (2) Audit Committee's Review Report on the 2012 Financial Statements
- (3) Adjustment of distributable earnings and appropriation of special reserve due to first-time adoption of IFRSs.

**4. Matters for Recognition**

- (1) Adoption of the 2012 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2012 Earnings

**5. Matters for Discussion**

- (1) Proposal for releasing the non-competition restrictions on directors
- (2) Amendment to the "Rules of Procedure for Shareholder Meetings"

**6. Questions and Motions**

**7. Adjournment**

## **Company Reports**

### 1. 2012 Business Report

Explanation: The 2012 Business Report is attached as Attachment 1 (omitted).

### 2. Audit Committee's Review Report on the 2012 Financial Statements

Explanation: The 2012 Audit Committee's Review Report is attached as Attachment 2.

### 3. Adjustment of distributable earnings and appropriation of special reserve due to first-time adoption of IFRSs

Explanation:

(1) The proposal is handled in accordance with FSC Regulation No. 1010012865, issued on April 6, 2012.

(2) Due to first-time adoption of IFRSs, the Company's distributable earnings would increase NT\$1,730,767,312 on January 1, 2012 and decrease NT\$1,851,637,585 for the year ended December 31, 2012 respectively. The explanations are as follows:

(i) The increase of NT\$1,730,767,312 of the Company's distributable earnings on January 1, 2012: Due to election of adopting the applicable exemption in IFRS 1, the Company wrote-off unrealized revaluation increment and cumulative translation adjustments amounted to NT\$4,830,081,122 to distributable earnings. In addition, distributable earnings of the Company decreased by NT\$3,099,313,810 due to recognition of actuarial pension fund, preferential deposit liabilities and reversal of minimum pension liabilities according to IAS No. 19.

(ii) The decrease of NT\$1,851,637,585 of the Company's distributable earnings for the year ended December 31, 2012: The Company recognized actuarial pension loss NT\$1,293,953,674 due to defined benefit plan and employee benefits, the change of special reserve and non-performing loan receivables at fair value through loss amounted to NT\$557,683,911.

(3) According to above-mentioned regulation, special reserve should be set aside to an equivalent value from unrealized revaluation increment and cumulative translation adjustments; however, if the additional retained earnings occurred due to the adoption of first-time of IFRSs is insufficient, special reserve could be set aside to an equivalent to the increment of retained earnings occurred due to first-time adoption of IFRSs. As result, the Company's special reserve have been increased by NT\$1,730,767,312 accordingly. Overall, the Company's distributable earnings decrease NT\$1,851,637,585 on January 1, 2013.

### **Matters for Recognition**

#### **Proposal 1:** Adoption of the 2012 Business Report and Financial Statements

(Proposed by the Board)

Explanation: The Company's Consolidated Financial Statements were audited by independent auditors, Chien-Hung Chou and Hsiu-Ling Lee, of PricewaterhouseCoopers, Taiwan. The Consolidated Financial Statements and the Business Report of 2012 have been approved by the Board and examined by the Audit Committee. The 2012 Business Report and the Consolidated Financial Statements are attached as Attachments 1 (omitted) and 3.

RESOLVED:

#### **Proposal 2:** Adoption of the Proposal for Distribution of 2012 Earnings

(Proposed by the Board)

Explanation:

- (1) The proposal is handled in accordance with Article 228 of the Company Act and Article 31 of the Company's Articles of Incorporation.
- (2) The Company's 2012 earning is NT\$21,533,140,135 which was audited by PricewaterhouseCoopers, Taiwan. After adding the retained earning of

NT\$9,779,527,638, and deducting the legal reserve NT\$2,153,314,014, the distributable earning is NT\$29,159,353,759. According to the Company's Articles of Incorporation and related regulation, the Board of Directors is proposed to distribute the dividends as follows (Attachment 4):

- (i) NT\$ 1.1 per share in cash with aggregate cash dividends of NT\$12,594,806,381.
  - (ii) Remuneration to directors in cash of NT\$96,899,000, and employees profit sharing in cash for NT\$10,240,000, which have been recognized as 2012 expenses. Remuneration to directors increases NT\$95,952 versus booking amount due to CPA's adjustment of 2012 earning, and employees profit sharing decreases NT\$20,736,975 versus booking amount due to employees profit sharing percentage adjustment. The differences would be treated as changes in accounting estimation of 2013.
- (3) To accommodate the adoption of income tax integration, the 2012 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.

RESOLVED:

### **Matters for Discussion**

**Proposal 1:** Proposal for releasing the non-competition restrictions on directors  
(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 meeting of shareholders 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 the Article 209 of the Company Act.

Position	Name of Director	Concurrent Position	Position Held
Director	Jih-Chu Lee	Chunghwa Post Co., Ltd.	Chairman
Director	Hung-Wen Chien	Ho Tie Investment Co., Ltd.	Director
		Ho Kao Shan International Investment Co., Ltd.,	Chairman
Independent Director	Shean-Bii Chiu	Airmate (Cayman) International Co., Ltd.	Independent Director
		KD Holding Corporation	Independent Director

RESOLVED:

**Proposal 2:** Amendment to the Rules of Procedure for Shareholder Meetings

(Proposed by the Board)

Explanation:

- (1) In order to conform to the implementation of electronic voting, it is proposed that some Articles of the Rules of Procedures for Shareholder Meetings be amended.

The key points of the amendment are provided as follows:

- (i) To add that shareholders must show their identification to get in the meeting place. (Article 4)
- (ii) To conform to the implementation of electronic or writing voting, the calculation of attending shares is amended. (Articles 6)



- (iii) To add the restriction on time and frequency of each shareholder's speech, when proceeding extraordinary motions for the matters not set forth in the agenda. (Article 8)
  - (iv) To stipulate that subject to no objection or abstention expressed by shareholders in writing or electronic voting, the resolution shall be deemed adopted if no objection is voiced after solicitation by the chairman. (Article 10)
  - (v) To stipulate that this Company shall adopt electronic voting at shareholders' meetings. (Article 12)
  - (vi) To add that the vote counting shall be conducted in public at the meeting venue. (Article 13)
  - (vi) To add that the chairman may rule the meeting temporarily suspended if a force majeure event occurs when a meeting is in progress. (Article 14)
  - (vi) To add that the chairman may take certain measures to maintain order at the meeting place. (Article 16)
- (2) Please refer to Attachment 5 for the amendments and comparison table of the provisions of the Rules of Procedure for Shareholder Meetings. (omitted)

RESOLVED:

### **Questions and Motions**

## **Attachment 2**

### **Mega Financial Holding Co., Ltd.**

#### **Audit Committee's Report**

The Board of Directors of the Company has prepared and delivered the Business Report, the Consolidated Financial Statements, and the proposal for distribution of earnings for 2012. Wherein, the Consolidated Financial Statements were audited by independent auditors, Chien-Hung Chou and Hsiu-Ling Lee, of PricewaterhouseCoopers, Taiwan. The Audit Committee has reviewed the above Business Report, the Consolidated Financial Report and earnings distribution proposal and found nothing incorrect. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To : 2013 General Shareholders' Meeting

Mega Financial Holding Co., Ltd.

Chairman of the Audit Committee: Tsun-Siou Lee

Date: April 29, 2013

## **Attachment 3**

### **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 as of December 31, 2012 and 2011, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company'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 "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, 2012 and 2011, 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 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” and accounting principles generally accepted in the Republic of China.

March 27, 2013

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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 review 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 review 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, 2012 AND 2011

(EXPRESSED IN THOUSANDS OF DOLLARS)

<u>ASSETS</u>	<u>December 31, 2012</u>		<u>December 31, 2011</u>		<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>		<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>
Cash and cash equivalents (Notes 4 (1) and 5)	\$ 313,462,564	\$ 10,796,024	\$ 322,992,872		Due to the Central Bank and financial institutions (Notes 4 (13) and 5)	\$ 358,982,635	\$ 12,363,790	\$ 367,548,678	
Due from the Central Bank and call loans to banks (Notes 4 (2) and 5)	150,956,137	5,199,109	180,399,521		Funds borrowed from the Central Bank and other banks (Note 4 (14))	60,548,901	2,085,376	71,873,400	
Financial assets at fair value through profit or loss (Notes 4 (3) and 6)	184,569,250	6,356,785	188,869,552		Commercial paper payable, net (Notes 4 (15) and 5)	1,880,597	64,770	1,749,387	
Bills and bonds purchased under resale agreements	2,282,053	78,597	1,460,685		Financial liabilities at fair value through profit or loss (Note 4 (16))	14,676,886	505,489	21,312,632	
Receivables, net (Notes 4 (4), (6) and 6)	125,593,058	4,325,575	107,160,487		Bills and bonds sold under repurchase agreements (Notes 4 (3), (7) and (17))	187,481,840	6,457,098	199,581,332	
Bills discounted and loans, net (Notes 4 (5), (6) and 5)	1,502,490,860	51,747,576	1,462,054,154		Payables (Notes 4 (18), (31) and 5)	61,109,417	2,104,681	58,514,085	
Available-for-sale financial assets, net (Notes 4 (7) and 6)	220,625,591	7,598,608	161,432,963		Deposits and remittances (Notes 4 (19) and 5)	1,718,208,745	59,177,157	1,588,560,967	
Held-to-maturity financial assets, net (Notes 4 (8) and 6)	160,776,041	5,537,318	131,290,215		Bonds payable (Note 4 (20))	62,449,668	2,150,841	61,401,059	
Equity investments accounted for by the equity method, net (Note 4 (9))	2,667,896	91,885	2,548,394		Other loans (Notes 4 (21) and 6)	6,541,000	225,280	5,429,400	
Other financial assets, net (Notes 4 (10) and 6)	21,884,597	753,732	22,873,366		Accrued pension liability (Note 4 (22))	3,327,664	114,609	2,069,310	
Real estate investments, net (Note 6)	333,229	11,477	480,452		Reserve for operations and liabilities (Note 4 (23))				
Property and equipment, net (Notes 4 (11) and 6)	22,705,148	781,992	21,416,577		Reserve for insurance	8,270,155	284,834	8,532,270	
Intangible assets, net	312,225	10,753	297,150		Other reserves	6,611,967	227,724	5,078,198	
Other assets, net (Notes 4 (12), (31), 5 and 6)	17,290,046	595,490	15,125,547		Other financial liabilities (Note 4 (24))	9,832,957	338,659	12,620,054	
					Other liabilities (Notes 4 (25))	11,941,579	411,282	10,952,437	
					Total Liabilities	2,511,864,011	86,511,590	2,415,223,209	
					Stockholders' Equity				
					Capital stock				
					Common stock (Note 4 (26))	114,498,240	3,943,456	112,806,148	
					Capital surplus (Note 4 (27))	43,425,270	1,495,618	43,426,403	
					Retained earnings (Note 4(28))				
					Legal reserve	20,066,890	691,128	18,298,900	
					Special reserve	833,091	28,693	833,091	
					Unappropriated retained earnings	31,312,668	1,078,446	22,828,132	
					Equity adjustments				
					Unrealized revaluation increment	3,324,517	114,500	2,206,808	
					Cumulative translation adjustments	563,235	19,398	1,505,518	
					Unrealized gains or losses on financial instruments	1,051,731	36,223	1,033,669	
					Net loss on unrecognized pension cost	( 1,290,739)	( 44,456)	( 57,283)	
					Minority interest	299,781	10,325	297,340	
					Total Stockholders' Equity	214,084,684	7,373,331	203,178,726	
					Commitments and Contingent Liabilities (Note 7)				
					Significant Subsequent Events (Note 9)				
<b>TOTAL ASSETS</b>	<b>\$ 2,725,948,695</b>	<b>\$ 93,884,921</b>	<b>\$ 2,618,401,935</b>		<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,725,948,695</b>	<b>\$ 93,884,921</b>	<b>\$ 2,618,401,935</b>	

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, 2012 AND 2011**  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS)

	For the Years Ended December 31,					
	2012		2011		2010	
	NT\$	US\$	NT\$	US\$	NT\$	US\$
Interest income (Note 5)	\$ 45,555,812	\$ 1,568,996	\$ 41,474,318	\$ 13,195,214	\$ 13,195,214	\$ 13,195,214
Less: Interest expense (Note 5)	( 15,003,809 )	( 516,749 )	( 13,195,214 )	( 13,195,214 )	( 13,195,214 )	( 13,195,214 )
Interest income, net	<u>30,552,003</u>	<u>1,052,247</u>	<u>28,279,104</u>	<u>28,279,104</u>	<u>28,279,104</u>	<u>28,279,104</u>
Revenues other than interest, net						
Service fee revenue and commissions, net (Notes 4(29) and 5)	9,221,989	317,616	9,203,851	9,203,851	9,203,851	9,203,851
Insurance revenue, net	1,441,661	49,652	1,312,671	1,312,671	1,312,671	1,312,671
Gain from financial assets and liabilities at fair value through profit or loss (Note 5)	2,340,353	80,605	( 652,778 )	( 652,778 )	( 652,778 )	( 652,778 )
Realized gain on available-for-sale financial assets, net	1,845,136	63,549	1,328,018	1,328,018	1,328,018	1,328,018
Investment income from equity investments accounted for by the equity method	305,756	10,531	152,248	152,248	152,248	152,248
Foreign exchange gain	2,408,691	82,958	1,514,526	1,514,526	1,514,526	1,514,526
Gain on disposal of assets	139	5	1,002,108	1,002,108	1,002,108	1,002,108
Loss on asset impairment (Note 4 (33))	( 504,832 )	( 17,387 )	( 195,758 )	( 195,758 )	( 195,758 )	( 195,758 )
Gain on financial assets carried at cost, net	779,264	26,839	734,243	734,243	734,243	734,243
Gain on sale of non-performing loans (Note 11)	1,305,291	44,966	2,046,139	2,046,139	2,046,139	2,046,139
Bad debts and overdue accounts recovered, net	922,704	31,779	439,536	439,536	439,536	439,536
Other revenue other than interest income	<u>641,885</u>	<u>22,107</u>	<u>572,267</u>	<u>572,267</u>	<u>572,267</u>	<u>572,267</u>
Net revenue	51,260,340	1,765,467	45,736,175	45,736,175	45,736,175	45,736,175
Bad debts expense (Notes 4(6),(10) and (23))	( 4,533,347 )	( 156,134 )	( 3,714,335 )	( 3,714,335 )	( 3,714,335 )	( 3,714,335 )
Provisions for insurance reserve	13,025	449	67,136	67,136	67,136	67,136
Operating expenses						
Personnel expenses (Note 4(30))	( 14,016,488 )	( 482,744 )	( 13,898,515 )	( 13,898,515 )	( 13,898,515 )	( 13,898,515 )
Depreciation and amortization (Note 4(30))	( 768,996 )	( 26,485 )	( 824,501 )	( 824,501 )	( 824,501 )	( 824,501 )
Other business and administrative expenses (Note 5)	( 6,118,857 )	( 210,741 )	( 6,250,456 )	( 6,250,456 )	( 6,250,456 )	( 6,250,456 )
Income before Income Tax	25,835,677	889,812	21,115,504	21,115,504	21,115,504	21,115,504
Income Tax Expense (Note 4 (31))	( 4,292,063 )	( 147,824 )	( 3,429,822 )	( 3,429,822 )	( 3,429,822 )	( 3,429,822 )
Consolidated Net Income	<u>\$ 21,543,614</u>	<u>\$ 741,988</u>	<u>\$ 17,685,682</u>	<u>\$ 17,685,682</u>	<u>\$ 17,685,682</u>	<u>\$ 17,685,682</u>
Consolidated Net Income Attributable to:						
Stockholders of the Company	\$ 21,533,141	\$ 741,627	\$ 17,679,892	\$ 17,679,892	\$ 17,679,892	\$ 17,679,892
Minority interest	<u>10,473</u>	<u>361</u>	<u>5,790</u>	<u>5,790</u>	<u>5,790</u>	<u>5,790</u>
	<u>\$ 21,543,614</u>	<u>\$ 741,988</u>	<u>\$ 17,685,682</u>	<u>\$ 17,685,682</u>	<u>\$ 17,685,682</u>	<u>\$ 17,685,682</u>
	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Basic earnings per share (in dollars) (Note 4(32))						
Consolidated net income	<u>\$ 2.26</u>	<u>\$ 1.88</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 1.84</u>	<u>\$ 1.54</u>
Diluted earnings per share (in dollars) (Note 4(32))						
Consolidated net income	<u>\$ 2.26</u>	<u>\$ 1.88</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 1.84</u>	<u>\$ 1.54</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 YEAR ENDED DECEMBER 31, 2011

(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Minority Interest	Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
<u>For the year ended December 31, 2011</u>											
Balance, January 1, 2011	\$ 110,594,262	\$ 43,426,403	\$ 16,787,828	\$ 354,967	\$ 18,824,681	\$ 2,319,945	\$ 829,397	\$ 7,733,637	\$ -	\$ 369,606	\$ 201,240,726
Earnings distribution for 2010 (Note)											
Legal reserve	-	-	1,511,072	-	( 1,511,072)	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 9,953,483)	-	-	-	-	-	( 9,953,483)
Stock dividends	2,211,886	-	-	-	( 2,211,886)	-	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity investments											
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	( 4,831,835)	-	-	( 4,831,835)
Changes in cumulative translation adjustments	-	-	-	-	-	-	676,121	-	-	-	676,121
Default loss reserve transferred as special reserve	-	-	-	195,344	-	-	-	-	-	-	195,344
Trading loss reserve transferred as special reserve	-	-	-	282,780	-	-	-	-	-	-	282,780
Changes in asset revaluation increments	-	-	-	-	( 113,137)	-	-	-	-	-	( 113,137)
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	( 57,283)	-	-	( 57,283)
Consolidated net income for the year ended December 31, 2011	-	-	-	-	17,679,892	-	-	-	-	5,790	17,685,682
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	( 1,868,133)	-	-	( 1,868,133)
Changes in minority interest	-	-	-	-	-	-	-	-	-	( 78,056)	( 78,056)
Balance, December 31, 2011	<u>\$ 112,806,148</u>	<u>\$ 43,426,403</u>	<u>\$ 18,298,900</u>	<u>\$ 833,091</u>	<u>\$ 22,828,132</u>	<u>\$ 2,206,808</u>	<u>\$ 1,505,518</u>	<u>\$ 1,033,669</u>	<u>(\$ 57,283)</u>	<u>\$ 297,340</u>	<u>\$ 203,178,726</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Minority Interest	<u>Total</u>
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
<u>For the year ended December 31, 2012</u>											
Balance, January 1, 2012	\$ 112,806,148	\$ 43,426,403	\$ 18,298,900	\$ 833,091	\$ 22,828,132	\$ 2,206,808	\$ 1,505,518	\$ 1,033,669	(\$ 57,283)	\$ 297,340	\$ 203,178,726
Earnings distribution for 2011 (Note)											
Legal reserve	-	-	1,767,990	-	( 1,767,990)	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 9,588,523)	-	-	-	-	-	( 9,588,523)
Stock dividends	1,692,092	-	-	-	( 1,692,092)	-	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity investments											
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	154,087	-	-	154,087
Adjustments in other stockholders' equity	-	( 1,133)	-	-	-	-	-	-	-	-	( 1,133)
Changes in cumulative translation adjustments	-	-	-	-	-	( 942,283)	-	-	-	-	( 942,283)
Changes in asset revaluation increments	-	-	-	-	-	1,117,709	-	-	-	-	1,117,709
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	( 1,233,456)	-	( 1,233,456)	-
Consolidated net income for the year ended December 31, 2012	-	-	-	-	21,533,141	-	-	-	-	10,473	21,543,614
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	( 136,025)	-	-	( 136,025)
Changes in minority interest	-	-	-	-	-	-	-	-	-	( 8,032)	( 8,032)
Balance, December 31, 2012	<u>\$ 114,498,240</u>	<u>\$ 43,425,270</u>	<u>\$ 20,066,890</u>	<u>\$ 833,091</u>	<u>\$ 31,312,668</u>	<u>\$ 3,324,517</u>	<u>\$ 563,235</u>	<u>\$ 1,051,731</u>	<u>(\$ 1,290,739)</u>	<u>\$ 299,781</u>	<u>\$ 214,084,684</u>

Note: Remunerations to directors and supervisors amounting to NT\$67,998 and NT \$79,559 thousand and employee bonuses amounting to NT \$10,892 and NT \$10,186 thousand for 2010 and 2011, respectively, had been deducted from the statement of income.

(Continued)



MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012

(Expressed in Thousands of US Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Minority Interest	Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings						
<u>For the year ended December 31, 2012</u>											
Balance, January 1, 2012	\$ 3,885,178	\$ 1,495,657	\$ 630,236	\$ 28,693	\$ 786,228	\$ 76,005	\$ 51,852	\$ 35,601	(\$ 1,973)	\$ 10,240	\$ 6,997,717
Earnings distribution for 2011 (Note)											
Legal reserve	-	-	60,892	-	( 60,892)	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 330,239)	-	-	-	-	-	( 330,239)
Stock dividends	58,278	-	-	-	( 58,278)	-	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity investments											
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	5,307	-	-	5,307
Adjustments in other stockholders' equity	-	( 39)	-	-	-	-	-	-	-	-	( 39)
Changes in cumulative translation adjustments	-	-	-	-	-	-	( 32,453)	-	-	-	( 32,453)
Changes in asset revaluation increments	-	-	-	-	-	38,495	-	-	-	-	38,495
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	( 42,483)	-	( 42,483)
Consolidated net income for the year ended December 31, 2012	-	-	-	-	741,627	-	-	-	-	361	741,988
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	( 4,685)	-	-	( 4,685)
Changes in minority interest	-	-	-	-	-	-	-	-	-	( 276)	( 276)
Balance, December 31, 2012	<u>\$ 3,943,456</u>	<u>\$ 1,495,618</u>	<u>\$ 691,128</u>	<u>\$ 28,693</u>	<u>\$ 1,078,446</u>	<u>\$ 114,500</u>	<u>\$ 19,398</u>	<u>\$ 36,223</u>	<u>(\$ 44,456)</u>	<u>\$ 10,325</u>	<u>\$ 7,373,331</u>

Note: Remunerations to directors and supervisors amounting to USD\$2,342 and USD \$2,740 thousand and employee bonuses amounting to USD \$375 and USD \$351 thousand for 2010 and 2011, respectively, had been deducted from the 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, 2012 AND 2011  
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the Years Ended December 31,		
	2012		2011
	NT\$	US\$	NT\$
<u>Cash Flows from Operating Activities</u>			
Consolidated net income attributable to stockholders of the company	\$ 21,533,141	\$ 741,627	\$ 17,679,892
Consolidated net income attributable to minority interest	10,473	361	5,790
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:			
Bad debts expense	4,533,347	156,134	3,714,335
Investment income from equity investments accounted for by the equity method	( 305,756)	( 10,530)	( 152,248)
Cash dividends distributed by equity investments accounted for by the equity method	138,465	4,769	136,306
Valuation gain from financial assets and liabilities	( 1,180,352)	( 40,653)	( 911,730)
Gain from disposal of assets, net	( 139)	( 5)	( 1,002,108)
Loss on asset impairment	504,832	17,387	195,758
Depreciation and amortization	768,996	26,485	824,501
Loss on scrapped assets	-	-	509
Reversal of insurance reserves	( 13,025)	( 448)	( 67,136)
Provisions for other reserves	-	-	1,509
Exchangeable bond discounted amortization	48,609	1,674	22,859
Changes in assets and liabilities:			
Decrease (increase) in financial assets at fair value through profit or loss	5,480,654	188,760	( 25,637,639)
(Increase) decrease in bills and bonds purchased under resale agreements	( 821,368)	( 28,289)	323,006
(Increase) decrease in receivables	( 18,454,818)	( 635,606)	39,702,243
Decrease (increase) in other financial assets	344,621	11,869	( 100,073)
Net change in deferred income tax assets/liabilities	( 319,840)	( 11,016)	201,029
Increase in other assets	( 1,679,620)	( 57,848)	( 3,230,655)
Decrease in financial liabilities at fair value through profit or loss	( 6,635,746)	( 228,543)	( 8,707,289)
(Decrease) increase in bills and bonds sold under repurchase agreements	( 12,099,492)	( 416,721)	17,764,652
Increase (decrease) in payables	2,595,332	89,386	( 12,898,788)
Increase in accrued pension liability	24,898	858	263,751
(Decrease) increase in other financial liabilities	( 2,787,097)	( 95,991)	5,262,355
Increase in other liabilities	819,864	28,237	2,132,674
Net cash (used in) provided by operating activities	( 7,494,021)	( 258,103)	35,523,503

(Continued)

**MEGA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(Expressed in Thousands of Dollars)

	For the Years Ended December 31,		
	2012		2011
	NT\$	US\$	NT\$
<b><u>Cash Flows from Investing Activities</u></b>			
Decrease (increase) in due from the Central Bank and call loans to banks	\$ 29,443,384	\$ 1,014,065	(\$ 53,951,507)
Increase in bills discounted and loans	( 43,863,781)	( 1,510,721)	( 128,325,506)
Decrease in financial instruments carried at cost	588,956	20,284	74,835
(Increase) decrease in available-for-sale financial assets	( 59,741,544)	( 2,057,570)	16,856,533
(Increase) decrease in held-to-maturity financial assets	( 29,485,826)	( 1,015,527)	86,549,657
Proceeds from capital reduction of equity investments accounted for by the equity method	58,064	2,000	26,880
Proceeds from sale of property and equipment	4,237	146	1,107,197
Acquisition of property and equipment	( 501,037)	( 17,256)	( 728,928)
Acquisition of intangible assets	( 52,752)	( 1,817)	( 88,966)
Net cash used in investing activities	<u>( 103,550,299)</u>	<u>( 3,566,396)</u>	<u>( 78,479,805)</u>
<b><u>Cash Flows from Financing Activities</u></b>			
Payments of cash dividends	( 9,588,523)	( 330,240)	( 9,953,483)
(Decrease) increase in due to the Central Bank and financial institutions	( 8,566,043)	( 295,025)	44,844,513
(Decrease) increase in funds borrowed from the Central Bank and financial institutions	( 11,324,499)	( 390,029)	33,304,760
Increase (decrease) in commercial papers payable	131,210	4,519	( 7,113,009)
Increase in deposits and remittances	129,647,778	4,465,224	29,987,828
Increase in bonds payable	1,000,000	34,441	8,328,200
Increase (decrease) in other loans	1,111,600	38,285	( 5,738,600)
Increase (decrease) in minority interest	<u>2,441</u>	<u>84</u>	<u>( 72,266)</u>
Net cash provided by financing activities	<u>102,413,964</u>	<u>3,527,259</u>	<u>93,587,943</u>
Effect of changes in foreign exchange rate	( 899,952)	( 30,995)	623,239
Net (decrease) increase in cash and cash equivalents	( 9,530,308)	( 328,235)	51,254,880
Cash and cash equivalents, beginning of year	<u>322,992,872</u>	<u>11,124,259</u>	<u>271,737,992</u>
Cash and cash equivalents, end of year	<u>\$ 313,462,564</u>	<u>\$ 10,796,024</u>	<u>\$ 322,992,872</u>
<b><u>Supplemental cash flow information:</u></b>			
Interest paid	<u>\$ 14,659,167</u>	<u>\$ 504,879</u>	<u>\$ 12,690,535</u>
Income tax paid	<u>\$ 5,301,164</u>	<u>\$ 182,578</u>	<u>\$ 5,843,278</u>
<b><u>Non-cash Investing And Financing Activities</u></b>			
Payables - corporate bonds within 1 year of maturity	<u>\$ 6,600,000</u>	<u>\$ 227,312</u>	<u>\$ 300,000</u>

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

MEGA FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS

December 31, 2012 and 2011

(Expressed in Thousands of Dollars)

ASSETS	December 31, 2012		December 31, 2011		December 31, 2012		December 31, 2011	
	NT\$	US\$	NT\$		NT\$	US\$	NT\$	
Assets								
Cash and cash equivalents	\$ 77,293	\$ 2,662	\$ 4,276,849		\$ 881,079	\$ 30,346	\$ -	
Receivables, net	857,471	29,533	715,141					
Available-for-sale financial assets, net	5,143,167	177,137	5,279,193		1,200	41	-	
Equity investments accounted for by the equity method, net	235,347,057	8,105,633	218,167,682		12,213,876	420,661	10,778,190	
Financial assets carried at cost	758,193	26,113	762,046		16,049,668	552,770	16,301,059	
Property and equipment, net	783,919	26,999	784,065		48,728	1,678	41,906	
Other assets, net	10,952	377	15,514		2,257	78	1,608	
Deferred tax assets, net	3,659	126	3,659		29,196,808	1,005,574	27,122,763	
				LIABILITIES AND STOCKHOLDERS' EQUITY				
				Liabilities				
				Commercial paper payable				
				Financial liabilities at fair value through profit or loss				
				Payables				
				Bonds payable				
				Accrued pension liability				
				Other liabilities				
				Total Liabilities				
				Stockholders' Equity				
				Common stock				
				Capital surplus				
				Retained earnings				
				Legal reserve				
				Special reserve				
				Unappropriated retained earnings				
				Equity adjustments				
				Land revaluation increment				
				Cumulative translation adjustments				
				Unrealized gains on financial instruments				
				Net loss of unrecognized pension cost				
				Total Stockholders' Equity				
				TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY				
TOTAL ASSETS	\$ 242,981,711	\$ 8,368,580	\$ 230,004,149		\$ 242,981,711	\$ 8,368,580	\$ 230,004,149	

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF INCOME

For the years ended December 31, 2012 and 2011

(Expressed in Thousands of Dollars, Except Earnings Per Share Amounts)

	For the year ended December 31, 2012		For the year ended December 31, 2011	
	NT\$	US\$	NT\$	
Revenues				
Interest income	\$ 27,319	\$ 941	\$ 37,256	
Gain from financial assets and liabilities at fair value through profit or loss	-	-	241,800	
Investment income from equity investments accounted for by the equity method	22,661,062	780,474	18,111,631	
Other revenue except for interest income	<u>33,055</u>	<u>1,138</u>	<u>11,079</u>	
Total revenue	<u>22,721,436</u>	<u>782,553</u>	<u>18,401,766</u>	
Expenses and losses				
Interest expense	( 361,053 )	( 12,436 )	( 364,912 )	
Loss from financial assets and liabilities at fair value through profit and loss	( 1,200 )	( 41 )	-	
Loss from financial assets carried at cost	( 1,039 )	( 36 )	-	
Personnel expenses	( 247,850 )	( 8,536 )	( 223,532 )	
Depreciation and amortization	( 21,806 )	( 751 )	( 31,677 )	
Other business and administrative expenses	( <u>79,421</u> )	( <u>2,735</u> )	( <u>97,340</u> )	
Total expenses and losses	( <u>712,369</u> )	( <u>24,535</u> )	( <u>717,461</u> )	
Income before Income Tax from Continuing Operations	22,009,067	758,018	17,684,305	
Income tax expense	( <u>475,926</u> )	( <u>16,391</u> )	( <u>4,413</u> )	
Net Income	<u>\$ 21,533,141</u>	<u>\$ 741,627</u>	<u>\$ 17,679,892</u>	
Basic Earnings Per Share (in dollars)	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Net Income from Continuing Operations	<u>\$ 1.92</u>	<u>\$ 1.88</u>	<u>\$ 1.54</u>	<u>\$ 1.54</u>
Diluted Earnings Per Share (in dollars)	<u>Before Taxes</u>	<u>After Taxes</u>	<u>Before Taxes</u>	<u>After Taxes</u>
Net Income from Continuing Operations	<u>\$ 1.92</u>	<u>\$ 1.88</u>	<u>\$ 1.54</u>	<u>\$ 1.54</u>

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Expressed in Thousands of NT Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings					
<u>For the year ended December 31, 2011</u>										
Balance, January 1, 2011	\$ 110,594,262	\$ 43,426,403	\$ 16,787,828	\$ 354,967	\$ 18,824,681	\$ 2,319,945	\$ 829,397	\$ 7,733,637	\$ -	\$ 200,871,120
Earnings distribution for 2010										
Legal reserve	-	-	1,511,072	-	( 1,511,072)	-	-	-	-	-
Cash dividends	-	-	-	-	( 9,953,483)	-	-	-	-	( 9,953,483)
Stock dividends distributable	2,211,886	-	-	-	( 2,211,886)	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity										
Changes in unrealized profit or loss on available-for-sale financial assets	-	-	-	-	-	-	( 4,831,835)	-	-	( 4,831,835)
Changes in cumulative translation adjustments	-	-	-	-	-	-	676,121	-	-	676,121
Default loss reserve transferred as special reserve as regulated	-	-	-	195,344	-	-	-	-	-	195,344
Trading loss reserve transferred as special reserve as regulated	-	-	-	282,780	-	-	-	-	-	282,780
Changes in unrealized re-evaluation	-	-	-	-	( 113,137)	-	-	-	-	( 113,137)
Net loss on unrecognized pension lost	-	-	-	-	-	-	-	( 57,283)	( 57,283)	( 57,283)
Changes in unrealized profit or loss on available-for-sale financial assets	-	-	-	-	-	-	( 1,868,133)	-	-	( 1,868,133)
Consolidated net income for the year ended										
December 31, 2011	-	-	-	-	17,679,892	-	-	-	-	17,679,892
Balance, December 31, 2011	<u>\$ 112,806,148</u>	<u>\$ 43,426,403</u>	<u>\$ 18,298,900</u>	<u>\$ 833,091</u>	<u>\$ 22,828,132</u>	<u>\$ 2,206,808</u>	<u>\$ 1,505,518</u>	<u>\$ 1,033,669</u>	<u>(\$ 57,283)</u>	<u>\$ 202,881,386</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Expressed in Thousands of NT Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	<u>Total</u>
	<u>Common Stock</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Retained Earnings</u>					
<u>For the year ended December 31, 2012</u>										
Balance, January 1, 2012										
Earnings distribution for 2011	\$ 112,806,148	\$ 43,426,403	\$ 18,298,900	\$ 833,091	\$ 22,828,132	\$ 2,206,808	\$ 1,505,518	\$ 1,033,669	(\$ 57,283)	\$ 202,881,386
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)	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity										
Adjustments in other stockholders' equity	-	( 1,133)	-	-	-	-	-	-	-	( 1,133)
Changes in unrealized profit or loss on available-for-sale financial assets	-	-	-	-	-	-	-	154,087	-	154,087
Changes in cumulative translation adjustments	-	-	-	-	-	( 942,283)	-	-	-	( 942,283)
Adjustments in unrealized re-evaluation	-	-	-	-	-	1,117,709	-	-	-	1,117,709
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	( 1,233,456)	( 1,233,456)
Changes in unrealized profit or loss on available-for-sale financial assets	-	-	-	-	-	-	-	( 136,025)	-	( 136,025)
Consolidated net income for the year ended										
December 31, 2012	-	-	-	-	21,533,141	-	-	-	-	21,533,141
Balance, December 31, 2012	<u>\$ 114,498,240</u>	<u>\$ 43,425,270</u>	<u>\$ 20,066,890</u>	<u>\$ 833,091</u>	<u>\$ 31,312,668</u>	<u>\$ 3,324,517</u>	<u>\$ 563,235</u>	<u>\$ 1,051,731</u>	<u>(\$ 1,290,739)</u>	<u>\$ 213,784,903</u>

(Continued)

MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Expressed in Thousands of US Dollars)

	<u>Retained Earnings</u>					Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains or Losses on Financial Instruments	Net Loss on Unrecognized Pension Cost	<u>Total</u>
	<u>Common Stock</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Retained Earnings</u>					
<u>For the year ended December 31, 2012</u>										
Balance, January 1, 2012										
Earnings distribution for 2011	\$ 3,885,178	\$ 1,495,657	\$ 630,236	\$ 28,693	\$ 786,228	\$ 76,005	\$ 51,852	\$ 35,601	(\$ 1,973)	\$ 6,987,477
Legal reserve	-	-	60,892	-	( 60,892)	-	-	-	-	-
Cash dividends	-	-	-	-	( 330,239)	-	-	-	-	( 330,239)
Stock dividends distributable	58,278	-	-	-	( 58,278)	-	-	-	-	-
Adjustments in other stockholders' equity arising from long-term equity										
Adjustments in other stockholders' equity	-	( 39)	-	-	-	-	-	-	-	( 39)
Changes in unrealized profit or loss on available-for-sale financial assets	-	-	-	-	-	-	-	5,307	-	5,307
Changes in cumulative translation adjustments	-	-	-	-	-	-	( 32,454)	-	-	( 32,454)
Adjustments in unrealized re-evaluation	-	-	-	-	-	38,495	-	-	-	38,495
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	( 42,483)	( 42,483)
Changes in unrealized profit or loss on available-for-sale financial assets	-	-	-	-	-	-	-	( 4,685)	-	( 4,685)
Consolidated net income for the year ended										
December 31, 2012	-	-	-	-	741,627	-	-	-	-	741,627
Balance, December 31, 2012	<u>\$ 3,943,456</u>	<u>\$ 1,495,618</u>	<u>\$ 691,128</u>	<u>\$ 28,693</u>	<u>\$ 1,078,446</u>	<u>\$ 114,500</u>	<u>\$ 19,398</u>	<u>\$ 36,223</u>	<u>(\$ 44,456)</u>	<u>\$ 7,363,006</u>



MEGA FINANCIAL HOLDING CO., LTD.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the Years Ended December 31,		
	2012		2011
	NT\$	US\$	NT\$
<u>Cash Flows from Operating Activities</u>			
Net income	\$ 21,533,141	\$ 741,627	\$ 17,679,892
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,806	751	31,677
Loss on financial assets measured at cost	1,039	36	-
Investment income from equity investments accounted for by the equity method	( 22,661,062 )	( 780,474 )	( 18,111,631 )
Cash dividends distributed by equity investments accounted for by the equity method	11,770,105	405,376	10,157,330
Swap bond discounted amortization	48,609	1,674	22,859
Changes in assets and liabilities:			
(Increase) decrease in receivables	( 142,330 )	( 4,902 )	1,467,798
Increase in other assets	( 409 )	( 14 )	( 2,645 )
Net change in deferred income tax assets/liabilities	-	-	77,931
Increase in financial liabilities at fair value through profit or loss	1,200	41	-
Increase (decrease) in payables	1,435,686	49,447	( 304,871 )
Increase in accrued pension liability	4,328	149	2,895
Net cash provided by operating activities	<u>12,012,113</u>	<u>413,711</u>	<u>11,021,235</u>
<u>Cash Flows from Investing Activities</u>			
Acquisition of property and equipment	( 16,688 )	( 575 )	( 1,747 )
Increase in equity investments accounted for by the equity method	( 7,191,000 )	( 247,666 )	-
Returned capital due to the liquidation on financial assets carried at cost	2,814	97	-
Acquisition of other assets	-	-	( 2,844 )
Net cash used in investing activities	<u>( 7,204,874 )</u>	<u>( 248,144 )</u>	<u>( 4,591 )</u>
<u>Cash Flows from Financing Activities</u>			
Increase in commercial paper payable	881,079	30,345	-
(Decrease) increase in bonds payable	( 300,000 )	( 10,332 )	528,200
Increase (decrease) in other liability	649	22	( 3,580 )
Payments of cash dividends	( 9,588,523 )	( 330,240 )	( 9,953,483 )
Net cash used in financing activities	<u>( 9,006,795 )</u>	<u>( 310,205 )</u>	<u>( 9,428,863 )</u>
Net (decrease) increase in cash and cash equivalents	( 4,199,556 )	( 144,638 )	1,587,781
Cash and cash equivalents, beginning the year	<u>4,276,849</u>	<u>147,300</u>	<u>2,689,068</u>
Cash and cash equivalents, end the year	<u>\$ 77,293</u>	<u>\$ 2,662</u>	<u>\$ 4,276,849</u>
<u>Supplemental cash flow information:</u>			
Interest paid	<u>\$ 362,600</u>	<u>\$ 12,488</u>	<u>\$ 437,758</u>
Income tax paid	<u>\$ 1,983,656</u>	<u>\$ 68,319</u>	<u>\$ 2,820,166</u>
<u>Non-cash Investing And Financing Activities</u>			
Payables - corporate bonds within 1 year of maturity	<u>\$ 4,100,000</u>	<u>\$ 141,209</u>	<u>\$ -</u>

## Attachment 4

### Mega Financial Holding Co., Ltd.

#### Earnings Distribution Table

Year 2012

Unit : NT\$

Items	Amount
Beginning retained earnings	9,779,527,638
Add:Net income of 2012	21,533,140,135
Subtotal	31,312,667,773
Less:10% legal reserve	(2,153,314,014)
Total distributable earnings	29,159,353,759
Less:Distribution items	
Cash dividend to shareholders (NT\$1.1 per share)	(12,594,806,381)
Unappropriated retained earnings	16,564,547,378
Note:	
Remuneration to directors-cash NT\$96,899,000.	
Employee profit sharing-cash NT\$10,240,000.	
The 2012 earnings shall be applied to the funds of dividends distributed first.	

## Appendix 3

### Mega Financial Holding Co., Ltd. Shareholding of Directors

Book closure date: Apr. 23, 2013

Position	Name	Shareholding (shares)	Percentage
Chairman	Yeou-Tsair Tsai (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	9.98%
Director	Kuang-Si Shiu (Representative of Ministry of Finance, R.O.C.)		
Director	Ching-Tsai Chen (Representative of Ministry of Finance, R.O.C.)		
Director	Joanne Ling (Representative of Ministry of Finance, R.O.C.)		
Director	Ying-Wei Peng (Representative of Ministry of Finance, R.O.C.)		
Director	Tzong-Yau Lin (Representative of Ministry of Finance, R.O.C.)		
Director	Hung-Wen Chien (Representative of Ministry of Finance, R.O.C.)		
Director	Yaw-Chung Liao (Representative of Ministry of Finance, R.O.C.)		
Director	Hsiao-Hung Chen (Representative of National Development Fund, Executive Yuan, R.O.C.)		
Director	Jih-Chu Lee (Representative of Chunghwa Post Co., Ltd.)	312,447,921	2.73%
Director	Justin Jan-Lin Wei (Representative of Bank of Taiwan)	286,954,793	2.51%
Director	Chung-Hsiang Lin (Representative of Labor Union of Mega Int'l Commercial Bank Co., Ltd.)	1,884,040	0.02%
Independent Director	Tsun-Siou Lee	0	-
Independent Director	Shean-Bii Chiu	0	-
Independent Director	Chi-Hung Lin	0	-
Number of the shares held by all directors: 2,444,106,637 shares (21.35%)			
Minimum number of directors' shareholding required by the FSC: 160,000,000 shares (1.40%)			

Note: As the Company has established the Audit Committee, the minimum shareholding requirements for supervisors shall not apply.