

Stock Code : 2886

Mega Financial Holding Co., Ltd.
Handbook for the 2016 Annual Meeting of Shareholders
(Summary Translation)

Meeting Time: June 24, 2016

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 2016 Annual Meeting of Shareholders

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

Mega Financial Holding Co., Ltd.
Year 2016
Agenda of Annual Meeting of Shareholders

Time: 09:00 a.m on Friday, June 24, 2016

Place: 13/F, Jinlin Bldg. of Mega International Commercial Bank (the “Bank”)
No. 100, Jinlin Road, Taipei, Taiwan

Attendants: Shareholders or their representatives

Chairperson: Acting Chairman Hann-Ching Wu

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

2. Chairperson Remarks

3. Matters for Discussion

(1) Amendment to the Articles of Incorporation

4. Company Reports

(1) 2015 Business Report

(2) Audit Committee’s Review Report on the 2015 Financial Statements

(3) The distribution of employees’ and directors’ remuneration for the year 2015

(4) Issuance of Corporate Bonds in 2015

(5) Report on the “Principles for Ethical Management” and ”Code of Ethical Conduct”
of the Company

5. Matters for Recognition

(1) Adoption of the 2015 Business Report and Financial Statements

(2) Adoption of the Proposal for Distribution of 2015 Earnings

6. Questions and Motions

7. Adjournment

Matters for Discussion

Agenda 1: Amendment to the Articles of Incorporation. (Proposed by the Board of Directors)

Explanation:

- (1) In order to conform to the related laws and regulations, the Company hereby proposes to amend the Articles of Incorporation as follows:
 - i. Article 31: A range of dividend distribution appropriated for shareholders from the earnings available for distribution is expressly specified. The content relating to employees' bonuses and directors' remuneration in this Article is moved to the new Article 31-1;
 - ii. Article 31-1 [New]:The content relating to employees' bonuses and directors' remuneration in the Article 31 is moved to this Article. The term "employees' bonuses" is replaced with the term "employees' remuneration", and the appropriation method of employees' and directors' remuneration is revised as well.
- (2) The contents of the amendments in comparison with the contents before amendment are attached hereto as Attachment 1 (p.11).

VOTING RESULTS:

Company Reports

Agenda 1: 2015 Business Report. (Proposed by the Board of Directors)

Explanation: The 2015 Business Report is attached as Attachment 2 (p.23).

Agenda 2: Audit Committee's Review Report on 2015 Financial Statements. (Proposed by the Board of Directors)

Explanation: The 2015 Audit Committee's Review Report is attached as Attachment 3 (p.32).

Agenda 3: The distribution of employees' and directors' remuneration for the year 2015. (Proposed by the Board of Directors)

Explanation:

- (1) This proposal is made in accordance with Article 235-1 of the Company Act and Article 31-1 of the Company's Articles of Incorporation.
- (2) The Company will distribute employees' remuneration of NT\$ 10,418,445 and directors' remuneration of NT\$ 150,125,440 for the year 2015. Both will be distributed in cash. The employees' and directors' remuneration are respectively NT\$ 43,203 and NT\$ 2,699 less than the recognized amounts due to the difference of estimates. The difference will be treated as changes in accounting estimates and adjusted in the profit or loss of 2016.
- (3) This proposal has been approved by the 10th meeting of the 6th term of Board of Directors on March 29, 2016.

Agenda 4: Issuance of Corporate Bonds in 2015. (Proposed by the Board of Directors)

Explanation:

- (1) To dispose of the shareholding in Taiwan business Bank (TBB), the 39th meeting of the 5th term Board held on May 26, 2015 approved the issuance of domestic unsecured exchangeable bonds for an amount not to exceed NT\$6 billion.
- (2) The key terms of the exchangeable bonds are as follows:

Issue date	August 25, 2015
Issue size	The issue size is NT\$5.8 billion. The Bonds were issued at an issue price of 100.1% of the nominal amount, in denominations of NT\$100,000 each, raising gross proceeds of NT\$5.8058 billion.
Term	3 years. (August 25, 2015~August 25, 2018)
Coupon rate	0%
Redemption at maturity	Unless previously purchased and cancelled, redeemed or exchanged, the Bonds will be redeemed in cash at 100% of the principal amount at the Maturity Date.
Underlying securities	TBB common shares held by the Company.
Exchange price	The initial exchange price was NT\$ 9.56. Effective August 31, 2015, the ex-right date of TBB, the exchange price was adjusted to NT\$ 8.91.
Exchange price adjustment	The exchange price will be adjusted in certain events as set out in the Exchange Rule. (including, but not limited to, TBB's cash capital increase, capitalization of retained earnings)
Exchange period	Except the suspended exchange period provided in the Exchange Rule, the bondholders may exercise the right to exchange their bonds for TBB common shares at any time from September 26, 2015 to August 25, 2018.
Redemption at the option of the issuer	From the date of September 26, 2015 to July 16, 2018, the Company may redeem the Bonds at 100% of principal amount in cash, provided that the closing price of TBB common shares exceeds 30% of the exchange price in continuous 30 business days or the outstanding principal amount of the Bonds is less than 10% of the aggregate principal amount originally issued.

Agenda 5: Report on the “Principles for Ethical Management ” and ”Code of Ethical Conduct” of the Company. (Proposed by the Board of Directors)

Explanation:

- (1) The Company has set “Principles for Ethical Management ” and “Code of Ethical Conduct” based on the letters from Taiwan Stock Exchange Corporation dated November 7, 2014 with the reference number Tai-Zheng-Zhi-Li-Zi-1030022825 and January 28, 2015 with the reference number Tai-Zheng-Zhi-Li-Zi -1040001716 pertaining to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM-Listed Companies”.
- (2) The Company’s “Principles for Ethical Management ” and “Code of Ethical Conduct ” are herewith attached as Attachments 4 (p.33) and 5 (p.41).

Matters for Recognition

Agenda 1: Adoption of 2015 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation: The Company 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 2015 have been authorized by the Board and examined by the Audit Committee. The 2015 Business Report and Financial Statements are attached as Attachments 2 (p.23) and 6 (p.44).

RESOLVED:

Agenda 2: Adoption of the Proposal for Distribution of 2015 Earnings. (Proposed by the Board of Directors)

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 beginning undistributed retained earnings for 2015 is NT\$30,420,268,693, with a deduction of NT\$283,519,700, the adjustment amount due to adoption of 2013 IFRSs, and NT\$1,221,103,764, the actuarial losses made for re-measurements of defined benefit plan, from retained earnings, the adjusted retained earnings is NT\$28,915,645,229. The adjusted retained earnings after adding the Company's 2015 earnings of NT\$29,417,211,073, and deducting 10% or NT\$2,941,721,107 appropriated for legal reserve, the distributable earnings for 2015 is NT\$55,391,135,195. Pursuant to the Company's Articles of Incorporation and related regulation, the Board of Directors is proposed to distribute NT\$1.5 per share in cash with aggregate cash dividends of NT\$20,399,735,975.
- (3) To accommodate the adoption of income tax integration, the aforementioned cash dividends will be distributed to shareholders from the 2015 earnings as a priority.
- (4) After this proposal is approved by the annual general shareholders' meeting, the board is authorized to set the ex-dividend date.
- (5) The amount of cash dividends per share shall be calculated and truncated to NT\$1. The sum of all cash dividends less than NT\$1 shall be allocated in line with a progressive decrease in decimal numbers and a progressive increase in shareholders' ID number so that the total dividend distribution is fully paid.
- (6) 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.
- (7) The 2015 Profit Distribution Proposal is attached as Attachment 7 (p.56).

RESOLVED:

Questions and Motions

Attachment 1

Mega Financial Holding Co., Ltd.

Comparison of the Amended Articles of the Articles of Incorporation

Amended Articles	Current Articles	Explanations
<p>ARTICLE 31</p> <p>After paying all taxes and covering its accumulated losses of the previous years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside special reserve, in accordance with laws or its actual needs. The remaining balance plus prior years' accumulated undistributed earnings are <u>earnings available for distribution, for which the Company shall appropriate 30% to 100% as earnings distribution</u> subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the shareholders' meeting for approval.</p> <p>At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock dividend may be adjusted by resolution at a shareholders' meeting.</p>	<p>ARTICLE 31</p> <p>After paying all taxes and covering its accumulated losses of the previous years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside special reserve, in accordance with laws or its actual needs. The remaining balance <u>(including reversible special reserve) shall be distributed as follows: (1) 0.02% to 0.16% as bonuses to employees (2) not more than 0.5% as remuneration to Directors, and (3) the remaining earnings plus prior years' accumulated undistributed earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the shareholders' meeting for approval.</u></p> <p>At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock dividend may be adjusted by resolution at a shareholders' meeting. <u>The employees' bonuses mentioned in the First Paragraph of this Article shall be distributed</u></p>	<p>1. In compliance with FSC's Sound Dividend Policy, and in consideration of ex MOF Securities & Future Management Committee's Document No. 100116, dated January 3, 2000, and Document No. 00371, dated February 1, 2000, the Company expressly provides the range of dividends appropriated for shareholders from the earnings available for distribution for the sake of clarity in its dividend policy.</p> <p>2. To conform to the amendments to the Article 235 of the Company Act, employees' bonuses and directors' remuneration shall not be applied to the profit distribution in this Article. The content relating to employees' bonuses and directors' remuneration in this</p>

	<u>in cash or stock in accordance with the resolution of the shareholders' meeting.</u> <u>Employees of the affiliated company may be entitled to the employees' stock bonus, subject to the rules set forth by the Board of Directors.</u>	Article is moved to the new Article 31-1.
<p>ARTICLE 31-1</p> <p>The current year's earnings (pre-tax income before deducting employees' and directors' remuneration) of the Company shall first be applied to cover all its accumulated losses, and the remaining balance shall be appropriated 0.02% to 0.15% as employees' remuneration and not more than 0.5% as directors' remuneration.</p> <p>The employees' remuneration mentioned in the preceding Paragraph of this Article shall be distributed in cash or stock.</p> <p>Employees of the affiliated companies meeting certain specific requirements may be entitled to the employees' stock remuneration, subject to the rules set forth by the Board of Directors.</p>	[New]	<p>In compliance with the Article 235 of the Company Act, the content relating to employees' bonuses and directors' remuneration in the Article 31 is moved to this Article. The term "employees' bonuses" is replaced with the term "employees' remuneration", and the appropriation method of employees' and directors' remuneration is revised as well.</p>
<p>ARTICLE 33</p> <p>These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was</p>	<p>ARTICLE 33</p> <p>These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was</p>	The date of the twelfth amendment is added.

made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, <u>and the twelfth amendment was made on June 24, 2016.</u>	made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012 and the eleventh amendment was made on June 24, 2014.	
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Articles of Incorporation of Mega Financial Holding Company Limited

CHAPTER I GENERAL PROVISIONS

ARTICLE 1

The Mega Financial Holding Company Ltd. (hereinafter referred to as the "Company") is hereby organized under the Financial Holding Company Act and the Company Act to enhance the economic scale, achieve synergy of the financial holding company and promote the development of the financial market.

ARTICLE 2

The Company shall establish its head office at Taipei, Taiwan, the Republic of China and may set up branch offices as deemed necessary for its business operations.

The establishment, dissolution and change of status of branches as referred to in the preceding Paragraph shall be executed pursuant to the resolutions to be adopted by the Board of Directors.

CHAPTER II SCOPE OF BUSINESS

ARTICLE 3

The scope of business of the Company shall be financial holding company (business code H801011).

ARTICLE 4

The Company shall engage in the following business:

1. To invest in the following industry:

- (1) financial holding company;
- (2) banks;
- (3) bills finance company;
- (4) credit card company;
- (5) trust company;
- (6) insurance company;
- (7) securities company;
- (8) futures company;
- (9) venture capital company;
- (10) foreign financial company approved by the competent authority; and
- (11) other financial related company recognized by the competent authority

2. To manage the investment of the aforesaid company invested
3. To apply to the competent authority to invest in industry not specified in the first Paragraph of this Article but not involved in the operation of the company invested
4. To conduct other business approved by the competent authority

ARTICLE 5

The Company is a professional investment company. The total amount of investments made by the Company may exceed forty percent of the amount of its own paid-up capital without being subject to the requirement set out in Paragraph 1, Article 13 of the Company Act.

CHAPTER III CAPITAL STOCK

ARTICLE 6

The total authorized capital of the Company is two hundred twenty billion New Taiwan Dollars (NT\$220,000,000,000), divided into twenty two billion (22,000,000,000) shares at par value of ten New Taiwan Dollars (NT\$10.00) per share. The shares are issued in installments determined by the Board of Directors.

ARTICLE 7

Prior to the reunification of the country, all shares held by shareholders in mainland China are treated as reserved shares according to the law. Such reserved shares are not entitled to vote at any shareholders' meeting of the Company, and the number of such reserved shares is not counted in the total number of the issued and outstanding shares of the Company.

ARTICLE 8

All share certificates of the Company shall indicate thereon the name of the shareholder thereof, shall be affixed with the signatures or personal seals of three Directors of the Company, and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance thereof.

For the shares to be issued by the Company, the Company may be exempted from printing any share certificate for the share issued, while the Company shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.

ARTICLE 9

Each of the shareholders shall submit to the shareholders' registrar retained by the Company his/her/its seal specimen card. Shareholders applying to the shareholders' registrar retained by the Company for processing of share matters or exercise of shareholders' rights in writing should sign or affix the seal as shown in the specimen card.

The shareholders' registrar referred to in the preceding Paragraph shall provide the relevant

information of the shareholders upon the Company's request.

ARTICLE 10

Any juristic person or a government agency shareholder may be elected as a Director; provided, however, that it shall appoint a natural person to act on its behalf.

ARTICLE 11

Share registrar matters shall be handled pursuant to the Guidelines Governing Share Registrar Matters of Public Companies, as promulgated by the competent authority, and other relevant laws and regulations.

CHAPTER IV MEETINGS OF SHAREHOLDERS

ARTICLE 12

The meeting of shareholders shall be convened by the Board of Directors unless the Company Act shall require otherwise.

The shareholders' meetings are of the following two kinds:

- (1) Regular meetings of the shareholders: to be convened at least once a year; and
- (2) Special meetings of the shareholders: to be convened whenever necessary.

Regular meetings of the shareholders shall be convened within six months after the close of each fiscal year.

ARTICLE 13

The entries in the shareholders' book shall be closed in a period from 60 days prior to the convening date of a regular shareholders' meeting, from 30 days prior to the convening date of a special shareholders' meeting, or from 5 days prior to the record date set by the Company for distribution of dividends, bonus or other benefits.

ARTICLE 14

A shareholder who is unable to attend a shareholders' meeting may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.

When the government or a juristic person is a shareholder, its proxy shall not be limited to one person.

ARTICLE 15

Unless otherwise required by laws and regulations, each share holding by the shareholders shall have one vote.

A shareholder who has conflict of interest in the matter under discussion at a shareholders' meeting, which will likely impair the interest of the Company, shall not vote nor exercise the voting right on behalf of other shareholders.

ARTICLE 16

A written notice to convene a regular meeting of shareholders shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. In case of a special meeting of shareholders, a meeting notice shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The agenda of a meeting of shareholders shall be stated in the meeting notice to be sent to shareholders. A public notice to shareholders holding less than 1000 shares may be placed instead of a written notice.

The aforesaid agenda of a meeting may be proposed by "extemporary motions"; provided, however, that matters which shall be stated in the meeting notice in accordance with relevant laws and regulations may not be proposed by "extemporary motions".

The first Paragraph of this Article shall not apply to the situation where the meeting of shareholders resolves to postpone or reconvene the meeting within five days.

ARTICLE 17

Unless otherwise required by law, resolutions of the shareholders' meeting shall be adopted by a majority of the issued shares held by the shareholders present at the meeting (quorum), and a majority of shareholders present at the meeting vote for such resolution.

ARTICLE 18

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the meeting. The distribution of the minutes of shareholders' meeting may be made by means of public announcement. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendance list bearing the signatures of shareholders present at the meeting and the proxies shall be kept by the Company for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the above documents shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

CHAPTER V

BOARD OF DIRECTORS

ARTICLE 19

The Company shall have a Board of Directors composed of fifteen to twenty one Directors. Starting from 2013, the candidate nomination system is adopted for directors; the shareholders shall elect directors from a list of the candidates. The term of office of a director is three years, and may be eligible for re-election.

Among the directors prescribed in the preceding Paragraph, at least three independent directors and a number of independent directors no less than 1/5 of the board seats shall be included.

The independent directors' professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other compliance requirements shall be handled in accordance with the relevant laws and regulations.

The remuneration of the independent directors of the Company shall be determined by the Board, considering degrees of participation and value of contribution of said directors in business operation of the Company, as well as based on levels of remuneration generally adopted by the same industry. The total number of the shares held by all the Directors shall not be less than that required by the competent authority in charge of securities affairs.

The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

ARTICLE 19-1

The Fifth Term of the Board of Directors of the Company starts to set up the audit committee, composed entirely of independent directors. It shall be no less than three in number, one of whom shall serve as the convener, and at least one of whom shall have accounting or finance expertise. The exercise of powers, organizational charter, and other compliance requirements of the audit committee shall be handled in accordance with the relevant laws and regulations, as well as the Company's internal guidelines.

ARTICLE 19-2

The Company shall set up a remuneration committee in accordance with the laws, and may set up other functional committees. Organizational charter of such committees shall be approved by the Board of Directors.

ARTICLE 20

The Chairman of the Board of Directors shall be elected by and among the directors and shall hold such office for a period corresponding to the term of director.

The remuneration of the Chairman of the Board of Directors is calculated based on 1.25 times the remuneration of the President of the Company.

The pension or severance pay of the Chairman of the Board of Directors shall be calculated in

accordance with the relevant pension provisions of the Labor Standards Act, but not being subject to restrictions on age and seniority.

ARTICLE 21

Business operations of the Company shall be executed pursuant to the resolutions to be adopted by the Board of Directors, except for the matters the execution of which shall be effected pursuant to the resolutions of the shareholders' meeting as required by the Company Act or the Articles of Incorporation of the Company. The powers of the Board of Directors shall be as follows:

- (1) To review and approve the business policies and plans of the Company;
- (2) To review and approve the regulations with respect to the organization structure and unit functions of the Company;
- (3) To review and approve the budget and the financial statements of the Company;
- (4) To appoint or discharge a financial, accounting, internal auditor or senior officers;
- (5) To review and approve important rules and regulations of the Company and contracts entered into by the Company;
- (6) To review and approve the increase or reduction of the capital, and the issuance of the stocks of the Company;
- (7) To review and approve a material asset transaction;
- (8) To determine the date for regular or special meetings of shareholders;
- (9) To determine the proposals for earning distribution or loss off-setting;
- (10) To determine the proposal for buying back of the stocks of the Company;
- (11) To appoint or discharge the directors and supervisors of subsidiaries of the Company;
- (12) To retain or release a certifying CPA, or the compensation given thereto;
- (13) To review and approve the organizational charters of functional committees;
- (14) To conduct any other business pursuant to the laws and the authorization of the shareholders' meeting.

The Board of Directors consists of one Chief Secretariat, Secretariats and staffs, handling the proposal, documents of the meeting of the Board of Directors and other secretariat related matters.

ARTICLE 22

The Auditing Department organized under the Board of Directors, consists of one Chief Auditor, one Deputy Chief Auditor, Auditors and staffs, handling internal auditing and related matters. Divisions can be set up in need to engage in different business.

The Chief Auditor is ranking the same as Executive Vice President and the Deputy Chief Auditor is ranking the same as Senior Vice President or Vice President of the Company.

ARTICLE 23

The Chairman of the Board of Directors shall internally chair the shareholders' meeting and the meeting of the Board of Directors; and shall externally represent the Company. In case the

Chairman of the Board of Directors is absent or cannot exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors.

ARTICLE 24

A meeting of the Board of Directors shall, unless otherwise provided for in relevant laws and regulations, be convened by the Chairman of the Board of Directors. Unless otherwise provided in laws, resolutions of the Board of Directors shall be adopted by the approval of a majority of the Directors at a meeting of the Board of Directors, attended by a majority of all the Directors.

Directors shall attend the meetings of the Board of Directors in person. In the event a Director is unable to attend the meeting for cause, he may execute a power of attorney appointing another Director as his proxy, stating therein the scope of his authorities with reference to the items on the agenda. The aforesaid proxy may serve as proxy for one Director only.

In case a meeting of the Board of Directors is proceeding via video conference, then the Directors attending such video conference shall be deemed to have attended the meeting in person.

ARTICLE 25

Meeting of the Board of Directors shall be held once a month. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The procedure for meetings of the Board of Directors shall be governed by the relevant laws and regulations, the Articles of Incorporation of the Company, and the rules otherwise adopted by the Board of Directors.

The notice of the Board meeting may be served in writing by mail, E-mail or fax.

ARTICLE 26

Minutes of the meeting of the Board of Directors shall be prepared to record all resolutions passed at said meetings.

Article 18 hereof shall apply mutatis mutandis to the preparation and safekeeping of the minutes referred to in the preceding Paragraph.

CHAPTER VI MANAGERIAL OFFICERS

ARTICLE 27

The Company shall have a President and several Executive Vice Presidents, Senior Vice Presidents and Vice Presidents, all of whom shall be nominated by the Chairman for the consent of the Board of Directors.

ARTICLE 28

The President shall, pursuant to the instructions of the Chairman of the Board of Directors, manage

all the business of the Company, implement all the resolutions adopted at the meeting of Board of Directors.

The Executive Vice President(s) shall assist the President in the matters referred to in the preceding Paragraph. In the event that the President is unable to perform his duties for cause, one of the Executive Vice Presidents shall be appointed by the Chairman to act on behalf of the President.

CHAPTER VII ACCOUNTING

ARTICLE 29

The fiscal year of the Company shall be from January 1 to December 31 of every year.

ARTICLE 30

At the close of each fiscal year, the Board of Directors shall prepare the following statements and reports, and shall submit the same to the regular meeting of shareholders for ratification in accordance with the legal procedures:

1. the business report;
2. the financial statements; and
3. the earning distribution or loss off-setting proposals.

After the ratification of the statements and reports mentioned in the preceding Paragraph by the regular meeting of shareholders, the Board of Directors shall announce or distribute to each shareholder the ratified financial statements and the resolutions on the earning distribution and/or loss offsetting.

ARTICLE 31

After paying all taxes and covering its accumulated losses of the previous years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside special reserve, in accordance with laws or its actual needs. The remaining balance plus prior years' accumulated undistributed earnings are earnings available for distribution, for which the Company shall appropriate 30% to 100% as earnings distribution subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the shareholders' meeting for approval.

At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock dividend may be adjusted by resolution at a shareholders' meeting.

ARTICLE 31-1

The current year's earnings (pre-tax income before deducting employees' and directors' remuneration) of the Company shall first be applied to cover all its accumulated losses, and the

remaining balance shall be appropriated 0.02% to 0.15% as employees' remuneration and not more than 0.5% as directors' remuneration.

The employees' remuneration mentioned in the preceding Paragraph of this Article shall be distributed in cash or stock. Employees of the affiliated companies meeting certain specific requirements may be entitled to the employees' stock remuneration, subject to the rules set forth by the Board of Directors.

CHAPTER VIII ADDENDUM

ARTICLE 32

Any matters not otherwise provided in the Articles of Incorporation of the Company shall be governed by the Financial Holding Company Act, the Company Act, the Banking Act and other applicable regulations.

ARTICLE 33

These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, and the twelfth amendment was made on June 24, 2016.

Attachment 2

Mega Financial Holding Co., Ltd. 2015 Business Report

The global economy was not as good as expected in 2015, mainly due to the sluggish economic recovery of the advanced countries, slipping international oil and commodity prices, and the decline of economic growth in emerging and developing countries, of which the impact of China's sluggish economic growth was the most severe. According to IMF announcement in April 2016, the global economic growth rate was 3.1% in 2015, a 0.3% decline from 2014. The global economic growth of this year is forecasted to continue the trend of slow growth of recent years. In addition, there remain risks to be aware of, including a further slowdown in China's economy, divergent and uncertain monetary policies of central banks around the world, capital outflows of emerging markets, debt crises, and geopolitical troubles.

In terms of domestic economy, the annual growth rate of exports in 2015 exhibited a negative result for eleven consecutive months, of which eight months ended up with a double-digit decline. This was mainly due to the impact of weak international market demand, the rise of Chinese supply chain, the continued consumption of semiconductor product stock, and the continued decline in oil and steel prices. Therefore, domestic demand has become the main support of economic growth momentum. According to the statistics revealed by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, in February 2016, the 2015 economic growth rate was 0.75%, failed to maintain the 1%, setting a record low since the financial crisis in 2008. Due to the increasing downward risk of global economy, if the global economy reverses downward rather than recovers as expected, Taiwan's economic recovery pace will be affected in 2016.

Under the influence of domestic and international negative factors, Taiwan's economy in 2015 had shown a trend of gradual decline. In this difficult environment, the profitability of financial institutions were inevitably affected. Fortunately, the Company posted outstanding performance thanks to the consistently sound operating principle, the solid business foundation, and the strict risk control. In 2015, the Company's consolidated net income after tax was NT\$29,273 million, declining NT\$986 million or 3.26% growth from 2014, while after-tax EPS was NT\$2.35, making us a top performer among financial holding companies. The operation results of the Company in 2015 are shown below.

I. Operating Guidelines

1. Cultivating customer relationships and creating group synergy
2. Concentrating and focusing on our core business to create the greatest value for shareholders
3. Enhancing the Group's risk management and warning system
4. Strengthen the Group's information management and resource sharing to reduce operating cost
5. Reinforcing environmental, social, and governance performance to fulfill the corporate social responsibility
6. Strengthening relationships with institutional investors

II. Implementation overview

(I) Continue to enhance the subsidiary's business

The subsidiaries of Mega Holdings continued to enhance their business operations in 2015 based on the existing foundation. In terms of corporate finance business, Mega Bank's syndicated loan business had a market share of 5.57% in 2015, ranked 4th in the syndicated loan market in Taiwan. The credit business had a market share of 7.58% in 2015; the loan business had a market share of 6.99%, and corporate loan business had a market share of 7.23%, all ranking 3rd among local banks. The SME loan business had a market share of 7.33%, ranking 5th among the domestic banks in Taiwan. In terms of consumer finance and wealth management business, Mega Bank had a consumer finance loan balance of NT\$390.3 billion by the end of 2015, representing an annual growth of 1.18% from the year of 2014. The total wealth management profit of the Group in 2015 was NT\$3.079 billion, representing an annual growth of 18.96% from the year of 2014. The financing commercial paper of Mega Bills had a market share of 30.33% in 2015. The bills trading in the secondary market had a market share of 34.86%; the bond trading had a market share of 31.18% and the bills guarantee business had a market share of 31.54%, all ranking first in the market. Mega Securities' market share in securities brokerage business was 2.87% in 2015, ranking 9th in the market. Chung Kuo Insurance's marine insurance business had a market share of 9.14% in 2015, ranking 4th in the market. The aviation insurance business had a market share of 14.33%, ranking 3rd in market.

(II) Expanding business territory and strengthening Asian market deployment:

1. The bank subsidiary has a total of 40 overseas business offices (including branches, subsidiaries, sub-branches, and representative offices) by the end of March 2016, of which, 23 or 58% business offices were in Asia.
2. The bank subsidiary's net income before tax derived from overseas branches (including OBU, and branches and subbranches in China) was 52.29% in 2015.
3. Future development goal - to become a regional financial group
 - (1) Merge or acquire a life insurance company that has a certain scale of operation.
 - (2) Aim to become competitive in domestic retail banking market.

- (3) Initiate mergers and acquisitions, strategic alliances, or equity investment in overseas markets.
- 4. Regional business strategy - the target area and differentiated services
 - (1) Decide the target markets, the core business of each individual market, and the optimum scale of operation.
 - (2) Determine the timing of merger and stock investment carefully.
 - (3) Develop the “localized operation” business model.
 - (4) Establish an organizational structure in compliance with the corporate governance and an internationalized corporate culture.

(III) Chinese market development strategy

1. Mega International Commercial Bank:

- (1) The initial business deployment strategy in China will be focusing on the Yangtze River Delta region. Currently, there are four business offices, including Suzhou Branch, Ningbo Branch, Suzhou Wujiang Subbranch, and Kunshan Subbranch. The Bank has planned to set up a subsidiary registered in Shanghai. The existing branches and subbranches in China will be consolidated as the branches and subbranches of the subsidiary after the establishment of the subsidiary.
 - (2) The Bank will continue evaluating cities, such as Shenzhen City, with potentials, expanding the number of branches, duplicating the successful experience in Yangtze River Delta region to other areas, and enhancing the brand awareness of the Bank in China.
 - (3) In terms of investing in Chinese banks, the city commercial banks will be considered with top priority. If there is a suitable investment target, the investment will be initiated after careful assessment of the feasibility.
- #### 2. Mega Securities: According to the specific conclusions reached in the “First Meeting of Cross-strait Securities and Futures Supervision and Cooperation Platform” on January 29, 2013, China has published the relaxation on investment in China’s securities firms. However, the Cross-Strait Service Trade Agreement has not yet been reviewed and approved by the Legislative Yuan. The company will continue to observe the direction of government policy, the progress of negotiation and deregulation subsequently. In addition, the company will continue to seek suitable business partners, after taking the Group’s overall business resources and the distribution of Taiwanese enterprises in China into account.
- #### 3. Chung Kuo Insurance(CKI): Failing to comply with the “Clause 532” (total assets over US\$5 billion, over 30 years of incorporation, and over 2 years of representative office in China) CKI has no plan to invest in insurance related institutions in China.

III 、Business Operations of the Subsidiaries

According to the Financial Holding Company Act, the business scope of a Financial Holding Company shall be limited to investment in, and management of, its invested enterprise(s). In 2015, the subsidiaries of the Company continued to strengthen their business operations upon the current achievement. The operation results of our subsidiary companies are summarized as follows:

(1) Mega International Commercial Bank

Units: NT\$ million, except foreign exchange in US\$ million

Item \ Year	2015	2014	Change (%)
Deposits	2,080,552	1,929,424	7.83
Bills discounted and loans	1,765,178	1,691,323	4.37
Corporate financing	1,377,601	1,325,417	3.94
Consumers financing (excluding credit card loans)	387,577	365,906	5.92
Foreign exchange business(US\$)	842,207	825,871	1.98
Securities purchased	380,305	360,828	5.40
Long-term equity investments	23,472	25,005	-6.13
Credit card loans	1,230	1,363	-9.76

Note: 1. All figures above are average monthly balance.

2.The non-performing loans outstanding at the end of 2015 amounted to NT\$1,341 million, representing a non-performing loan ratio of 0.08%, while its bad debt coverage ratio was 1,723.01%.

(2) Mega Securities Co., Ltd. (MSC)

Item		2015	2014	Change (%)
Securities brokerage	Market share	2.87	3.06	-6.21
Equity underwriting	Number of initial public offering lead managed by MSC	5	3	66.67
	Number of subsequent public offering lead managed by MSC	7	9	-22.22
Bond underwriting	Number of issues lead managed by MSC	3	1	200
	Amount of issues lead managed by MSC (NT\$ billion)	5	1.5	233.33

New financial products	Number of warrants issued	2,154	2,242	-3.93
	Amount of warrants issued (NT\$ billion)	20.9	21.3	-1.88

(3) Mega Bills Finance Co., Ltd.

Units: NT\$ million

Item	2015	2014	Change (%)
Underwriting and purchase of bills	2,334,321	2,357,881	-1.00
Guaranteed issues of commercial paper	2,050,131	2,054,137	-0.20
Dealing in bills	8,177,922	8,363,843	-2.22
Dealing in bonds	5,592,022	5,906,712	-5.33
Guaranteed issues of commercial paper outstanding	148,882	143,178	3.98
Payments for overdue credits	0	0	-
Percentage of payments for overdue credits (%)	0	0	-

(4) Chung Kuo Insurance Co., Ltd.

Unit: NT\$ million

Item	2015	2014	Change (%)
Direct written premiums	6,205	6,282	-1.23
Inward reinsurance premiums	689	604	14.07
Total	6,894	6,886	0.12

(5) Mega International Investment Trust Co., Ltd.

Unit: NT\$ million

Item	2015	2014	Change (%)
Public funds under management	97,566	90,309	8.04
Private funds under management	73	84	-13.10
Discretionary account	766	246	211.38
Total	98,405	90,639	6.05

(6) Mega Asset Management Co., Ltd

Unit: NT\$ million

Item	2015	2014	Change (%)
Gain from disposal of NPL and the underlying collateral	571	578	-1.23
Rental revenues	3	33	-90.91
Interest income	154	99	35.71
Service revenues	258	246	4.88
Total	986	956	3.14

(7) Mega Venture Capital Co., Ltd.

Unit: NT\$ million

Item	2015	2014	Change (%)
Drawdown of long term equity investment	337	348	-3.16
Original cost of long term equity investment	945	882	7.14

(8) Mega Life Insurance Agency Company Co., Ltd.

Unit: NT\$ million

Item	2015	2014	Change (%)
Commission income	1,562	1,168	33.73

IV 、 Budget Implementation

The Company

Unit: NT\$ million, except EPS in NT\$

Item	Final accounting figure, 2015	Budget figure, 2015	Implemented (%)
Revenues	30,548	27,812	109.84
Expenses and losses	684	611	111.95
Net income before tax from	29,864	27,202	109.79

continuing operations			
Net income	29,417	26,684	110.24
Earnings per share	2.35	2.10	111.90

The Company's Subsidiary

Unit: NT\$million

Name of subsidiary	Net income before tax - actual	Net income before tax - budget	Implemented (%)
Mega International Commercial Bank Co., Ltd.	30,250	26,732	113.16
Mega Securities Co., Ltd.	393	946	41.54
Mega Bills Finance Co., Ltd.	3,506	3,151	111.27
Chung Kuo Insurance Co., Ltd.	498	512	97.27
Mega Asset Management Co., Ltd.	503	417	120.62
Mega Life Insurance Agency Co., Ltd.	434	301	144.19
Mega Venture Capital Co., Ltd.	29	44	65.91
Mega International Investment Trust Co., Ltd.	112	132	84.85

Mega Securities Company's budget achieving rate is 41.54%, mainly due to poor stock market with the daily trading volume and margin trading balance below expectations, and the reduced profit. Chung Kuo Insurance Company's budget achieving rate is 97.27%, mainly due to the stock investment income below expectations. Mega Venture Capital Company's budget achieving rate is 65.91%, mainly due to gain from disposal of investments below expectations and the recognition of equity investment loss. Mega International Investment Trust Company's budget achieving rate is 84.85%, mainly due to the downsizing of non-monetary fund.

V、Financial Results

The Company's consolidated net profit before tax in 2015 was NT\$35,329 million, a drop of NT\$244 million or 0.69% compared to 2014. The decline in consolidated net profit before tax is mainly due to the reduction in revenue other than interest of NT\$1,291 million, which offset the increase in net interest income of NT\$1,014 million, while the operating expenses increased by NT\$1,762 million and bad debts expense on loans decreased by NT\$1,795 million. The decline in revenue other than interest is due to the decrease in the realized gain on financial assets and liabilities at fair value through profit or loss as well as gain from disposal of non-performing loans, which offset the increase in service fee

revenue and commissions, reimburse income, and gain from disposal of investment property. The consolidated net profit after tax of the Company and its subsidiaries reached NT\$29,273 million, a decline of NT\$986 million or 3.26%. Its consolidated return of total assets was 0.88% while the return of equity stood at 10.56%. A breakdown of the financial results of the Company and its subsidiaries in 2015 are shown in the table below:

Unit: NT\$ million, except EPS in NT\$

Company	Net Income Before Tax	Net Income After Tax	Earnings Per Share	Return on Total Assets (%)	Return on Shareholders' Equity (%)
Mega FHC & Its Subsidiaries	35,109	29,273	2.35	0.88	10.56
Mega FHC (Unconsolidated)	29,864	29,417	2.35	9.69	10.62
Mega International Commercial Bank Co., Ltd.	30,250	25,708	3.27	0.85	10.89
Mega Securities Co., Ltd.	393	332	0.29	0.66	2.27
Mega Bills Finance Co., Ltd.	3,506	3,010	2.30	1.37	8.91
Chung Kuo Insurance Co., Ltd.	498	413	1.38	2.68	7.09
Mega Asset Management Co., Ltd.	503	469	2.34	3.37	16.62
Mega Life Insurance Agency Co., Ltd.	434	360	180.02	76.59	112.75
Mega Venture Capital Co., Ltd.	29	28	0.28	4.02	4.04
Mega International Investment Trust Co., Ltd.	112	94	1.78	10.44	11.22

Note: Return on assets = Net income after tax / Average assets; Return on equity = Net income after tax / Average equity

VI、Research and Development

The Company and its subsidiaries' research and development progress in 2015 are summarized as follows:

1. The Company

- ◆ Assessing the feasibility of merger or acquisition of other financial institutions
- ◆ Establishing a query system for shareholding information in investee companies
- ◆ Developing a Financial risk reporting system following the standards depicted in IFRS 7

2. Banking subsidiary

- ◆ Publishing the *Mega Bank Monthly*, which includes monographs and articles covering the latest international and domestic economic and financial news and is made public periodically on the bank's website
- ◆ Submitting periodical and non-periodical research reports on the development of the global economic and financial situations

3. Securities subsidiary

- ◆ Undertaking new businesses according to customer demands and constructing the related systems and management mechanisms in line with the government's policy in activating stock market and relaxing trading restrictions
- ◆ Actively developing e-commerce business to catch the financial 3.0 trends
- ◆ Organizing the “structured notes with foreign currency or NTD principal-linked with foreign stock option (principal guaranteed / not principal guaranteed)”
- ◆ Establishing a comprehensive wealth management platform and system as the basis for long-term development of wealth management business

4. Bills subsidiary

- ◆ Research on improving the efficiency of settlements for foreign currency denominated bonds
- ◆ Studying the Equator Principles and its compliance
- ◆ Improving the current operational risk self-assessment system, and enhancing the business risk management mechanism

5. Non-life insurance subsidiary

- ◆ Developing a total of 172 new insurance products in 2015, including 98 “Use and File” products, and 74 “Simple Prior Approval” products

6. Investment trust subsidiary

- ◆ Introduction of multiple currencies products to develop the foreign currency investor base

Attachment 3

Mega Financial Holding Co., Ltd. Audit Committee's Review Report

The Board of Directors of the Company has compiled and delivered the business report, the consolidated financial statements, and 2015 profit distribution proposal. Wherein, the consolidated financial statements were audited by CPA Chou, Chien-Hung and Huang, King-Tse of PricewaterhouseCoopers. The Audit Committee have examined the above statements and found nothing non-compliance and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

To:

2016 General Shareholders' Meeting

Mega Financial Holding Co., Ltd.

Chairman of the Audit Committee: Tsun-Siou Li

Date: April 26, 2016

Attachment 4

Mega Financial Holding Co., Ltd. Principles for Ethical Management

The First Amendment approved by the 6th Meeting of
the Sixth Term Board of Directors of November 24,
2015

Article 1 Purpose and Application

The Principles for Ethical Management (the Principles) have been established by Mega Financial Holding Co., Ltd. (the Company) in order to strengthen the corporate culture of ethical management and sustainable business development.

The Principles shall apply to subsidiaries, enterprises and other forms of legal entities, directly or indirectly controlled by the Company, which may otherwise establish their own Principles for Ethical Management in line with the Principles.

Provisions herein on directors shall apply to supervisors, if any, of those previously mentioned legal entities.

Article 2 Policies

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 3 Legal Compliance

The Company shall comply with the Financial Holding Company Act, Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Act on Recusal of Public Servants Due to Conflicts of Interest, Government Procurement Act, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 4 Prevention Measures

The Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, The Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 5 Prohibition of Unethical Conduct

When engaging in commercial activities, directors, managerial officers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.

Article 6 Benefits

"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in the preceding paragraph, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the Principles and the relevant procedures shall have been carried out:

- 1.The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- 2.The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with commercial purposes, or developing relationships.
- 3.Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- 4.Attendance at folk festivals that are open to and invite the attendance of the general public.
- 5.Rewards, emergency assistance, condolence payments, or honorariums from the management.
- 6.Other conduct that complies with the rules of the Company.

Article 7 Commitment and Implementation

The Company shall clearly specify in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 8 Ethical Business Activities

The Company shall engage in commercial activities in a fair and transparent manner based on the Principles .

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other business parties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other business parties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 9 Prohibition of Bribery

When conducting business, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 10 Prohibition of Illegal Political Donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act, and shall not make such donations in exchange for commercial gains or business advantages.

Article 11 Prohibition of Improper Charitable Donations or Sponsorships

When making or offering donations and sponsorship, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with relevant laws, regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 12 Prohibition of Illegitimate Gifts, Hospitality or Other Improper Benefits

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall not directly or indirectly offering or receiving of any illegitimate gifts, hospitality or other improper benefits to build a business relationship or affect business transactions.

Article 13 Procedures for Handling the Acceptance of Improper Benefits

Except under any of the circumstances set forth in the second paragraph and the proviso of the first paragraph of the Article 6, when the Company and its directors, managerial officers, employees, mandataries, and substantial controllers are provided with or are promised, either directly or indirectly, any benefits as specified in Article 6 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being approved by the president.

Article 14 Prohibition of Intellectual Property Infringement

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 Prohibition of Unfair Competition

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prevention of Damaging the Interest of Stakeholders

In the course of research and development, procurement, provision, or sale of products and services, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. It shall also adopt and

publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, suspend the services immediately.

Article 17 Business Legal Compliance

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 18 Conflicts of Interest

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managerial officers and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company' directors, managerial officers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 19 Accounting and Internal Control

For business activities with a higher risk of unethical behaviors, the Company shall establish an effective accounting system and internal control system, shall not have under-the-table accounting system or keep secret accounts, and shall conduct regular reviews to ensure continued effectiveness of the system's design and implementation.

The Company's internal audit unit shall audit the status of the implementation of the accounting and internal control system and submit its audit reports to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 20 Organization and Responsibility

The directors, managerial officers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of the Principles.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 21 Training and Assessment

The chairperson, president, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 22 Whistle-blowing System

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 23 Disciplinary and Appeal System

The Company shall stipulate and promulgate the disciplinary and appeal system for violation of the ethical corporate management provisions and disclose on the Company's internal website violating individuals' title, name, date of violation, matter violated and handling status.

Article 24 Information Disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. It shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its website, annual reports, and prospectuses, and disclose the contents of the Principles on the Market Observation Post System.

Article 25 Review and Revision of the Principles

The Company shall monitor local and foreign developments of principles related to the ethical corporate management in a timely manner and encourage suggestions from directors, managerial officers, and employees for the improvement of the ethical corporate management policy and related measures and the enhancement to the effectiveness of implementation.

Article 26 Opinion of Independent Directors

When the Principles are brought to the board of directors for discussion, consideration should be given to the independent directors' opinions. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the board meeting minutes; an independent

director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 27 Enforcement

The Principles, and any amendments to them, shall enter into force after they have been adopted by the board of directors, and submitted to a shareholders meeting.

Attachment 5

Mega Financial Holding Co., Ltd. Code of Ethical Conduct

Approved by the 6th Meeting of the Sixth Term
Board of Directors of November 24, 2015

Article 1

This Code of Ethical Conduct was established for the purpose of encouraging directors and managerial officers of the Company to act in line with ethical standards, and to help stakeholders better understand the ethical standards of the Company.

Article 2 Avoidance of Conflicts of Interest

Directors, managerial officers of the Company must be objective and effective in handling company business and must not take advantage of their position in the Company to allow themselves, their spouses, parents, children, or relatives within the second degree of kinship to obtain inappropriate benefits.

The Company must avoid any conflict of interest when conducting business or major asset transactions with enterprises related to the aforementioned personnel. These persons must voluntarily explain if there is any potential conflict of interest between themselves and the Company.

Article 3 Minimizing Incentives to Pursue Personal Gain

Directors or managerial officers of the Company must not engage in any of the following activities:

- (1) Obtaining personal gains or seeking an opportunity to pursue personal gain by using the Company's property, information, or taking advantage of their positions in the Company;
- (2) Competing with the Company.

When opportunities for the Company to obtain profits arise, directors and managerial officers of the Company have the responsibility to increase the legitimate and legal benefits that the Company may possibly gain.

Article 4 Confidentiality Obligations

Directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its clients, unless otherwise authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its clients.

Article 5 Fair Competition

Directors and managerial officers of the Company shall treat all suppliers and clients, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 6 Protection and Appropriate Usage of Company Assets

Directors and managerial officers of the Company have the responsibility to protect company assets and to ensure that they can be effectively and lawfully used for official business purpose.

Article 7 Legal Compliance

Directors and managerial officers of the Company must comply with the Financial Holding Company Act, the Securities and Exchange Act, and other applicable laws, regulations, and bylaws.

Article 8 Encouraging the Reporting of any Illegal or Unethical Activities

The Company shall raise awareness of ethics internally and encourage employees to report to the independence directors, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or this code of ethical conduct, and to provide sufficient information for the Company to take appropriate follow-up action. To encourage employees to report illegal conduct, the Company shall establish a concrete whistle-blowing system and make employees aware that the Company will make every effort to ensure the safety of informants and protect them from reprisals.

Article 9 Disciplinary Measures

If there is a situation where a director or managerial officer violates this code of ethical conduct, the Company shall take disciplinary action in accordance with the related laws and regulations, and the Company's regulations governing punishments, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Company should also establish a relevant complaint system to provide the violator with remedies.

Article 10 Procedures for Exemption

Any exemption for directors or managerial officers from compliance with this code must be adopted by a resolution of the board of directors. Details of the exemption, including the date on which the board of directors adopted the resolution for exemption, independent directors' opposing or reserved opinions, period of the exemption, reason for the exemption and the code applicable, must be posted on MOPS in a timely manner. This allows shareholders to assess if the decision of the board was appropriate and should suppress suspicious exemptions or exemptions requested at will from happening. It also ensures that a proper control and management system exists for any exemption in order to protect the interests of the Company.

Article 11

The Company shall disclose this code of ethical conduct, and any amendments to it, on its website, in its annual reports and prospectuses and on the MOPS.

Article 12

This code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, and submitted to a shareholders meeting.



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, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Mega Group's management. Our responsibility is to issue 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 Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2015, and 2014, and their financial performance and 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" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan

March 29, 2016

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.

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan

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

Assets	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
		Amount	%	Amount	%	Amount	%
Assets							
Cash and cash equivalents	6(1)	\$ 152,871,868	5	\$ 171,560,274	5	\$ 160,288,195	5
Due from the Central Bank and call	6(2)						
loans to banks		499,296,918	15	462,986,081	14	390,959,236	13
Financial assets at fair value through	6(3) and 12						
profit or loss, net		182,036,664	5	181,366,843	6	195,800,759	6
Available-for-sale financial assets,	6(7) and 12						
net		346,461,364	10	280,703,020	9	272,943,633	9
Bills and bonds purchased under							
resale agreements		7,079,210	-	11,874,327	-	2,585,345	-
Receivables, net	6(4)(5)	175,747,221	5	201,540,361	6	184,587,941	6
Current income tax assets		2,307,563	-	1,534,999	-	921,969	-
Non-current assets held for sale, net		-	-	2,739	-	2,576	-
Bills discounted and loans, net	6(5) and 11	1,773,269,054	52	1,733,994,271	53	1,654,577,193	53
Reinsurance contract assets, net	6(6)(23)	3,308,814	-	3,217,685	-	3,293,937	-
Held-to-maturity financial assets,	6(8) and 12						
net		201,233,939	6	163,708,076	5	184,411,233	6
Equity investments accounted for	6(9)						
under the equity method, net		2,976,409	-	2,761,637	-	2,697,551	-
Other financial assets, net	6(5)(10)						
	and 12	17,189,576	1	20,626,729	1	23,430,204	1
Investment property, net	6(11) and						
	12	1,368,553	-	1,976,764	-	2,059,428	-
Property and equipment, net	6(12) and						
	12	21,834,486	1	22,125,875	1	22,150,245	1
Intangible assets, net		299,644	-	307,693	-	318,046	-
Deferred income tax assets	6(38)	4,716,552	-	4,030,528	-	3,847,734	-
Other assets, net	6(13), 11						
	and 12	6,520,471	-	6,320,035	-	8,815,345	-
Total assets		\$ 3,398,518,306	100	\$ 3,270,637,937	100	\$ 3,113,690,570	100

(Continued)

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

Liabilities and equity	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
		Amount	%	Amount	%	Amount	%
Liabilities							
Due to the Central Bank and financial institutions	6(14) and 11	\$ 428,405,839	13	\$ 474,623,325	15	\$ 490,935,730	16
Funds borrowed from the Central Bank and other banks	6(15)	45,459,095	1	53,906,541	2	32,330,245	1
Financial liabilities at fair value through profit or loss	6(16)	22,980,692	1	29,582,637	1	14,856,685	1
Bills and bonds sold under repurchase agreements	6(17)	192,936,650	6	221,809,530	7	219,651,334	7
Commercial paper payable, net	6(18) and 11	19,945,870	-	15,363,080	-	4,393,653	-
Payables	6(19)	63,623,826	2	60,564,578	2	66,105,983	2
Current income tax liabilities		10,517,577	-	9,123,049	-	5,522,518	-
Deposits and remittances	6(20) and 11	2,230,143,429	66	2,036,403,864	62	1,933,722,541	62
Bonds payable	6(21)	41,878,505	1	56,200,000	2	55,898,677	2
Other loans	6(22)	2,280,000	-	5,926,763	-	5,509,213	-
Provisions for liabilities	6(23)	22,917,606	1	21,647,077	1	22,784,989	1
Other financial liabilities	6(24)	10,720,861	-	10,778,269	-	10,094,610	-
Deferred income tax liabilities	6(38)	2,195,423	-	2,169,411	-	2,051,201	-
Other liabilities	6(25)	11,057,625	-	11,640,531	-	8,544,561	-
Total liabilities		<u>3,105,062,998</u>	<u>91</u>	<u>3,009,738,655</u>	<u>92</u>	<u>2,872,401,940</u>	<u>92</u>
Equity							
Equity attributable to owners of parent							
Share capital							
Common stock	6(26)	135,998,240	4	124,498,240	4	124,498,240	4
Capital surplus	6(26)	68,194,233	2	55,270,198	2	55,271,623	2
Retained earnings							
Legal reserve	6(26)	27,494,993	1	24,469,127	1	22,220,204	1
Special reserve	6(26)	2,545,158	-	2,547,719	-	2,547,719	-
Unappropriated retained earnings	6(27)	58,332,856	2	50,589,808	1	36,463,466	1
Other equity interest	6(28)						
Other equity interest		838,599	-	3,362,257	-	100,838	-
Non-controlling interests		<u>51,229</u>	<u>-</u>	<u>161,933</u>	<u>-</u>	<u>186,540</u>	<u>-</u>
Total equity		<u>293,455,308</u>	<u>9</u>	<u>260,899,282</u>	<u>8</u>	<u>241,288,630</u>	<u>8</u>
Total liabilities and equity		<u>\$ 3,398,518,306</u>	<u>100</u>	<u>\$ 3,270,637,937</u>	<u>100</u>	<u>\$ 3,113,690,570</u>	<u>100</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 NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS)

	Notes	For the year ended December 31, 2015		(Adjusted) For the year ended December 31, 2014		Change percentage (%)
		Amount	%	Amount	%	
Interest income	6(29) and 11	\$ 56,852,736	95	\$ 56,213,248	93	1
Less: interest expense	6(29) and 11	(19,164,143)	(32)	(19,539,068)	(32)	(2)
Interest income, net		<u>37,688,593</u>	<u>63</u>	<u>36,674,180</u>	<u>61</u>	<u>3</u>
Revenues other than interest, net						
Service fee revenue and commissions, net	6(30)	10,974,878	18	10,393,011	17	6
Insurance revenue, net		1,871,145	3	1,529,154	3	22
Financial assets and liabilities at fair value through profit or loss	6(31) and 11	1,072,505	2	3,825,892	6 (	( 72)
Gain on investment property		518,772	1	53,200	-	875
Realized gain on available-for-sale financial assets, net	6(32)	1,534,229	3	1,812,054	3 (	( 15)
Foreign exchange gain		2,973,694	5	3,283,164	6 (	( 9)
Share of profit of associates and joint ventures accounted for under equity method	6(9)	244,963	-	152,363	-	61
Other revenue other than interest income	6(34)	1,908,117	3	1,858,560	3	3
Revenue on disposal of non-performing loans		214,214	-	1,297,812	2 (	( 83)
Indemnity income	6(10)	1,717,260	3	-	-	-
Loss on asset impairment	6(33)	(490,064)	(1)	(374,423)	(1)	31
Net revenue		<u>60,228,306</u>	<u>100</u>	<u>60,504,967</u>	<u>100</u>	<u>-</u>
Reversal of (provisions for) bad debts expense guarantee liabilities	6(4)(5)(6) (10)(23)	426,459	1 (	1,588,465)	(3)	(127)
(Provisions for) reversal of insurance reserve	6(23)	(12,356)	-	207,527	- (	( 106)
Operating expenses						
Employee benefit expense	6(35)	(16,626,475)	(28)	(15,727,171)	(26)	6
Depreciation and amortization	6(36)	(691,496)	(1)	(703,700)	(1)	(2)
Other business and administrative expenses	6(37)	(8,215,456)	(14)	(7,340,324)	(12)	12
Income before income tax		<u>35,108,982</u>	<u>58</u>	<u>35,352,834</u>	<u>58 (</u>	<u>(1)</u>
Income tax expense	6(38)	(5,835,713)	(9)	(5,093,190)	(8)	15
Profit for the year		<u>29,273,269</u>	<u>49</u>	<u>30,259,644</u>	<u>50 (</u>	<u>3)</u>

(Continued)

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

	Notes	For the year ended December 31, 2015		(Adjusted) For the year ended December 31, 2014		Change percentage (%)
		Amount	%	Amount	%	
Other comprehensive income						
(after tax)						
Non-reclassifiable to profit or loss						
subsequently						
Remeasurement of defined benefit plan	6(23)	(\$ 1,471,209)	(2)	(\$ 101,231)	-	1353
Income tax relating to the components	6(38)					
of other comprehensive income		250,105	-	17,209	-	1353
Potentially reclassifiable to profit or						
loss subsequently						
Cumulative translation differences of	6(28)					
foreign operations		(180,357)	-	1,496,054	2 (	112)
Unrealized (loss) gain on valuation of	6(28)					
available-for-sale financial assets		(2,222,285)	(4)	1,686,320	3 (	232)
Share of other comprehensive (loss)	6(28)					
income of associates and joint						
ventures accounted for under equity						
method		(20,278)	-	78,164	- (	126)
Total other comprehensive (loss)						
income (after income tax)		(3,644,024)	(6)	3,176,516	5 (	215)
Total comprehensive income						
(after tax)		<u>\$ 25,629,245</u>	<u>43</u>	<u>\$ 33,436,160</u>	<u>55</u> (	<u>23)</u>
Profit (loss) attributable to:						
Owners of parent		\$ 29,417,211	49	\$ 30,278,591	50 (	3)
Non-controlling interests		(143,942)	-	(18,947)	-	660
		<u>\$ 29,273,269</u>	<u>49</u>	<u>\$ 30,259,644</u>	<u>50</u> (	<u>3)</u>
Comprehensive income (loss)						
attributable to:						
Owners of parent		\$ 25,672,449	43	\$ 33,455,988	55 (	23)
Non-controlling interests		(43,204)	-	(19,828)	-	118
		<u>\$ 25,629,245</u>	<u>43</u>	<u>\$ 33,436,160</u>	<u>55</u> (	<u>23)</u>
Earnings per share	6(39)					
Basic earnings per share (in dollars)		<u>\$ 2.35</u>		<u>\$ 2.43</u>		
Diluted earnings per share (in dollars)		<u>\$ 2.35</u>		<u>\$ 2.43</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							
	Retained earnings				Other equity interest			
	Share capital -- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Non-controlling interest
For the year ended December 31, 2014 (adjusted)								
Balance at January 1, 2014 (adjusted)	\$ 124,498,240	\$ 55,271,623	\$ 22,220,204	\$ 2,547,719	\$ 36,463,466	\$ 901,379	\$ 1,002,217	\$ 186,540
Earnings distribution for 2013								
Legal reserve	-	-	2,248,923	-	(2,248,923)	-	-	-
Cash dividends	-	-	-	-	(13,819,304)	-	-	(4,779)
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(1,425)	-	-	-	-	-	-
Profit (loss) for the year (adjusted)	-	-	-	-	30,278,591	-	-	(18,947)
Other comprehensive (loss) income for the year	-	-	-	-	(84,022)	1,506,861	1,754,558	(881)
Balance at December 31, 2014 (adjusted)	<u>\$ 124,498,240</u>	<u>\$ 55,270,198</u>	<u>\$ 24,469,127</u>	<u>\$ 2,547,719</u>	<u>\$ 50,589,808</u>	<u>\$ 605,482</u>	<u>\$ 2,756,775</u>	<u>\$ 161,933</u>
For the year ended December 31, 2015								
Balance at January 1, 2015	\$ 124,498,240	\$ 55,270,198	\$ 24,469,127	\$ 2,547,719	\$ 50,589,808	\$ 605,482	\$ 2,756,775	\$ 161,933
Earnings distribution for 2014								
Legal reserve	-	-	3,025,866	-	(3,025,866)	-	-	-
Reversal of special reserve	-	-	-	(2,561)	2,561	-	-	-
Cash dividends	-	-	-	-	(17,429,754)	-	-	(17,429,754)
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(631)	-	-	-	-	-	(631)
Profit (loss) for the year	-	-	-	-	29,417,211	-	-	(143,942)
Other comprehensive (loss) income for the year	-	-	-	-	(1,221,104)	(177,718)	(2,345,940)	100,738
Issuance of common stock	11,500,000	12,661,500	-	-	-	-	-	-
Share based payment transaction	-	263,166	-	-	-	-	-	-
Change in non-controlling interest by capital reduction of subsidiary	-	-	-	-	-	-	-	(67,500)
Balance at December 31, 2015	<u>\$ 135,998,240</u>	<u>\$ 68,194,233</u>	<u>\$ 27,494,993</u>	<u>\$ 2,545,158</u>	<u>\$ 58,332,856</u>	<u>\$ 427,764</u>	<u>\$ 410,835</u>	<u>\$ 51,229</u>
								<u>\$ 293,404,079</u>
								<u>\$ 293,455,308</u>

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 NEW TAIWAN DOLLARS)

	For the year ended December 31, 2015	(Adjusted) For the year ended December 31, 2014
<u>Cash flows from operating activities</u>		
Profit before tax	\$ 35,108,982	\$ 35,352,834
Income and expenses having no effect on cash flows		
Depreciation	641,638	666,646
Amortization	49,858	37,054
(Reversal of) provisions for bad debts expense and guarantee liabilities (	426,459)	1,588,465
Interest expense	19,876,136	19,794,401
Interest income (	58,908,288 ) (	58,137,682)
Dividend income (	1,511,628 ) (	805,145)
Net change in insurance reserve	12,356 (	207,527)
Share based payment transactions	263,166	-
Loss on asset impairment	490,065	374,423
(Gain) loss on disposal of property and equipment (	4,057)	79
Gain on disposal of investment property (	497,851 ) (	42,252)
Share of profit of associates accounted for under equity method (	244,963 ) (	152,363)
Changes in assets/liabilities relating to operating activities		
Changes in assets relating to operating activities		
Decrease in due from Central Bank and call loans to other banks	17,511,630	11,542,898
(Increase) decrease in financial assets at fair value through profit or loss (	669,821)	14,433,916
Increase in available-for-sale financial assets (	68,333,923 ) (	6,200,811)
Decrease (increase) in receivables	56,879,340 (	19,603,693)
Decrease (increase) in non-current assets held for sale	2,739 (	163)
Increase in bills discounted and loans (	39,272,959 ) (	80,685,890)
(Increase) decrease in reinsurance contract assets (	91,129)	76,252
(Increase) decrease in held-to-maturity financial assets (	37,525,863)	20,703,157
Decrease in other financial assets	3,233,079	2,413,258
(Increase) decrease in other assets (	153,642)	2,530,234
Changes in liabilities relating to operating activities		
Decrease in due to the Central Bank and financial institutions (	46,217,486 ) (	16,312,405)
(Decrease) increase in financial liabilities at fair value through profit or loss (	6,601,945)	14,725,952
(Decrease) increase in bills and bonds purchased under resale agreements (	28,872,880)	2,158,196
Decrease in payables (	68,243 ) (	7,008,637)
Increase in deposits and remittances	193,739,565	102,681,323
(Decrease) increase in other financial liabilities (	57,408)	683,659
Decrease in liabilities reserve (	157,424 ) (	133,112)
Increase in other liabilities	1,308,510	2,769,853
Cash provided by operations	39,501,095	43,242,920
Interest received	26,581,318	58,629,026
Cash dividend received	1,684,209	941,091
Interest paid (	20,063,520 ) (	19,564,672)
Income tax paid (	3,997,323 ) (	2,170,273)
Net cash provided by operating activities	43,705,779	81,078,092

(Continued)

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

	For the year ended December 31, 2015	(Adjusted) For the year ended December 31, 2014
Cash flows from investing activities		
Acquisition of investments under the equity method	(\$ 255,000)	\$ -
Proceeds from disposal of investments under the equity method	21,924	-
Proceeds from capital reduction of equity investments accounted for under the equity method	69,752	-
Acquisition of property and equipment	(499,191)	(463,155)
Proceeds from disposal of property and equipment	4,993	1,047
Acquisition of intangible assets	(63,376)	(26,701)
Acquisition of investment property	-	(292,334)
Proceeds from disposal of investment property	1,296,063	391,866
Net cash provided by (used in) investing activities	<u>575,165</u>	<u>(389,277)</u>
Cash flows from financing activities		
(Decrease) increase in due to the Central Bank and financial institutions	(8,447,446)	21,576,296
Increase in commercial papers payable	4,580,579	10,975,000
Proceeds from issuance of bonds	5,800,000	-
Redemption of bonds payable	(6,000,000)	(6,000,000)
Proceeds from issuance of financial bonds	-	12,000,000
Redemption of financial bonds	(14,000,000)	(5,700,000)
(Decrease) increase in other loans	(3,646,763)	417,550
(Decrease) increase in guarantee deposits received	(1,031,994)	1,267,889
Payment of cash dividends	(15,860,486)	(12,590,800)
Proceeds from issuance of common stock	24,161,500	-
Change in non-controlling interest by capital reduction of subsidiary	(67,500)	-
Net cash (used in) provided by financing activities	<u>(14,512,110)</u>	<u>21,945,935</u>
Effect of exchange rate changes on cash and cash equivalents	(180,261)	1,496,054
Net increase in cash and cash equivalents	29,588,573	104,130,804
Cash and cash equivalents at beginning of the year	415,144,124	311,013,320
Cash and cash equivalents at end of the year	<u>\$ 444,732,697</u>	<u>\$ 415,144,124</u>
Cash and cash equivalents composition :		
Cash and cash equivalents as shown in the balance sheet	\$ 152,871,868	\$ 171,560,274
Due from the Central Bank and call loans to banks meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	284,781,619	231,709,523
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>7,079,210</u>	<u>11,874,327</u>
Cash and cash equivalents at end of the year	<u>\$ 444,732,697</u>	<u>\$ 415,144,124</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	2015	(Adjusted) 2014	%	LIABILITIES AND EQUITY	2015	(Adjusted) 2014	%
Assets				Liabilities			
Cash and cash equivalents	\$ 2,292,712	\$ 27,368	8,277.35	Financial liabilities at fair value	\$ 155,440	\$ -	-
Receivables, net	-	463 (	100.00)	through profit or loss	6,198,832	2,549,078	143.18
Current income tax assets	-	630,319 (	100.00)	Commercial paper payable, net	14,835,817	13,264,258	11.85
Available-for-sale financial assets	5,586,489	5,849,267 (	4.49)	Payables	1,912,617	1,385,649	38.03
Equity investments accounted for				Current income tax liabilities	5,678,505	6,000,000 (	5.36)
under the equity method	313,143,661	276,353,146	13.31	Bonds payable	300,000	400,000	-
Other financial assets, net	758,293	758,293	-	Other loans	56,339	48,021	17.32
Property and equipment, net	750,459	757,220	-	Provisions for liabilities	1,436	3,500 (	58.97)
Deferred tax assets	8,092	8,092	-	Deferred tax liabilities	2,585	2,139	20.85
Other assets, net	5,944	5,826	2.03	Other liabilities	29,141,571	23,652,645	23.21
				Total liabilities			
				Equity			
				Common stock	135,998,240	124,498,240	9.24
				Capital surplus	68,194,233	55,270,198	23.38
				Retained earnings			
				Legal reserve	27,494,993	24,469,127	12.37
				Special reserve	2,545,158	2,547,719 (	0.10)
				Unappropriated retained earnings	58,332,856	50,589,808	15.31
				Other equity interest	838,599	3,362,257 (	75.06)
				Total equity	293,404,079	260,737,349	12.53
				TOTAL LIABILITIES AND EQUITY			
TOTAL ASSETS	\$ 322,545,650	\$ 284,389,994	13.42		\$ 322,545,650	\$ 284,389,994	13.42

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)

		(Adjusted)
	2015	2014
Revenues		
Interest income	\$ 47,325	\$ 36,517
Share of profit of associates and joint ventures accounted for under equity method	30,416,201	30,871,359
Other revenue except for interest income	<u>84,639</u>	<u>32,244</u>
Total revenue	<u>30,548,165</u>	<u>30,940,120</u>
Expenses and losses		
Interest expense	(230,043)	(216,569)
Foreign exchange loss	(10)	(2)
Financial assets and liability at fair value through profit or loss	(12,180)	-
Employee benefit expense	(308,317)	(285,843)
Depreciation and amortization	(14,898)	(17,549)
Other business and administrative expenses	(<u>118,219</u>)	(<u>101,071</u>)
Total expenses and losses	(<u>683,667</u>)	(<u>621,034</u>)
Income before income tax	29,864,498	30,319,086
Income tax expense	(<u>447,287</u>)	(<u>40,495</u>)
Profit for the year	<u>29,417,211</u>	<u>30,278,591</u>
Other comprehensive income		
Non-reclassifiable to profit or loss subsequently		
Remeasurement of defined benefit plans	(12,142)	7,835
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(1,211,026)	(90,525)
Income tax relating to components of other comprehensive income (loss)	2,064	(1,332)
Potentially reclassifiable to profit or loss subsequently		
Unrealized (loss) gain on valuation of available-for-sale financial assets	(262,778)	298,412
Share of other comprehensive (loss) income of associates and joint ventures accounted for under the equity method	(<u>2,260,880</u>)	<u>2,963,007</u>
Other comprehensive (loss) income for the period, (after income tax)	(<u>3,744,762</u>)	<u>3,177,397</u>
Total comprehensive income	<u>\$ 25,672,449</u>	<u>\$ 33,455,988</u>
Earnings Per Share (in dollars)		
Basic Earnings Per Share (in dollars)	<u>\$ 2.35</u>	<u>\$ 2.43</u>
Diluted Earnings Per Share (in dollars)	<u>\$ 2.35</u>	<u>\$ 2.43</u>

MEGA FINANCIAL HOLDING CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Retained earnings				Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statement	Unrealized gain or loss on available-for-sale financial assets
<u>For the year ended December 31, 2014 (Adjusted)</u>							
Balance at January 1, 2014 (adjusted)	\$ 124,498,240	\$ 55,271,623	\$ 22,220,204	\$ 2,547,719	\$ 36,463,466	(\$ 901,379)	\$ 1,002,217
Earnings distribution for 2013							
Legal reserve	-	-	2,248,923	-	(2,248,923)	-	-
Cash dividends	-	-	-	-	(13,819,304)	-	(13,819,304)
Changes in capital surplus of associates and joint ventures accounted for under equity method	- (1,425)	-	-	-	-	-	(1,425)
Profit for the year (adjusted)	-	-	-	-	30,278,591	-	30,278,591
Other comprehensive (loss) income for the year	-	-	-	-	(84,022)	1,506,861	3,177,397
Balance at December 31, 2014 (adjusted)	\$ 124,498,240	\$ 55,270,198	\$ 24,469,127	\$ 2,547,719	\$ 50,589,808	\$ 605,482	\$ 1,754,558
<u>For the year ended December 31, 2015</u>							
Balance at January 1, 2015	\$ 124,498,240	\$ 55,270,198	\$ 24,469,127	\$ 2,547,719	\$ 50,589,808	\$ 605,482	\$ 2,756,775
Earnings distribution for 2014							
Legal reserve	-	-	3,025,866	-	(3,025,866)	-	-
Cash dividends	-	-	-	-	(17,429,754)	-	(17,429,754)
Reversal of special reserve	-	-	-	(2,561)	2,561	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	- (631)	-	-	-	-	-	(631)
Profit for the year	-	-	-	-	29,417,211	-	29,417,211
Other comprehensive loss for the year	-	-	-	(1,221,104)	(1,221,104)	177,718	(2,345,940)
Issuance of common stock	11,500,000	12,661,500	-	-	-	-	24,161,500
Share based payment transactions	-	263,166	-	-	-	-	263,166
Balance at December 31, 2015	\$ 135,998,240	\$ 68,194,233	\$ 27,494,993	\$ 2,545,158	\$ 58,332,856	\$ 427,764	\$ 410,835
							\$ 293,404,079

MEGA FINANCIAL HOLDING CO., LTD.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the year ended December 31, 2015	(Adjusted) For the year ended December 31, 2014
<u>Cash Flows from Operating Activities</u>		
Profit before tax	\$ 29,864,498	\$ 30,319,086
Income and expenses having no effect on cash flows		
Depreciation	12,695	14,997
Amortization	2,203	2,552
Interest expense	230,043	216,569
Interest revenue	(47,325)	(36,517)
Dividend income	(81,468)	(30,363)
Share of profit of associates accounted for under equity method	(30,416,201)	(30,871,359)
Share based payment transaction	1,510	-
Changes in assets/liabilities relating to operating activities		
Changes in assets relating to operating activities:		
Decrease (increase) in receivables	463 (	463)
(Increase) decrease in other assets	(80)	393
Changes in liabilities relating to operating activities:		
Increase in financial liabilities at fair value through profit or loss	155,440	-
Increase in payables	5,515	44,726
(Decrease) increase in provisions for liabilities	(1,760)	960
Increase in other liabilities	446	53
Cash used in operations	(274,021)	(339,366)
Interest received	47,325	36,517
Cash dividend received	14,319,116	13,904,269
Interest paid	(355,008)	(216,168)
Income taxes refund	707,936	1,223,921
Net cash provided by operating activities	<u>14,445,348</u>	<u>14,609,173</u>
<u>Cash Flows from Investing Activities</u>		
Acquisition of equity investments accounted for under the equity method	(24,084,500)	-
Acquisition of property and equipment	(5,934)	(775)
Acquisition of intangible assets	(2,240)	(263)
Net cash used in investing activities	<u>(24,092,674)</u>	<u>(1,038)</u>
<u>Cash Flows from Financing Activities</u>		
Increase in commercial papers payable	3,650,000	2,550,000
Proceeds from issuance of bonds	5,800,000	-
Redemption of bonds payable	(6,000,000)	(6,000,000)
(Decrease) increase in other loans	(100,000)	400,000
Payment in cash dividends	(15,860,486)	(12,575,100)
Proceeds from issuance of common stock	24,161,500	-
Execution of employee stock option	261,656	-
Net cash provided by (used in) financing activities	<u>11,912,670</u>	<u>(15,625,100)</u>
<u>Net cash used in financing activities</u>		
Net increase (decrease) in cash and cash equivalents	2,265,344 (	1,016,965)
Cash and cash equivalents at beginning of year	27,368	1,044,333
Cash and cash equivalents at end of year	<u>\$ 2,292,712</u>	<u>\$ 27,368</u>

Attachment 7**Mega Financial Holding Co., Ltd.
2015 Profit Distribution Proposal**

Unit : NT\$

Items	Amount
Beginning undistributed retained earnings in 2015	30,420,268,693
Retained earnings adjustment for adoption of 2013 IFRSs	(283,519,700)
Adjusted beginning retained earnings	30,136,748,993
Retained earnings due to re-measurements of defined benefit plans	(1,221,103,764)
Adjusted retained earnings	28,915,645,229
Add : Net income of 2015	29,417,211,073
Less : 10% legal reserve	(2,941,721,107)
Total distributable earnings	55,391,135,195
Less : Distribution item	
Cash dividend to shareholders(NT\$1.5 per share)	(20,399,735,975)
Unappropriated retained earnings	34,991,399,220
Note : The 2015 earnings shall be distributed as a priority.	

Appendix 1

Articles of Incorporation of Mega Financial Holding Company Limited

CHAPTER I GENERAL PROVISIONS

ARTICLE 1

The Mega Financial Holding Company Ltd. (hereinafter referred to as the "Company") is hereby organized under the Financial Holding Company Act and the Company Act to enhance the economic scale, achieve synergy of the financial holding company and promote the development of the financial market.

ARTICLE 2

The Company shall establish its head office at Taipei, Taiwan, the Republic of China and may set up branch offices as deemed necessary for its business operations.

The establishment, dissolution and change of status of branches as referred to in the preceding Paragraph shall be executed pursuant to the resolutions to be adopted by the Board of Directors.

CHAPTER II SCOPE OF BUSINESS

ARTICLE 3

The scope of business of the Company shall be financial holding company (business code H801011).

ARTICLE 4

The Company shall engage in the following business:

1. To invest in the following industry:

- (1) financial holding company;
- (2) banks;
- (3) bills finance company;
- (4) credit card company;
- (5) trust company;
- (6) insurance company;
- (7) securities company;
- (8) futures company;

- (9) venture capital company;
 - (10) foreign financial company approved by the competent authority; and
 - (11) other financial related company recognized by the competent authority
2. To manage the investment of the aforesaid company invested
 3. To apply to the competent authority to invest in industry not specified in the first Paragraph of this Article but not involved in the operation of the company invested
 4. To conduct other business approved by the competent authority

ARTICLE 5

The Company is a professional investment company. The total amount of investments made by the Company may exceed forty percent of the amount of its own paid-up capital without being subject to the requirement set out in Paragraph 1, Article 13 of the Company Act.

CHAPTER III CAPITAL STOCK

ARTICLE 6

The total authorized capital of the Company is two hundred twenty billion New Taiwan Dollars (NT\$220,000,000,000), divided into twenty two billion (22,000,000,000) shares at par value of ten New Taiwan Dollars (NT\$10.00) per share. The shares are issued in installments determined by the Board of Directors.

ARTICLE 7

Prior to the reunification of the country, all shares held by shareholders in mainland China are treated as reserved shares according to the law. Such reserved shares are not entitled to vote at any shareholders' meeting of the Company, and the number of such reserved shares is not counted in the total number of the issued and outstanding shares of the Company.

ARTICLE 8

All share certificates of the Company shall indicate thereon the name of the shareholder thereof, shall be affixed with the signatures or personal seals of three Directors of the Company, and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance thereof.

For the shares to be issued by the Company, the Company may be exempted from printing any share certificate for the share issued, while the Company shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.

ARTICLE 9

Each of the shareholders shall submit to the shareholders' registrar retained by the Company his/her/its seal specimen card. Shareholders applying to the shareholders' registrar retained by the

Company for processing of share matters or exercise of shareholders' rights in writing should sign or affix the seal as shown in the specimen card.

The shareholders' registrar referred to in the preceding Paragraph shall provide the relevant information of the shareholders upon the Company's request.

ARTICLE 10

Any juristic person or a government agency shareholder may be elected as a Director; provided, however, that it shall appoint a natural person to act on its behalf.

ARTICLE 11

Share registrar matters shall be handled pursuant to the Guidelines Governing Share Registrar Matters of Public Companies, as promulgated by the competent authority, and other relevant laws and regulations.

CHAPTER IV MEETINGS OF SHAREHOLDERS

ARTICLE 12

The meeting of shareholders shall be convened by the Board of Directors unless the Company Act shall require otherwise.

The shareholders' meetings are of the following two kinds:

- (1) Regular meetings of the shareholders: to be convened at least once a year; and
- (2) Special meetings of the shareholders: to be convened whenever necessary.

Regular meetings of the shareholders shall be convened within six months after the close of each fiscal year.

ARTICLE 13

The entries in the shareholders' book shall be closed in a period from 60 days prior to the convening date of a regular shareholders' meeting, from 30 days prior to the convening date of a special shareholders' meeting, or from 5 days prior to the record date set by the Company for distribution of dividends, bonus or other benefits.

ARTICLE 14

A shareholder who is unable to attend a shareholders' meeting may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of

excessive voting power shall not be counted.

When the government or a juristic person is a shareholder, its proxy shall not be limited to one person.

ARTICLE 15

Unless otherwise required by laws and regulations, each share holding by the shareholders shall have one vote.

A shareholder who has conflict of interest in the matter under discussion at a shareholders' meeting, which will likely impair the interest of the Company, shall not vote nor exercise the voting right on behalf of other shareholders.

ARTICLE 16

A written notice to convene a regular meeting of shareholders shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. In case of a special meeting of shareholders, a meeting notice shall be sent to each shareholder no later than 15 days prior to the scheduled meeting date. The agenda of a meeting of shareholders shall be stated in the meeting notice to be sent to shareholders. A public notice to shareholders holding less than 1000 shares may be placed instead of a written notice.

The aforesaid agenda of a meeting may be proposed by "extemporary motions"; provided, however, that matters which shall be stated in the meeting notice in accordance with relevant laws and regulations may not be proposed by "extemporary motions".

The first Paragraph of this Article shall not apply to the situation where the meeting of shareholders resolves to postpone or reconvene the meeting within five days.

ARTICLE 17

Unless otherwise required by law, resolutions of the shareholders' meeting shall be adopted by a majority of the issued shares held by the shareholders present at the meeting (quorum), and a majority of shareholders present at the meeting vote for such resolution.

ARTICLE 18

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the meeting. The distribution of the minutes of shareholders' meeting may be made by means of public announcement. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

The attendance list bearing the signatures of shareholders present at the meeting and the proxies shall be kept by the Company for at least one year. However, if a lawsuit has been instituted by any

shareholder in accordance with the provisions of Article 189 of the Company Act, the above documents shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

CHAPTER V

BOARD OF DIRECTORS

ARTICLE 19

The Company shall have a Board of Directors composed of fifteen to twenty one Directors. Starting from 2013, the candidate nomination system is adopted for directors; the shareholders shall elect directors from a list of the candidates. The term of office of a director is three years, and may be eligible for re-election.

Among the directors prescribed in the preceding Paragraph, at least three independent directors and a number of independent directors no less than 1/5 of the board seats shall be included.

The independent directors' professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other compliance requirements shall be handled in accordance with the relevant laws and regulations.

The remuneration of the independent directors of the Company shall be determined by the Board, considering degrees of participation and value of contribution of said directors in business operation of the Company, as well as based on levels of remuneration generally adopted by the same industry. The total number of the shares held by all the Directors shall not be less than that required by the competent authority in charge of securities affairs.

The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

ARTICLE 19-1

The Fifth Term of the Board of Directors of the Company starts to set up the audit committee, composed entirely of independent directors. It shall be no less than three in number, one of whom shall serve as the convener, and at least one of whom shall have accounting or finance expertise. The exercise of powers, organizational charter, and other compliance requirements of the audit committee shall be handled in accordance with the relevant laws and regulations, as well as the Company's internal guidelines.

ARTICLE 19-2

The Company shall set up a remuneration committee in accordance with the laws, and may set up other functional committees. Organizational charter of such committees shall be approved by the Board of Directors.

ARTICLE 20

The Chairman of the Board of Directors shall be elected by and among the directors and shall hold

such office for a period corresponding to the term of director.

The remuneration of the Chairman of the Board of Directors is calculated based on 1.25 times the remuneration of the President of the Company.

The pension or severance pay of the Chairman of the Board of Directors shall be calculated in accordance with the relevant pension provisions of the Labor Standards Act, but not being subject to restrictions on age and seniority.

ARTICLE 21

Business operations of the Company shall be executed pursuant to the resolutions to be adopted by the Board of Directors, except for the matters the execution of which shall be effected pursuant to the resolutions of the shareholders' meeting as required by the Company Act or the Articles of Incorporation of the Company. The powers of the Board of Directors shall be as follows:

- (1) To review and approve the business policies and plans of the Company;
- (2) To review and approve the regulations with respect to the organization structure and unit functions of the Company;
- (3) To review and approve the budget and the financial statements of the Company;
- (4) To appoint or discharge a financial, accounting, internal auditor or senior officers;
- (5) To review and approve important rules and regulations of the Company and contracts entered into by the Company;
- (6) To review and approve the increase or reduction of the capital, and the issuance of the stocks of the Company;
- (7) To review and approve a material asset transaction;
- (8) To determine the date for regular or special meetings of shareholders;
- (9) To determine the proposals for earning distribution or loss off-setting;
- (10) To determine the proposal for buying back of the stocks of the Company;
- (11) To appoint or discharge the directors and supervisors of subsidiaries of the Company;
- (12) To retain or release a certifying CPA, or the compensation given thereto;
- (13) To review and approve the organizational charters of functional committees;
- (14) To conduct any other business pursuant to the laws and the authorization of the shareholders' meeting.

The Board of Directors consists of one Chief Secretariat, Secretariats and staffs, handling the proposal, documents of the meeting of the Board of Directors and other secretariat related matters.

ARTICLE 22

The Auditing Department organized under the Board of Directors, consists of one Chief Auditor, one Deputy Chief Auditor, Auditors and staffs, handling internal auditing and related matters. Divisions can be set up in need to engage in different business.

The Chief Auditor is ranking the same as Executive Vice President and the Deputy Chief Auditor is ranking the same as Senior Vice President or Vice President of the Company.

ARTICLE 23

The Chairman of the Board of Directors shall internally chair the shareholders' meeting and the meeting of the Board of Directors; and shall externally represent the Company. In case the Chairman of the Board of Directors is absent or cannot exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors.

ARTICLE 24

A meeting of the Board of Directors shall, unless otherwise provided for in relevant laws and regulations, be convened by the Chairman of the Board of Directors. Unless otherwise provided in laws, resolutions of the Board of Directors shall be adopted by the approval of a majority of the Directors at a meeting of the Board of Directors, attended by a majority of all the Directors.

Directors shall attend the meetings of the Board of Directors in person. In the event a Director is unable to attend the meeting for cause, he may execute a power of attorney appointing another Director as his proxy, stating therein the scope of his authorities with reference to the items on the agenda. The aforesaid proxy may serve as proxy for one Director only.

In case a meeting of the Board of Directors is proceeding via video conference, then the Directors attending such video conference shall be deemed to have attended the meeting in person.

ARTICLE 25

Meeting of the Board of Directors shall be held once a month. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The procedure for meetings of the Board of Directors shall be governed by the relevant laws and regulations, the Articles of Incorporation of the Company, and the rules otherwise adopted by the Board of Directors.

The notice of the Board meeting may be served in writing by mail, E-mail or fax.

ARTICLE 26

Minutes of the meeting of the Board of Directors shall be prepared to record all resolutions passed at said meetings.

Article 18 hereof shall apply mutatis mutandis to the preparation and safekeeping of the minutes referred to in the preceding Paragraph.

CHAPTER VI **MANAGERIAL OFFICERS**

ARTICLE 27

The Company shall have a President and several Executive Vice Presidents, Senior Vice Presidents and Vice Presidents, all of whom shall be nominated by the Chairman for the consent of the Board of Directors.

ARTICLE 28

The President shall, pursuant to the instructions of the Chairman of the Board of Directors, manage all the business of the Company, implement all the resolutions adopted at the meeting of Board of Directors.

The Executive Vice President(s) shall assist the President in the matters referred to in the preceding Paragraph. In the event that the President is unable to perform his duties for cause, one of the Executive Vice Presidents shall be appointed by the Chairman to act on behalf of the President.

CHAPTER VII ACCOUNTING

ARTICLE 29

The fiscal year of the Company shall be from January 1 to December 31 of every year.

ARTICLE 30

At the close of each fiscal year, the Board of Directors shall prepare the following statements and reports, and shall submit the same to the regular meeting of shareholders for ratification in accordance with the legal procedures:

1. the business report;
2. the financial statements; and
3. the earning distribution or loss off-setting proposals.

After the ratification of the statements and reports mentioned in the preceding Paragraph by the regular meeting of shareholders, the Board of Directors shall announce or distribute to each shareholder the ratified financial statements and the resolutions on the earning distribution and/or loss offsetting.

ARTICLE 31

After paying all taxes and covering its accumulated losses of the previous years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside special reserve, in accordance with laws or its actual needs. The remaining balance (including reversible special reserve) shall be distributed as follows: (1) 0.02% to 0.16% as bonuses to employees (2) not more than 0.5% as remuneration to Directors, and (3) the remaining earnings plus prior years' accumulated undistributed earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the shareholders' meeting for approval.

At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock dividend may be adjusted by resolution at a shareholders' meeting.

The employees' bonuses mentioned in the First Paragraph of this Article shall be distributed in cash or stock in accordance with the resolution of the shareholders' meeting. Employees of the affiliated

company may be entitled to the employees' stock bonus, subject to the rules set forth by the Board of Directors.

CHAPTER VIII

ADDENDUM

ARTICLE 32

Any matters not otherwise provided in the Articles of Incorporation of the Company shall be governed by the Financial Holding Company Act, the Company Act, the Banking Act and other applicable regulations.

ARTICLE 33

These Articles of Incorporation were promulgated on December 19, 2001. The first amendment was made on June 12, 2002, the second amendment was made on November 11, 2002, the third amendment was made on June 6, 2003, the fourth amendment was made on June 11, 2004, the fifth amendment was made on June 23, 2006, the sixth amendment was made on June 13, 2008, the seventh amendment was made on June 19, 2009, the eighth amendment was made on June 23, 2010, the ninth amendment was made on June 28, 2011, the tenth amendment was made on June 15, 2012 and the eleventh amendment was made on June 24, 2014.

Appendix 3

Mega Financial Holding Co., Ltd.

Shareholding of Directors

Book closure date: April 26, 2016

Position	Name	Shareholding (shares)	Percentage
Director	-- (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Hann-Ching Wu (Representative of Ministry of Finance, R.O.C.)		
Director	Chia-Chi Hsiao (Representative of Ministry of Finance, R.O.C.)		
Director	I-Min Chen (Representative of Ministry of Finance, R.O.C.)		
Director	Po-Cheng Chen (Representative of Ministry of Finance, R.O.C.)		
Director	Huan Lin (Representative of National Development Fund, Executive Yuan, R.O.C.)	830,973,202	6.11%
Director	Wen-Chyi Ong (Representative of Chunghwa Post Co., Ltd.)	470,768,910	3.46%
Director	Tzong-Yau Lin (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Jan-Lin Wei (Representative of Bank of Taiwan)	283,565,969	2.09%
Director	Ta-Pei Liu (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Yaw-Chung Liao (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Chiu-Fa Tsai (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Independent Director	Tsun-Siou Li	0	-
Independent Director	Keh-Nan Sun	0	-
Independent Director	Chi-Hung Lin	0	-
Number of the shares held by all directors: 2,728,351,964 shares (20.06%)			
Minimum number of directors' shareholding required by the FSC: 160,000,000 shares (1.18%)			

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