

Stock Code : 2886

Mega Financial Holding Co., Ltd.

Handbook for the 2019 Annual Meeting of Shareholders

Meeting Time: 9:00 a.m., June 21, 2019

Venue: 13th Floor, No. 100, Jilin 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 2019 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Matters for Ratification
5. Matters for Discussion
6. Questions and Motions
7. Adjournment

Mega Financial Holding Co., Ltd.
Year 2019
Agenda of Annual Meeting of Shareholders

Time : 09:00 a.m. on Friday, June 21, 2019

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

Attendants: Shareholders or their representatives

Chairperson: Chairman Chao-Shun Chang

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

2. Chairperson Remarks

3. Report Items

- (1) 2018 Business Report
- (2) Audit Committee’s Review Report on the 2018 Business Report and Financial Statements
- (3) The Distribution of Employees' and Directors' Compensation for 2018

4. Matters for Ratification

- (1) 2018 Business Report and Financial Statements
- (2) The Proposal for Distribution of 2018 Earnings

5. Matters for Discussion

- (1) Amendment to the Company's Articles of Incorporation
- (2) Amendment to the Company's "Procedures for Acquisition and Disposal of Assets"
- (3) Proposal of Releasing the Prohibition on Directors from Participation in Competitive Business

6. Questions and Motions

7. Adjournment

Report Items

Agenda 1: 2018 Business Report. (Proposed by the Board of Directors)

Explanation: The 2018 Business Report is attached as Attachment 1 (p.11).

Agenda 2: Audit Committee's Review Report on the 2018 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation: The 2018 Audit Committee's Review Report is attached as Attachment 2 (p.21).

Agenda 3: The Distribution of Employees' and Directors' Compensation for 2018. (Proposed by the Board of Directors)

Explanation:

1. This proposal is made in accordance with Article 31-1 of the Company's Articles of Incorporation.
2. The employees' and directors' remuneration for 2018 are NT\$16,726,285 and NT\$139,385,707, respectively. Both remunerations are distributed in cash.
3. This proposal has been approved by the 10th meeting of the 7th term of Board of Directors on March 26, 2019

Matters for Ratification

Agenda 1: 2018 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation: The Company financial statements were audited by CPA Chi, Shu-Mei and Lai, Chung-Hsi of PricewaterhouseCoopers. The Financial Statements described above and the Business Report of 2018 have been authorized by the Board and examined by the Audit Committee. The 2018 Business Report and Financial Statements are attached as Attachment 1 (p.11) and Attachment 3 (p.22).

RESOLUTION:

Agenda 2: The Proposal for Distribution of 2018 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 net profit after income tax of the Company in 2018 is NT\$28,109,164,451. In accordance with the Articles of Incorporation of the Company and other applicable laws to retain 10% thereof in the amount of NT\$2,810,916,445 as the legal reserve, and after taking into account the adjusted retained earnings NT\$36,665,249,935 of the Company, the total distributable earnings of this year is NT\$61,963,497,941 and is proposed to be distributed as follows:
 - A. NT\$23,119,700,771 as cash dividends (NT\$1.7 per share).
 - B. Year-end balance of unappropriated retained earnings is NT\$38,843,797,170.
3. The adjusted retained earnings of NT\$36,665,249,935 as above sourced from the beginning undistributed retained earnings in 2018, plus retained earnings adjustment for first-time adoption of IFRS 9 amounted to T\$755,917,463, less actuarial loss on defined benefit plans amounted to NT\$499,055,935, and less loss on disposal of investments in equity instruments measured at fair value through other comprehensive income amounted to NT\$259,718,963.
4. After this proposal is approved by the annual general shareholders' meeting, the board is authorized to set the ex-dividend date.
5. If the number of shares outstanding is changed due to share buyback, transfer, conversion, cancellation of treasury shares or other circumstances, the board is authorized to adjust the dividend payout ratio based on the cash dividend resolved to be distributed and the number of shares outstanding on the ex-dividend record date.
6. The 2018 Profit Distribution Proposal is attached as Attachment 4 (p.42).
7. This proposal has been approved by the 11th meeting of the 7th term of Board of Directors held on April 23, 2019 and duly reviewed by Audit Committee.

RESOLUTION:

Matters for Discussion

Agenda 1: Amendment to the Company's Articles of Incorporation (Proposed by the Board of Directors)

Explanation:

1. In response to amendment to the Company Act and our operational needs, it is proposed to amend the Company's Articles of Incorporation. The main points of the amendments are as follows:
 - (1) The Company's English name is newly added to respond to the amendment to Article 392-1 of the Company Act. (Article 1)
 - (2) The issue of new shares in installments shall be determined by the Board of Directors is explicitly specified in Article 266 of the Company Act, so the wording "determined by the Board of Directors" is removed. Additionally, in compliance with to the paragraph 7 of the Article 267 of the Company Act, it is newly added that employees entitled to subscribe the new shares reserved for subscription of employees shall include employees of the Company's subsidiaries. (Article 6)
 - (3) The Company's shares are issued in dematerialized form, so the stipulation about the printing and authentication of the share certificates is deleted. (Article 8)
 - (4) To make the dates of the board meeting more flexible, the board meeting is changed to meet once a month in principle. (Article 25)
2. Please refer to Attachment 5 for the comparison table and the Company's amended Articles of Incorporation (see page 43 of this Handbook for details)
3. This proposal has been approved by the 11th meeting of the 7th term of Board of Directors held on April 23, 2019.

RESOLUTION:

Agenda 2: Amendment to the Company's "Procedures for Acquisition and Disposal of Assets". (Proposed by the Board of Directors)

Explanation:

1. In response to amendment to the Regulations Governing the Acquisition or Disposal of Assets by Public Companies promulgated on November 26, 2018 by the Financial Supervisory Commission, it is proposed to amend the Company's Procedures for Acquisition or Disposal of Assets. The main points of the amendments are as follows:
 - (1) In accordance with IFRS 16, the scope of "right-of-use assets" is expanded in the related articles. (Article 3, 6, 7, 9, 13, 14, 15, 16 and 25)
 - (2) In accordance with IFRS 9, the scope of "derivatives" is expanded. (Article 4)
 - (3) The scope of "securities exchange" and "over-the-counter venue" is added. (Article 4)
 - (4) The passive qualifications of external experts are clearly defined. (Article 5)
 - (5) The requirements on the assessment and approval process for acquisition or disposal of business-use equipment and right-of-use assets thereof or real estate right-of-use assets between the Company and its directly or indirectly wholly-owned subsidiary are relaxed. (Article 13 and 14)
2. Please refer to Attachment 6 for the comparison table and the Company's amended Procedures for Acquisition or Disposal of Assets (see page 56 of this Handbook for details).
3. This proposal has been approved by the 10th meeting of the 7th term of Board of Directors held on March 26, 2019.

RESOLUTION:

Agenda 3: Proposal of Releasing the Prohibition on the 7th Term Board of Directors from Participation in Competitive Business (Proposed by the Board of Directors)

Explanation:

- (1) In accordance with Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
- (2) Certain directors, including juristic person and its representative, of the Company participate in the operations, or appoint representative to serve as Director, Managing Director and General Manager, of another company that is engaged in the same or similar business as the Company. These Directors have not obtained approval from the shareholders' meeting. It is proposed that the shareholders' meeting release the following directors from the non-competition restrictions according to the Article 209 of the Company Act.

Position	Name of Director	Concurrent Position	Position Held
Juristic Person shareholder	Ministry of Finance, R.O.C.	Central Reinsurance Corporation	Director
Director	Chao-Shun Chang	Taipei Financial Center Corp.	Director
Director	Kuang-Hua Hu	Financial Information Service Co., Ltd.	Director
Director	Ye-Chin Chiou	Bank of Taiwan Co., Ltd.	Managing Director and General Manager

- (3) This proposal has been approved by the 11th meeting of the 7th term of Board of Directors held on April 23, 2019.

RESOLUTION:

Questions and Motions

Attachment 1

Mega Financial Holding Co., Ltd. 2018 Business Report

After two years of economic expansion, there are increasing signs pointing to a global economic slowdown in 2019. In view of the global economy and financial situation, modest inflation, and increasing uncertainty over business prospects, the Fed on January 30, 2019 has shifted towards a more dovish bias and implied to stop interest hike. It also lowered both the economic growth and inflation forecasts for 2019, and raised the unemployment rate forecast on March 21, 2019. The balance sheet normalization program is announced to be completed at the end of this September. Major economies around the world also cut their 2019 economic growth forecasts in succession and adopted monetary policy to prop up the declining economy. Since the beginning of 2019, the leading international economic organizations including World Bank, IMF, IHS Markit all cut their global economic growth forecasts. As the global trade tensions continue, the downside risks for the global economy are intensifying.

The economic differentiation is seen in the three major economies. The US economy continuously performs well with strong employment and wage growth. The Eurozone demonstrates poor prospects due to the lower-than-expected performance of the top three economies in the EU. Due to the impact of the US-China trade dispute, China's economic outlook is clouded by decreasing domestic and external demands. Looking ahead to 2019, the trade dispute appears to be mitigating, but global economy is slowing down due to the weak global trades, the uncertainty of Brexit, increasing financial risks of emerging markets, constant conflicts between India and Pakistan, and resurgent geopolitical risks after the breakdown of the meeting between Trump and Kim Jong Un.

For domestic economy, the economic growth rate in Q2 2018 rose to 3.29% from 3.15% in Q1 2018, but went down quarterly. In Q3, the economic growth rate dropped to 2.38% due to the intensified US-China trade dispute and global funds movement resulting from the US interest hike. In Q4, the economic growth further decreased to 1.78%, with slowdown in export growth, lower-than-expected growth in investment and private consumption, impacted by the slowdown in global economic growth, lower-than-expected sales of smart phone and a higher base-year level. The annual economic growth rate in 2018 reached 2.63%. In February 2019, Directorate-General of Budget, Accounting, and Statistics, Executive Yuan lowered the forecast for 2019 economic growth rate by 0.14% to 2.27% due mainly to the escalating uncertainties about global economic growth, affecting Taiwan's domestic and external demands. In December 2018, both Taiwan's domestic leading indicator and coincident indicator continuously dropped, changing the monitoring indicator signal to a blue light indicating a weakening expansion. However, the stable employment market and active wage rise by businesses are conducive to the growth of domestic demands. Most institutions predicted Taiwan's economic growth rate in 2019 lies between

2.1% and 2.6%.

After the huge penalty imposed by the US regulators, the Company in 2018 still performed well and created a highest profit records over the last three years despite the impact of various negative factors of international economic finance. The consolidated net income after tax reached NT\$28,093 million in 2018, an increase of NT\$2,364 million or 9.19% from NT\$25,729 million in 2017. The EPS was NT\$2.07, reaching the new high over the last three years. The operation results of the Company in 2018 are shown below.

I. Operation Guidelines

- (1) Cultivating customer relationships and creating group synergy
- (2) Expanding business momentum and maximizing shareholder value
- (3) Building a culture of risk management and enhancing risk management
- (4) Strengthening the information security management and digital processing capability
- (5) Reinforcing corporate governance and fulfilling corporate social responsibility
- (6) Promoting relationships with institutional investors and increasing information Transparency
- (7) Fortifying anti-money laundering operation and increasing legal compliance awareness

II. Implementation Overview

- (1) Continue to enhance the subsidiary's business

The subsidiaries of the Company had continued to enhance their business operations in 2018 based on the existing foundation. In terms of corporate finance business, Mega International Commercial Bank's syndicated loan business had a market share of 12.68% in 2018, ranked first in the syndicated loan market in Taiwan. By the end of 2018, its credit business captured the third position among local banks, with a market share of 7.01%. The loan business captured the fourth position among local banks, with a market share of 6.58%. The corporate loan business had a market share of 6.81%, ranking on the third place. The SME loan business had a market share of 7.32%, ranking on the fifth place among the local banks. In terms of consumer finance and wealth management business, after making every effort to expand the business and injection of the second profit generating engine, the Bank had a consumer loan outstanding of NT\$429.4 billion by the end of 2018, increasing by 5.27% from the NT\$407.9 billion in 2017. The Group's total wealth management profit in 2018 reached NT\$3.4 billion, increasing by 12.91% compared to 2017. The CP2 issued amounts of Mega Bills Finance had a market share of 27.08% in 2018. Its bills trading and bond trading in the secondary market had a market share of 30.37% and 29.70%, respectively, and the bills guarantee business had a market share of 30.11%, all ranking on the first place in the market. Mega Securities' securities brokerage market share grew to 3.22% in 2018, ranking on the

eighth place in the market. Chung Kuo Insurance Company's aviation insurance business had a market share of 14.21%, ranking on the second place in market. The marine insurance business had a market share of 8.37% in 2018, ranking in the fifth place in the market.

(2) Six operation goals

To ensure maintaining good profitability and sustainable growth, the Chairman of the Company at the beginning of 2019 Chinese lunar New Year declared that the Company will strive for constant profit growth through four dimensions including structure adjustment, interest rate spread improvement, fee income enhancement and financial operations. In addition, the Company also reinforces risk management and legal compliance to lower operating risk. The concrete action plans are as follows:

a. Structure adjustment

For product structure, the bank subsidiary, Mega International Commercial Bank (the Bank), will further adjust the structure of corporate finance and consumer finance, while the insurance subsidiary, Chung Kuo Insurance Company, will adjust its insurance product structure. As far as the channel structure, the Bank will divide up its branches by specialty based on big data analysis. In terms of region structure, the Bank will promote the business of branches in the US and countries included in the government's New Southbound Policy. Besides, the Bank will also expand its presence overseas. For example, the two branches of the Bank's subsidiary in Canada, which have been restructured into the branches of the Bank in 2018, will actively transform to wholesale banking from retail banking in 2019. The branches in Paris and Amsterdam will explore business opportunity arising from Brexit event in mainland Europe.

b. Improvement of interest rate spread

To improve the interest rate spread, the Bank will expand foreign currency loan business and moderately raise the pricing of assets, in addition to increasing the demand deposit ratio. The bills finance subsidiary, Mega Bills Finance Company, will expand its funding source in the secondary market to lower its funding cost and boost interest spread.

c. Enhancement of fee income

In addition to the fee income from brokerage, underwriting, fund management, the Group will expand fee income of wealth management business, credit card business and syndicated loan to boost fee income.

d. Expansion of financial operations and investment

The Bank will be actively engaged in foreign currency bond trading and SWAP transaction, while Mega Bills Finance will maintain its leading position in the bills and bond market. The Mega Securities Company will optimize the

performance of securities proprietary trading and activate the assets allocation to improve investment performance.

e. Reinforcement of risk management

The Group will continue to shape a culture of risk management by improving the risk management capability and embedding risk awareness in daily operation to prevent possible risk or loss.

f. Enhancement of regulatory compliance

Regulatory compliance, anti-money laundering and internal control are three fields, to which the Group attaches more importance. To align with international best practice, the Company and its subsidiaries will continuously improve its system and operation in these regards.

III. Implementation of Business Plans

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 investee enterprises. As of the end of 2018, the subsidiary companies, in which the Company has direct controlling interest, remains the same as those of 2017. The subsidiary companies are Mega International Commercial Bank Co., Ltd., (Mega Bank) Mega Securities Co., Ltd., Mega Bills Finance Co., Ltd., Chung Kuo Insurance Co., Ltd., Mega International Investment Trust Co., Ltd., Mega Asset Management Co., Ltd., Mega Life Insurance Agency Co., Ltd. and Mega Venture Capital Co., Ltd. The operation results of our subsidiary companies are summarized as follows:

(1) Mega International Commercial Bank

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

Item \ Year	2018	2017	Change (%)
Deposits (including due to Chunghwa Post Co., Ltd.)	2,354,393	2,261,201	4.12
Loans, Import/export bills negotiated	1,824,721	1,701,601	7.24
Corporate financing	1,405,758	1,309,372	7.36
Consumers financing (excluding credit card revolving loans)	418,963	392,229	6.82
Foreign exchange business undertaken	893,678	845,753	5.67
Securities purchased	529,031	502,291	5.32
Long-term equity investments	19,411	20,497	(5.30)
Credit card revolving loans	1,140	1,131	0.08

Note: 1. All figures above are average monthly balance, except foreign exchange business.

2. The non-performing loans outstanding at the end of 2018 amounted to NT\$2,670 million, representing a non-performing loan ratio of 0.14%, while the bad debt coverage ratio reached 1,121.78%.

(2) Mega Securities Company

Item		2018	2017	Change (%)
Securities brokerage	Market share of brokerage	3.22% (rank 8)	3.06% (rank 9)	0.16
	Market share of margin loan	5.37% (rank 6)	4.86% (rank 8)	0.51
Equity underwriting	Number of issues lead managed by MSC	8 (rank 7)	4 (rank 9)	100.00
Bond underwriting	Number of issues lead managed by MSC	1 (rank 8)	2 (rank 6)	(50.00)
	Amount of issues lead managed by MSC (NT\$ billion)	6.0 (rank 7)	2.6 (rank 11)	130.77
New financial products	Number of warrants issued	1,238 (rank 12)	1,434 (rank 9)	(13.67)
	Amount of warrants issued (NT\$ billion)	10.4 (rank 13)	11.6 (rank 10)	(10.34)

Note: It is the ranking of 18 local securities firms among the top 25 securities brokers in 2018.

(3) Mega Bills Finance Company

Units: NT\$ million

Item	2018	2017	Change (%)
Underwriting and purchasing of bills	2,806,666	2,632,704	6.61
Underwriting amount of commercial paper issued for funding purpose (CP2)	2,369,796	2,237,849	5.90
Trading volume of bills	8,723,464	8,661,278	0.72
Trading volume of bonds	4,911,287	5,116,324	(4.01)
Average outstanding balance of guaranteed issues of commercial paper	161,271	152,652	5.65
Overdue credit amounts	0	0	-
Percentage of overdue credits (%)	0	0	-

Note: CP2 stands for commercial paper issued for funding purpose without underlying transaction.

(4) Chung Kuo Insurance Company

Unit: NT\$ million

Item	2018	2017	Change (%)
Direct written premiums	6,911	6,498	6.35
Inward reinsurance premiums	655	688	(4.47)
Total	7,566	7,186	5.29

(5) Mega International Investment Trust Company

Unit: NT\$ million

Item	2018	2017	Change (%)
Public funds under management	79,274	88,766	(10.69)
Private placement funds under management	16,142	18,380	(12.18)
Discretionary account	902	1,190	(24.20)
Total	96,318	108,337	(11.09)

Note: The AUM decreased as a result of redemption of the Diamond Money Market Fund and private placement funds by investors as well as the reduction in amount of discretionary account entrusted by customers.

(6) Mega Asset Management Company

Unit: NT\$ million

Item	2018	2017	Change (%)
Gain from disposal of NPL purchased and the related collateral	12	106	(88.68)
Interest income	3	4	(25.00)
Service income	386	370	4.32
Total	402	481	(16.63)

Note : 1. The company was distributed proceeds of about NT\$80 million from the auction of non-performing loans by the court in 2017, so the revenue decreased in 2018.

2. The interest income reduced in 2018 due to the decline in beneficial rights of real estate development trust in 2017.

(7) Mega Venture Capital Company

Unit: NT\$ million

Item	2018	2017	Change (%)
Drawdown of long term equity investment	234	399	(41.35)
Original cost of long term equity investment	700	997	(29.79)

Note: The significant decline is due mainly to the adjustment of investment portfolio and disposal of investment with poor prospects.

(8) Mega Life Insurance Agency Company

Unit: NT\$ million

Item	2018	2017	Change (%)
Commission income	1,415	1,344	5.28

IV. Implementation of Budget

(1) The Company's 2018 budget and its implementation are as follows:

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

Item	Final accounting figure, 2018	Budget figure, 2018	Implemented (%)
Revenues	28,169,482	26,892,777	104.75
Expenses and losses	446,454	487,489	91.58
Net income before tax from continuing operations	27,723,028	26,405,288	104.99
Net income	28,109,164	26,277,288	106.97
Earnings per share	2.07	1.93	107.25

(2) The Company's Subsidiaries' 2017 budget and its implementation are as follows:

Unit: NT\$ million

Name of subsidiary	Net income before tax - actual	Net income before tax - budget	Implemented (%)
Mega International Commercial Bank Co., Ltd.	26,636,996	26,243,613	101.50
Mega Securities Co., Ltd.	358,613	711,464	50.40
Mega Bills Finance Co., Ltd.	3,062,597	3,033,225	100.97
Chung Kuo Insurance Co., Ltd.	469,352	487,500	96.28
Mega Asset Management Co., Ltd.	231,687	230,000	100.73
Mega Life Insurance Agency Co., Ltd.	403,200	348,225	115.79
Mega Venture Capital Co., Ltd.	(62,917)	34,257	(183.66)
Mega International Investment Trust Co., Ltd.	101,653	95,661	106.26

Mega Securities Company only achieved 50.40% of its budgeted net income before tax due mainly to poor performance in securities proprietary trading.

Chung Kuo Insurance Company posted a budget achieving rate of 96.28% largely because of the increase in net claims of auto insurance and fire insurance as well as overall operating expense compared to 2017, leading to the decrease in underwriting profit.

Mega Venture Capital Company posted a net loss, due mainly to loss from sale of stocks with poor prospects. Besides, the loss was also attributed to the fact that the recognition of equity valuation after introduction of IFRS 9 in 2018, is reclassified in the accounting item of "gain on financial assets at fair value through profit or loss".

V. Financial Results and Profitability Analysis

The Company and its subsidiaries' consolidated net profit before tax in 2018 amounts to NT\$31,079,960 thousand, an increase of NT\$1,799,233 thousand or 6.14% compared to 2017. The increase is due mainly to the increase in net interest income for NT\$2,216,167 thousand. To conform to the requirements of IFRS 9 introduced in 2018, the setup of accounting item "realized gain (loss) on financial assets at fair value through other comprehensive income" caused the increase of revenue in 2018, while the removal of accounting item "realized gain (loss) on available-for-sale financial assets" resulted in the decrease of revenue in 2018. Besides, the revenues other than interest in 2018 decreased by NT\$267,148 thousand compared to 2017 due largely to the increase in net service fee revenue and commissions, foreign exchange gain and other income, offset by the decline in financial assets and liabilities at fair value through profit or loss. The bad debts expense and guarantee liability provisions decreased by NT\$2,256,534 thousand, while the operating expenses increased by NT\$2,406,320 thousand. The consolidated net profit after tax of the Company and its subsidiaries reached NT\$ 28,093,445 thousand, an increase of NT\$2,364,350 thousand or 9.19%. Its return on assets was 0.79%, and the return on equity reached 9.04%. A breakdown of the financial results of the Company and its subsidiaries in 2018 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 Assets (%)	Return on Equity (%)
Mega FHC & Its Subsidiaries	31,079.96	28,093.45	2.07	0.79	9.04
Mega FHC (Unconsolidated)	27,723.03	28,109.16	2.07	8.11	9.05
Mega International Commercial Bank Co., Ltd.	26,637.00	24,172.21	2.83	0.76	8.73
Mega Securities Co., Ltd.	358.61	315.77	0.27	0.53	2.04
Mega Bills Finance Co., Ltd.	3,062.60	2,558.08	1.95	0.94	7.11
Chung Kuo Insurance Co., Ltd.	469.35	351.91	1.17	2.15	5.35
Mega Asset Management Co., Ltd.	231.69	201.91	1.01	1.63	7.33
Mega Life Insurance Agency Co., Ltd.	403.20	322.56	161.28	59.05	78.16
Mega Venture Capital Co., Ltd.	(62.92)	(63.22)	(0.63)	(8.42)	(8.49)
Mega International Investment Trust Co., Ltd.	101.65	54.72	1.04	5.79	6.58

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 2018 are summarized as follows:

- (1) In 2018, the Company obtained patents for market risk evaluation system, and assessed the feasibility of mergers with or acquisitions of domestic and international institutions. To conform to IFRS 9, it revised the financial risk reporting system established under IFRS 7. Improvement in classification of credit rating for enterprises group is made, and the management system for high-risk country's financial product is completed. Optimization of the Group's equity valuation system, consolidated financial statement system, and financial performance management system were performed. To prepare for the introduction of IFRS 16 in 2019, the Company also built a leasing measurement and reporting system.
- (2) Mega International Commercial Bank continuously promotes business by developing new financial products or marketing program to satisfy client needs. New financial products developed in 2018 include: In credit services, "SME Preferential Loan Program for Factory Building," "Reverse Mortgage Loan Part II (integrated with insurance and trust program), "3-Year Mid-term Revolving Secured Loan (mid-term expert wealth management financing)" and "Function Enhancement for Consumer Financing Online Services"; in wealth management businesses, insurance products with market differentiation exclusively sold by the Bank; for credit card business, new co-branded cards targeting at young population with market competitiveness, marketing through cooperation with different sectors and social media. To enhance digital finance applications, "Big Data Management Platform" was built in 2018 to strengthen big data infrastructure and analytical application. Taiwan Pay QR Code, the common payment standard, was introduced. Functions of "Mega Pay" on mobile banking App were enhanced. LINE official account "Business Connect" service was launched to provide personalized services, foreign exchange services, and credit card services, etc. Service function of digital deposit account was optimized, and opening of foreign currency digital deposit account is now available online. A "Blockchain Confirmation System" connecting to "Financial Blockchain Confirmation" services of the Financial Information Service Company is built to automatically produce account's reply of CPA auditing information. Additionally, the Bank continued to be devoted to digital finance R&D and applied for various financial services and patents. As of December 31, 2018, it obtained 102 utility model patents and 10 invention patents approval from the Ministry of Economic Affairs, and 4 utility model patents and 50 invention patents applications are under review.

- (3) Mega Securities Company evaluated new businesses or adjusted existing products in response to the opening of new business or regulatory amendments by the competent authority. To promote digitalization and e-commerce, it continued to optimize and build new 3-in-1 version of e-platform. Its digital optimization achievement are as follows: support to fingerprint identification on Android phone, introduction of Hong Kong real-time stock price quotation services, Mega Winner Platform, online of XQ-Trade Platform Service, introduction of foreign futures trading services, introduction of after-market futures trading, introduction of securities borrowing for natural person and LINE notification services, introduction of financial e-news services etc. The matching services for securities borrowing by natural person is continuously promoted.
- (4) Mega Bills Finance Company studied the feasibility of undertaking RP transaction of US dollar bonds with life insurance companies. It continued improving the existing self-assessment system for operational risk and preparing for Basel III system framework and introduction practice. Execution and risk monitoring on anti-money laundering and combating financing of terrorism (AML/CFT) are enhanced. It sought approval from the competent authority to relax derivatives transaction scope of bills finance companies. In addition, it promoted dematerialization of short-term bills in the primary and secondary market and established e-learning system.
- (5) Chung Kuo Insurance Company built a market information database and developed insurance products with marketability, competitiveness and niche. A total of 225 new insurance products were developed in 2018, including 1 products filed with the competent authority on a “prior approval” basis, 165 products on a “file for recordation” basis and 59 products on a “simple file for recordation” basis.
- (6) Mega International Investment Trust Company developed multiple currencies products to increase customer base of foreign currency investment. Mega China A-shares Equity Fund’s investment quota in foreign currency was approved to increase by the regulator.

Chairman: Chao-Shun Chang President: Kuang-Hua Hu Chief-Accountant: Jui-Ying Tsai

Attachment 2

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

The Board of Directors has prepared and delivered this Company's 2018 Consolidated Financial Statements, audited by CPA Chi, Shu-Mei and Lai, Chung-Hsi of PricewaterhouseCoopers Taiwan (PWC), Business Report and earning distribution proposal. The above statements and reports have been examined by the Audit Committee and considered in compliance with applicable laws and regulations. We hereby submit 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: 2019 General Shareholders' Meeting

Mega Financial Holding Co., Ltd.
Chairman of the Audit Committee: Jiun-Wei Lu
Date : May 14, 2019

**MEGA FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND
2017**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000366

To the Board of Directors and Shareholders of Mega Financial Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Mega Financial Holding Co., Ltd. and subsidiaries (collectively the “Mega Group”) as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mega Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance 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.

Basis for opinion

We conducted our audits in accordance with the “Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Mega Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Mega Group's key audit matters for the year ended December 31, 2018 are addressed as follows:

Recognition and measurement of expected credit losses on loans discounted**Description**

The recognition and measurement of expected credit losses on loans discounted complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on loans discounted, please refer to Note 4(9); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on loans discounted, please refer to Note 5(2). For information on gross loans discounted and allowance for bad debts, which amounted to \$1,894,706,350 thousand and \$30,259,247 thousand, respectively, as at December 31, 2018, please refer to Note 6(7); for disclosures of related credit risks, please refer to Note 8(3).

The subsidiary Mega International Commercial Bank Co., Ltd. ("MIBC") assesses the impairment of its loans discounted based on the expected credit loss model. At each financial reporting date, financial instruments are categorized into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (i.e. stage 1, there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (i.e. stage 2, there has been a significant increase in credit risk since initial recognition; or stage 3, the credit has impaired). The measurement of expected credit losses is based on a complex model, which includes various parameters and assumptions and reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. For example, the probability of default and loss given default are estimated using grouping and historical data and subsequently calibrated according to forward-looking information.

The aforementioned recognition and measurement of expected credit losses on loans discounted use a complex model, which involves various assumptions, estimates, and judgements, as well as predictions

and assessments of future economic conditions and credit behaviour of debtors. The amounts, recognised in a manner consistent with regulations and interpretations, are directly subject to the measurement results. Thus, we have included recognition and measurement of expected credit losses on loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. Obtained an understanding and assessed the related written policies and internal control system of loans discounted, the expected credit loss impairment model and methodology (including various parameters and assumptions, reasonableness of the measurement criteria for the three stages of credit risk, and the relevancy of future economic condition criteria in forward-looking information), and the approval process.
2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested probability of default, loss given default, exposure at default, and the discount rate.
 - (1) Sampled and tested assumptions for the parameters of the expected credit loss model, including the reasonableness of historical data on probability of default, loss given default, and exposure at default.
 - (2) Sampled and tested whether the calculation method of the discount rate of loss given default is in accordance with existing policy.
5. Sampled and tested forward-looking information.
 - (1) Sampled and tested the reliability of data on historical economic conditions (economic growth rate, annual inflation rate, etc.) adopted by management to measure expected credit losses under IFRS 9.
 - (2) Assessed the reasonableness of the forward-looking scenarios and their respective weights adopted by the management.

6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.

Assessed the reasonableness and calculation accuracy of the various assumed parameter values (including debtor due period, financial and operational conditions, guarantees by external parties and historical data) adopted in the estimation of future cash flows.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(1); for details on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, please refer to Notes 6(3) and (4). The fair values of unlisted stocks without an active market were classified as financial assets at fair value through profit or loss amounting to \$5,793,751 thousand and financial assets at fair value through other comprehensive income amounting to \$14,646,816 thousand as at December 31, 2018.

The fair value of unlisted stocks is determined by valuation methods since these financial instruments have no quoted prices from active market. Management uses the market approach and net asset approach to measure the fair value. The market approach is based on the fair value of comparable listed companies in similar industries or recently published price-to-book ratios of industries in which the valuation target operates, and incorporates discounting according to market liquidity or specified risk.

The aforementioned fair value measurement involves various assumptions and significant inputs that are not observable. This leads to estimates that are highly uncertain and rely on the subjective judgement of management. Any changes to the judgements and estimates will affect the final measurement results, and in turn affect the financial condition of the Mega Group. Thus, we have included the fair value measurement of unlisted stock without active market as one of the key audit matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. Obtained an understanding and assessed the related written policies, internal control system, fair value measurement models, and approval process of the fair value measurement of stocks of unlisted companies.
2. Ascertained whether the measurement used by the management is commonly utilized by the industry.
3. Assessed the reasonableness of similar and comparable companies used by management.
4. Examined inputs and calculation formulas used in valuation methods and agreed such data to their supporting documents.

Claims reserve and ceded claims reserve

Description

For the accounting policy for claims reserve (including those prior to and after reinsurance), please refer to Note 4(18)4.; for critical accounting judgements, estimates, and assumption uncertainty of claims reserve (including ceded reserves), please refer to Note 5(4); for details on claims reserve (and ceded reserves), please refer to Note 6(24).

The subsidiary, Chung Kuo Insurance Co., Ltd (CKI)'s claims reserve (including ceded reserve) uses the loss development triangle to estimate the reasonable amount of ultimate claims according to the Actuarial Department's historical claim experience and expenses by insurance type. As of December 31, 2018, subsidiary CKI's claims reserve and ceded claims reserve was \$3,416,365 thousand and \$1,670,738 thousand, respectively. Because the calculation method and assumptions for claims reserve involve the professional judgment of management, and because claims reserve is material to the financial statements, we have thus included the estimation of claims reserve and ceded claims reserve as a key audit matter in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Understood and assessed subsidiary CKI's policies, internal controls and processing procedures related to claims reserve (including ceded reserve), and tested the effectiveness of controls related

to the calculation of claims reserve on sample basis.

2. Sampled and inspected the consistency of financial values used in calculating claims reserve (including those prior to and after reinsurance) with the recorded amounts in the books in order to confirm the accuracy and completeness.
3. Used the work of actuarial expert to assists us in assessing the reasonableness of the claims reserve (including those prior to and after reinsurance). This included the following procedures:
 - (1) Sampled and inspected the reasonableness of method used in the estimation of claims reserve;
 - (2) Established a range of estimates of incurred but not reported claims reserve. On an sampling basis, compared the range of estimates and the account balances of the reserve for any significant differences in order to confirm the reasonableness of the reserves.
4. Sampled and inspected significant reported but not paid cases to assess the reasonableness of the estimated amount.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with “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 Publicly Held Bill 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Mega Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Mega Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Mega

Financial Holding Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mega Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mega Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mega Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the



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underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Mega Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We remain solely responsible for our audit opinion.

We communicate with those charged with audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chi, Shu-Mei

Chi, Shu-Mei

cs-hs. Lai

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2019

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 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		(Adjusted) December 31, 2017		(Adjusted) January 1, 2017	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Assets							
11000 Cash and cash equivalents	6(1)	\$ 129,675,778	4	\$ 143,864,749	4	\$ 98,131,357	3
11500 Due from the Central Bank and call loans to banks	6(2) and 11	514,219,514	14	567,201,934	16	540,011,742	16
12000 Financial assets at fair value through profit or loss	6(3), 11, 12 and 16(13)	196,201,030	5	191,581,454	5	186,317,373	6
12100 Available-for-sale financial assets, net	12 and 16(13)	-	-	442,557,049	13	354,464,708	11
12150 Financial assets at fair value through other comprehensive income	6(4) and 12	421,176,553	12	-	-	-	-
12200 Investments in debt instruments at amortised cost	6(5) and 12	272,926,017	8	-	-	-	-
12500 Securities purchased under resell agreements		2,623,231	-	2,553,228	-	2,855,885	-
13000 Receivables, net	6(6) and 16(13)	92,723,255	3	96,055,863	3	86,825,802	3
13200 Current income tax assets		272,816	-	757,391	-	528,037	-
13300 Assets classified as held for sale, net	6(8)	328,350	-	-	-	-	-
13500 Loans discounted, net	6(7), 11 and 16(13)	1,864,447,103	53	1,762,160,756	50	1,715,278,766	52
13700 Reinsurance contract assets, net	6(9)(24)	3,854,464	-	3,555,454	-	4,261,668	-
14500 Held-to-maturity financial assets, net	12 and 16(13)	-	-	284,687,657	8	280,997,362	8
15000 Equity investments accounted for under the equity method, net	6(10)	3,168,973	-	3,184,501	-	3,108,470	-
15500 Other financial assets, net	6(11), 12 and 16(13)	5,112,210	-	15,089,381	-	14,955,209	-
18000 Investment property, net	6(12) and 12	1,500,403	-	1,696,863	-	1,711,561	-
18500 Property and equipment, net	6(13) and 12	21,973,422	1	21,981,154	1	21,787,452	1
19000 Intangible assets, net		518,222	-	382,728	-	270,438	-
19300 Deferred income tax assets	6(39)	7,552,961	-	6,018,307	-	5,463,227	-
19500 Other assets, net	6(14) and 12	3,785,059	-	3,964,038	-	2,772,911	-
Total Assets		\$ 3,542,059,361	100	\$ 3,547,292,507	100	\$ 3,319,741,968	100

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MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Notes	December 31, 2018		(Adjusted) December 31, 2017		(Adjusted) January 1, 2017	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Liabilities								
21000	Due to the Central Bank and financial institutions	6(15) and 11	\$ 411,643,388	12	\$ 404,371,657	12	\$ 406,014,997	12
21500	Funds borrowed from the Central Bank and other banks	6(16)	53,920,881	2	29,632,968	1	35,691,029	1
22000	Financial liabilities at fair value through profit or loss	6(17)	27,357,462	1	9,966,779	-	12,105,231	1
22500	Securities sold under repurchase agreements	6(18)	252,298,265	7	237,706,429	7	231,191,763	7
22600	Commercial paper payable, net	6(19) and 11	15,929,662	-	20,165,421	1	11,701,649	-
23000	Payables	6(20)	66,362,081	2	70,119,748	2	57,212,755	2
23200	Current income tax liabilities		9,319,314	-	9,216,815	-	10,329,395	-
23500	Deposits and remittances	6(21)	2,320,637,263	66	2,386,555,016	67	2,171,287,924	66
24000	Bonds payable	6(22)	13,300,000	-	31,670,036	1	41,924,088	1
24400	Other loans	6(23)	4,934,529	-	1,325,368	-	5,954,030	-
24600	Provisions for liabilities	6(24) and 16(13)	26,977,832	1	26,182,764	1	25,047,224	1
25500	Other financial liabilities	6(25)	15,325,367	-	12,698,470	-	10,849,706	-
29300	Deferred income tax liabilities	6(39)	2,526,612	-	2,266,455	-	2,201,659	-
29500	Other liabilities	6(26)	7,271,276	-	7,319,019	-	6,203,075	-
	Total Liabilities		3,227,803,932	91	3,249,196,945	92	3,027,714,525	91
Equity								
Equity attributable to owners of parent								
31100	Share capital							
31101	Common stock	6(27)	135,998,240	4	135,998,240	4	135,998,240	4
31500	Capital surplus	6(27)	68,194,233	2	68,194,233	2	68,194,233	2
Retained earnings								
32001	Legal reserve	6(27)	35,255,784	1	32,682,332	1	30,436,714	1
32003	Special reserve	6(27)	2,545,151	-	3,004,318	-	2,545,158	-
32011	Unappropriated retained earnings	6(28)	64,774,415	2	59,182,128	1	56,976,974	2
	Other equity interest	6(29) and 16(13)						
32500	Other equity interest		7,474,457	-	1,007,118	-	2,165,966	-
39500	Non-controlling interests		13,149	-	41,429	-	42,090	-
	Total Equity		314,255,429	9	298,095,562	8	292,027,443	9
TOTAL LIABILITIES AND EQUITY								
			\$ 3,542,059,361	100	\$ 3,547,292,507	100	\$ 3,319,741,968	100

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

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Years ended December 31				Changes Percentage (%)	
		2018		2017			
Items	Notes	AMOUNT	%	AMOUNT	%		
41000	Interest income	6(30) and 11	\$ 68,396,935	111	\$ 57,094,672	96	20
51000	Less: interest expense	6(30) and 11	(30,301,244)	(49)	(21,215,148)	(36)	43
	Interest income, net		38,095,691	62	35,879,524	60	6
	Revenues other than interest, net						
49800	Service fee revenue and commissions, net	6(31)	9,659,224	16	9,527,247	16	1
49810	Insurance revenue, net		1,805,936	3	1,773,954	3	2
49820	Gain on financial assets and liabilities at fair value through profit or loss	6(32) and 11	6,269,698	10	7,588,210	13 (17)
49825	Gain on investment property		18,121	-	18,462	- (2)
49830	Realized gain on available-for-sale financial assets, net	16(13)	-	-	1,918,710	3 (100)
49835	Realized gain on financial assets at fair value through other comprehensive income	6(4)(33)	1,567,007	3	-	-	-
49850	Net gain arising from derecognition of financial assets measured at amortised cost	6(5)	1,432	-	-	-	-
49870	Foreign exchange gains		2,668,324	4	1,705,046	3	56
49890	Share of profit of associates and joint ventures accounted for under equity method	6(10)	188,574	-	212,015	- (11)
49898	Gain on reclassification under the overlay approach	6(3)(29)	111,585	-	-	-	-
48000	Other revenue other than interest income	6(35)	1,236,710	2	1,240,223	2	-
55000	Loss on asset impairment	6(34) and 16(13)	(12,895)	-	(203,003)	- (94)
	Net revenue		61,609,407	100	59,660,388	100	3
58100	Bad debts expense and guarantee liability provisions	6(9)(11), 8(3) and 16(13)	(1,996,406)	(3)	(4,336,814)	(7)	54)
58300	Net change in provisions for insurance liabilities	6(24)	68,884	-	152,758	- (55)
	Operating expenses						
58501	Employee benefit expenses	6(36)	(18,096,204)	(29)	(16,933,655)	(29)	7
58503	Depreciation and amortization	6(37)	(845,876)	(1)	(761,012)	(1)	11
58599	Other business and administrative expenses	6(38)	(9,659,845)	(16)	(8,500,938)	(14)	14
61000	Income before income tax		31,079,960	51	29,280,727	49	6
61003	Income tax expense	6(39)	(2,986,515)	(5)	(3,551,632)	(6)	16)
69000	Profit for the year		\$ 28,093,445	46	\$ 25,729,095	43	9

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MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Years ended December 31				Changes Percentage (%)
		2018		2017		
Items	Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income (after income tax)						
Non-reclassifiable to profit or loss subsequently						
69561	Loss on remeasurement of defined benefit plan	(\$ 844,542)	(1)	(\$ 1,822,689)	(3)	(54)
69563	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(2,634)	-	-	-	-
69567	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	462,883	1	-	-	-
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	345,487	-	309,856	1	11
Potentially reclassifiable to profit or loss subsequently						
69571	Cumulative translation differences of foreign operations	1,148,351	2	(1,890,094)	(3)	(161)
69572	Unrealized gain on valuation of available-for-sale financial assets	-	-	3,037,736	5	(100)
69575	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(35,210)	-	15,965	-	(321)
69585	Gains (losses) on valuation of investments in debt instruments measured at fair value through other comprehensive income	(1,666,858)	(3)	-	-	-
69587	Impairment loss from investments in debt investments at fair value through other comprehensive income	(34,947)	-	-	-	-
69590	Other comprehensive losses on reclassification under the overlay approach	(111,585)	-	-	-	-
69579	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	331,559	-	-	-	-
69500	Total other comprehensive loss (after income tax)	(\$ 407,496)	(1)	(\$ 349,226)	-	17
69700	Total comprehensive income	<u>\$ 27,685,949</u>	<u>45</u>	<u>\$ 25,379,869</u>	<u>43</u>	9
Profit attributable to:						
69901	Owners of parent	\$ 28,109,164	46	\$ 25,734,515	43	9
69903	Non-controlling interests	(15,719)	-	(5,420)	-	190
		<u>\$ 28,093,445</u>	<u>46</u>	<u>\$ 25,729,095</u>	<u>43</u>	9
Comprehensive income (loss) attributable to:						
69951	Owners of parent	\$ 27,701,668	45	\$ 25,380,530	43	9
69953	Non-controlling interests	(15,719)	-	(661)	-	2278
		<u>\$ 27,685,949</u>	<u>45</u>	<u>\$ 25,379,869</u>	<u>43</u>	9
Earnings per share						
70000	Basic and diluted earnings per share (in dollars)	\$ 2.07		\$ 1.89		

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

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Retained earnings			Other equity interest								
	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Available-for-sale assets unrealized gain or loss	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Reserve of overlay approach	Other equity, others	Total		
Share capital – common stock												
For the year ended December 31, 2017												
Balance at January 1, 2017	\$ 135,998,240	\$ 68,194,233	\$ 30,436,714	\$ 2,545,158	\$ 56,976,974	\$ 853,382	(\$ 1,312,584)	\$ -	\$ -	\$ -	\$ 291,985,353	\$ 292,027,443
Profit (loss) for the year	-	-	-	-	25,734,515	-	-	-	-	-	25,734,515	25,729,095
Other comprehensive (loss) income for the year	-	-	-	-	(1,512,833)	(1,899,975)	3,058,823	-	-	-	(353,985)	4,759
Total comprehensive income (loss)	-	-	-	-	24,221,682	(1,899,975)	3,058,823	-	-	-	25,380,530	25,379,869
Earnings distribution for 2016												
Legal reserve	-	-	2,245,618	-	(2,245,618)	-	-	-	-	-	-	-
Special reserve	-	-	-	459,160	(459,160)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(19,311,750)	-	-	-	-	-	(19,311,750)	(19,311,750)
Balance at December 31, 2017	\$ 135,998,240	\$ 68,194,233	\$ 32,682,332	\$ 3,004,318	\$ 59,182,128	\$ 2,753,357	\$ 1,746,239	\$ -	\$ -	\$ -	\$ 298,054,133	\$ 298,095,562
For the year ended December 2018												
Balance at January 1, 2018	\$ 135,998,240	\$ 68,194,233	\$ 32,682,332	\$ 3,004,318	\$ 59,182,128	\$ 2,753,357	\$ 1,746,239	\$ -	\$ -	\$ -	\$ 298,054,133	\$ 298,095,562
Effects of retrospective application and retrospective restatement	-	-	-	-	755,917	-	(1,746,239)	9,902,554	8,911	(34,928)	8,886,215	8,873,654
Balance at January 1 after adjustments	135,998,240	68,194,233	32,682,332	3,004,318	59,938,045	(2,753,357)	-	9,902,554	8,911	(34,928)	306,940,348	306,969,216
Profit (loss) for the year	-	-	-	-	28,109,164	-	-	-	-	-	28,109,164	28,093,445
Other comprehensive (loss) income for the year	-	-	-	-	(499,055)	1,152,878	-	(929,483)	(111,088)	(20,748)	(407,496)	(407,496)
Total comprehensive income (loss)	-	-	-	-	27,610,109	1,152,878	-	(929,483)	(111,088)	(20,748)	27,701,668	27,685,949
Earnings distribution for 2017												
Legal reserve	-	-	2,573,452	-	(2,573,452)	-	-	-	-	-	-	-
Special reserve	-	-	-	(459,167)	459,167	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(20,399,736)	-	-	-	-	-	(20,399,736)	(20,399,736)
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(259,718)	-	-	259,718	-	-	-	-
Balance at December 31, 2018	\$ 135,998,240	\$ 68,194,233	\$ 35,255,784	\$ 2,545,151	\$ 64,774,415	\$ 1,600,479	\$ -	\$ 9,232,789	(\$ 102,177)	(\$ 55,676)	\$ 314,242,280	\$ 314,255,429

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

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Years ended December 31,	
	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 31,079,960	\$ 29,280,727
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	767,974	696,276
Amortization	77,902	64,736
Bad debts expense and guarantee liability provision	1,996,406	4,336,814
Interest expense	31,079,431	21,525,218
Interest income	(70,322,834)	(59,200,791)
Dividend income	(1,859,861)	(1,459,735)
Net change in provisions for insurance liabilities	(68,884)	(152,759)
Loss on asset impairment	12,895	203,003
Loss (gain) on disposal of property and equipment	2,388	(1,266)
Gain on disposal of investment property	(254)	(221)
Share of profit of associates accounted for under equity method	(188,574)	(212,015)
Reserve of overlay approach	(111,585)	-
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease in due from Central Bank and call loans to other banks	17,384,939	34,914,999
Decrease (increase) in financial assets at fair value through profit or loss	8,615,222	(5,264,081)
Increase in available-for-sale financial assets	-	(85,192,365)
Decrease (increase) in receivables	3,978,979	(8,516,076)
Increase in assets classified as held for sale	(328,350)	-
Increase in discounts and loans	(104,663,089)	(50,940,398)
Increase in financial assets at fair value through other comprehensive income	(18,771,899)	-
Decrease in investments in debt instruments measured at amortised cost	52,215,093	-
(Increase) decrease in reinsurance contract assets	(299,010)	706,214
Increase in held-to-maturity financial assets	-	(3,690,295)
Increase in other financial assets	(1,761,601)	(637,457)
Decrease (increase) in other assets	825,877	(1,152,259)
Changes in operating liabilities		
Increase (decrease) in due to the Central Bank and financial institutions	11,096,323	(1,643,340)
Increase (decrease) in financial liabilities at fair value through profit or loss	17,390,683	(2,138,452)
Increase in bills and bonds purchased under resale agreements	14,591,836	6,514,666
(Decrease) increase in payables	(8,169,400)	8,909,720
(Decrease) increase in deposits and remittances	(65,917,753)	215,267,092
Increase in other financial liabilities	2,626,897	1,848,764
Increase (decrease) in liabilities reserve	464,646	(542,200)
Decrease in other liabilities	(358,454)	(79,220)
Cash (outflow) inflow generated from operations	(78,614,097)	103,445,299
Interest received	69,585,726	58,218,582
Cash dividend received	2,026,120	1,614,856
Interest paid	(30,023,083)	(20,864,314)
Income tax paid	(1,594,240)	(3,284,750)
Net cash flows (used in) from operating activities	(38,619,574)	139,129,673

(Continued)

MEGA FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Years ended December 31.	
	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from capital reduction of investments measured at cost	\$ -	\$ 410,894
Acquisition of property and equipment	(748,867)	(912,318)
Proceeds from disposal of property and equipment	38,583	30,150
Acquisition of intangible assets	(378,793)	(283,478)
Acquisition of investment property	(148,235)	(825)
Proceeds from disposal of investment property	1,621	1,209
Net cash flows used in investing activities	(1,235,691)	(754,368)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in due to the Central Bank and financial institutions	20,463,321	(6,058,061)
Decrease (increase) in commercial papers payable	(4,231,000)	8,465,000
Repayments of bank notes payable	(12,600,000)	(10,300,000)
Repayments of bonds	(16,700)	-
Increase (decrease) in other loans	3,609,161	(4,628,662)
Increase in guarantee deposits received	316,628	1,192,790
Cash dividends paid	(18,739,395)	(17,719,905)
Net cash flows used in financing activities	(11,197,985)	(29,048,838)
Effect of exchange rate changes on cash and cash equivalents	1,336,024	(1,790,543)
Net (decrease) increase in cash and cash equivalents	(49,717,226)	107,535,924
Cash and cash equivalents at beginning of year	536,876,729	429,341,320
Cash and cash equivalents at end of year	<u>\$ 487,159,503</u>	<u>\$ 536,877,244</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 129,675,778	\$ 143,864,749
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	354,860,494	390,459,267
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	2,623,231	2,553,228
Cash and cash equivalents at end of year	<u>\$ 487,159,503</u>	<u>\$ 536,877,244</u>

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

ASSETS	December 31, 2018	December 31, 2017	%	LIABILITIES AND EQUITY	December 31, 2018	December 31, 2017	%
Assets				Liabilities			
Cash and cash equivalents	\$ 152,693	\$ 307,833	(50.40)	Financial liabilities at fair value through profit or loss	\$ -	\$ 183,860	(100.00)
Financial assets at fair value through profit or loss	203,062	-	100.00	Commercial paper payable, net	13,007,338	10,397,276	25.10
Financial assets at fair value through other comprehensive income	2,154,580	-	100.00	Payables	21,285,593	19,813,499	7.43
Receivables	-	389	(100.00)	Current income tax liabilities	980,678	1,164,368	(15.78)
Current income tax assets	1,259,321	1,669,679	(24.58)	Bonds payable	-	5,770,036	(100.00)
Available-for-sale financial assets, net	-	6,196,895	(100.00)	Provisions for liabilities	61,801	62,523	(1.15)
Equity investments accounted for under the equity method, net	345,071,763	325,981,280	5.86	Deferred tax liabilities	-	205	(100.00)
Other financial assets, net	100	758,293	(99.99)	Other liabilities	7,271	215,872	(96.63)
Investment property	134,104	135,615	(1.11)	Total liabilities	35,342,681	37,607,639	
Property and equipment, net	595,986	595,029	0.16	Equity			
Deferred tax assets	4,734	8,092	(41.50)	Common stock	135,998,240	135,998,240	-
Other assets, net	8,618	8,667	(0.57)	Capital surplus	68,194,233	68,194,233	-
				Retained earnings			
				Legal reserve	35,255,784	32,682,332	7.87
				Special reserve	2,545,151	3,004,318	(15.28)
				Unappropriated retained earnings	64,774,415	59,182,128	9.45
				Other equity interest	7,474,457	(1,007,118)	(842.16)
				Total equity	314,242,280	298,054,133	
TOTAL ASSETS	\$ 349,584,961	\$ 335,661,772	4.15	TOTAL LIABILITIES AND EQUITY	\$ 349,584,961	\$ 335,661,772	4.15

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Revenues		
Interest income	\$ 843	\$ 11,307
Gain on financial assets and liabilities at fair value through profit	140,548	-
Foreign exchange gain	-	5
Share of profit of associates and joint ventures accounted for under equity method	27,913,508	25,926,293
Other revenue except for interest income	114,583	176,896
Total revenue	<u>28,169,482</u>	<u>26,114,501</u>
Expenses and losses		
Interest expense	(61,997)	(78,968)
Financial assets and liabilities at fair value through loss	-	(27,260)
Foreign exchange loss	(5)	-
Employee benefit expense	(310,085)	(288,562)
Depreciation and amortization	(11,874)	(13,353)
Other business and administrative expenses	(62,493)	(69,638)
Total expenses and losses	<u>(446,454)</u>	<u>(477,781)</u>
Income before income tax	27,723,028	25,636,720
Income tax benefit	386,136	97,795
Profit for the year	<u>28,109,164</u>	<u>25,734,515</u>
Other comprehensive income		
Non-reclassifiable to profit or loss subsequently		
Loss on remeasurement of defined benefit plans	(2,714)	(5,402)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(472,247)	(1,508,349)
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	435,649	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	507	918
Potentially reclassifiable to profit or loss subsequently		
Unrealized gain on valuation of available-for-sale financial assets	-	352,594
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	<u>(368,691)</u>	<u>806,254</u>
Other comprehensive loss for the year, (after income tax)	<u>(407,496)</u>	<u>(353,985)</u>
Total comprehensive income (after income tax)	<u>\$ 27,701,668</u>	<u>\$ 25,380,530</u>
Earnings Per Share (in dollars)		
Basic and Diluted Earnings Per Share (in dollars)	<u>\$ 2.07</u>	<u>\$ 1.89</u>

MEGA FINANCIAL HOLDING CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN 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	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Reserve of overlay approach	Other equity- other	Total
For the year ended December 31, 2017											
Balance at January 1, 2017	\$ 135,998,240	\$ 68,194,233	\$ 30,436,714	\$ 2,545,158	\$ 56,976,974	\$ 853,382	\$ 1,312,584	\$ -	\$ -	\$ -	\$ 291,985,353
Profit for the year	-	-	-	-	25,734,515	-	-	-	-	-	25,734,515
Other comprehensive income (loss) for the year	-	-	-	-	(1,512,833)	(1,899,975)	3,058,823	-	-	-	(353,985)
Total comprehensive income (loss)	-	-	-	-	24,221,682	(1,899,975)	3,058,823	-	-	-	25,380,530
Earnings distribution for 2016	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	2,245,618	-	(2,245,618)	-	-	-	-	-	-
Special reserve	-	-	-	459,160	(459,160)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(19,311,750)	-	-	-	-	-	(19,311,750)
Balance, December 31, 2017	\$ 135,998,240	\$ 68,194,233	\$ 32,682,332	\$ 3,004,318	\$ 59,182,128	\$ 2,753,357	\$ 1,746,239	\$ -	\$ -	\$ -	\$ 298,054,133
For the year ended December 31, 2018											
Balance at January 1, 2018	\$ 135,998,240	\$ 68,194,233	\$ 32,682,332	\$ 3,004,318	\$ 59,182,128	\$ 2,753,357	\$ 1,746,239	\$ -	\$ -	\$ -	\$ 298,054,133
Effects of retrospective application and retrospective restatement	-	-	-	-	755,917	-	(1,746,239)	9,902,554	8,911	(34,928)	8,886,215
Restatement at January 1, 2018	135,998,240	68,194,233	32,682,332	3,004,318	59,938,045	(2,753,357)	-	9,902,554	8,911	(34,928)	306,940,348
Profit for the year	-	-	-	-	28,109,164	-	-	-	-	-	28,109,164
Other comprehensive income (loss) for the year	-	-	-	-	(499,055)	1,152,878	-	(929,483)	(111,088)	(20,748)	(407,496)
Total comprehensive income (loss)	-	-	-	-	27,610,109	1,152,878	-	(929,483)	(111,088)	(20,748)	27,701,668
Earnings distribution for 2017	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	2,573,452	-	(2,573,452)	-	-	-	-	-	-
Special reserve	-	-	-	(459,167)	459,167	-	-	-	-	-	-
Cash dividends	-	-	-	-	(20,399,736)	-	-	-	-	-	(20,399,736)
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2018	\$ 135,998,240	\$ 68,194,233	\$ 35,255,784	\$ 2,545,151	\$ 64,774,415	\$ 1,600,479	\$ -	\$ 259,718	\$ 102,177	\$ 55,676	\$ 314,242,280

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

	For the year ended December 31, 2018	For the year ended December 31, 2017
Cash Flows from Operating Activities		
Profit before tax	\$ 27,723,028	\$ 25,636,720
Income and expenses having no effect on cash flows		
Income and expenses		
Depreciation	10,063	11,566
Amortization	1,811	1,787
Interest expense	61,997	78,968
Interest revenue	(843)	(11,308)
Dividend income	(110,565)	(171,475)
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(140,548)	27,260
Share of profit of associates accounted for under equity method	(27,913,508)	(25,926,293)
Changes in assets/liabilities relating to operating activities		
Changes in assets relating to operating activities:		
Decrease in financial assets at fair value through profit or loss	178,159	-
Decrease (increase) in receivables	389	(389)
Decrease (increase) in other assets	2,342	(4,750)
Changes in liabilities relating to operating activities:		
Increase in payables	1,320,166	1,740,414
(Decrease) increase in provisions for liabilities	(2,929)	104
Increase in other liabilities	936	204,764
Cash provided by operations	1,130,498	1,587,368
Interest received	843	11,308
Cash dividend received	16,018,131	15,954,237
Interest paid	(50,611)	(34,673)
Income tax paid	(1,104,292)	(1,972,074)
Net cash provided by operating activities	15,994,569	15,546,166
Cash Flows from Investing Activities		
Acquisition of property and equipment	(9,509)	(1,734)
Acquisition of intangible assets	(4,105)	-
Net cash used in investing activities	(13,614)	(1,734)
Cash Flows from Financing Activities		
Increase in commercial papers payable	2,620,000	4,000,000
Decrease in other loans	-	(1,600,000)
Decrease in bonds payable	(16,700)	-
Cash dividends paid	(18,739,395)	(17,719,905)
Net cash used in financing activities	(16,136,095)	(15,319,905)
Net (decrease) increase in cash and cash equivalents	(155,140)	224,527
Cash and cash equivalents at beginning of year	307,833	83,306
Cash and cash equivalents at end of year	\$ 152,693	\$ 307,833

Attachment 4**Mega Financial Holding Co., Ltd.
2018 Profit Distribution Proposal**

Unit : NT\$

Items	Amount
Beginning undistributed retained earnings in 2018	36,668,107,370
Add : Retained earnings adjustment for first-time adoption of IFRS 9	755,917,463
Less : Retained earnings due to re-measurements of defined benefit plans	(499,055,935)
Less : Loss on disposal of investments in equity instruments measured at fair value through other comprehensive income	(259,718,963)
Adjusted retained earnings	36,665,249,935
Add : Net profit after income tax of 2018	28,109,164,451
Less : 10% legal reserve	(2,810,916,445)
Total distributable earnings	61,963,497,941
Less : Distribution item	
Cash dividend to shareholders (NT\$1.7 per share)	(23,119,700,771)
Unappropriated retained earnings	38,843,797,170
Note1 : The 2018 earnings shall be distributed as a priority.	
Note2 : 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.	

Attachment 5

Mega Financial Holding Co., Ltd.

The Comparison Table of Amended Articles of Incorporation

Amended Article	Original Article	Explanation
ARTICLE 1 The Company is organized under the Financial Holding Company Act and the Company Act, <u>and its name shall be 兆豐金融控股股份有限公司 in the Chinese language, and Mega Financial Holding Company Limited (hereinafter referred to as the "Company") in the English language</u> to enhance the economic scale, achieve synergy of the financial holding company and promote the development of the financial market.	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.	According to the Article 392-1 of the Company Act, companies are allowed to register English names with the competent authority. The Company's English name is therefore added in this article.
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 2, Article 13 of the Company Act.	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.	To conform to the amendment to Article 13 of the Company Act, the paragraph 1 of the Article 13 of the Company Act cited in this Article is revised to paragraph 2 of Article 13.
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	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	1. Company's shares issued in instalments shall be determined by the Board of Directors is explicitly specified in Article 266 of the

<p>value of ten New Taiwan Dollars (NT\$10.00) per share. The shares are issued in installments.</p> <p><u>When the Company issues new shares, employees meeting certain specific requirements, of the subsidiaries are entitled to subscribe new shares reserved for subscription by employees in accordance with applicable laws.</u></p>	<p>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 <u>determined by the Board of Directors.</u></p>	<p>Company Act, so it is not necessary to specify “determined by the Board of Directors” in these Articles of Incorporations. The relevant wording is therefore removed.</p> <p>2. To conform to the amendment to paragraph 7 of the Article 267 of the Company Act, it is newly added that employees of the subsidiaries are entitled to subscribe new shares issued by the Company.</p>
<p>ARTICLE 8</p> <p>All share certificates of the Company shall indicate thereon the name of the shareholder thereof.</p> <p>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 <u>register the issued shares with a centralized securities depository enterprise</u></p>	<p>ARTICLE 8</p> <p>All share certificates of the Company shall indicate thereon the name of the shareholder thereof, <u>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.</u></p> <p>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</p>	<p>The Company’s shares are issued in dematerialized form without printing share certificates. The stipulation about printing and authentication of the share certificates is therefore deleted. Some wording in the second paragraph is revised according to the Article 161-2 of the Company Act.</p>

<u>and follow the regulations of that enterprise.</u>	of the issue of such shares.	
<p>ARTICLE 25</p> <p>Meeting of the Board of Directors shall be held once a month <u>in principle</u>. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of the Board meeting may be served in writing by mail, E-mail or fax. 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.</p>	<p>ARTICLE 25</p> <p>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.</p>	<ol style="list-style-type: none"> 1. To make dates of the board meeting more flexible, the board meeting is changed to be held once a month in principle. 2. The adoption of Rules for Meetings of Board of Directors specified at the end of paragraph 1 is moved to paragraph 2, while the deadline for board meeting notice is specified in the Board Meeting Principles. 3. The second paragraph is moved to paragraph 1.
<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 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</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 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</p>	<p>The date of this amendment is newly added.</p>

28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, the twelfth amendment was made on June 24, 2016, <u>and the thirteenth amendment was made on June 21, 2019.</u>	28, 2011, the tenth amendment was made on June 15, 2012, the eleventh amendment was made on June 24, 2014, <u>and</u> the twelfth amendment was made on June 24, 2016.	
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Mega Financial Holding Company Limited

Articles of Incorporation

CHAPTER I

GENERAL PROVISIONS

ARTICLE 1

The Company is organized under the Financial Holding Company Act and the Company Act, and its name shall be 兆豐金融控股股份有限公司 in the Chinese language, and Mega Financial Holding Company Limited (hereinafter referred to as the "Company") in the English language 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 2, 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.

When the Company issues new shares, employees meeting certain specific requirements, of the subsidiaries are entitled to subscribe new shares reserved for subscription by employees in accordance with applicable laws.

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.

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 register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

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 principle. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of the Board meeting may be served in writing by mail, E-mail or fax.

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.

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 the remuneration to employees and Directors) 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 remuneration to employees; and not more than 0.5% as remuneration to Directors.

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, the twelfth amendment was made on June 24, 2016, and the thirteenth amendment was made on June 21, 2019.

Attachment 6

Mega Financial Holding Co., Ltd.

The Comparison Table of Amended Articles of Procedures for Acquisition and Disposal of Assets

Amended Article	Original Article	Explanation
Chapter I General Principles	Chapter I General Principles	Not revised.
Article 1 (omitted)	Article 1 (omitted)	Not revised.
Article 2 The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where <u>financial laws or regulations</u> provide otherwise, such provisions shall govern.	Article 2 The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where another law or regulation provides otherwise, such provisions shall govern.	In accordance with Article 2 of the Regulations Governing Acquisition and Disposal of Assets, the laws that shall be preferentially applied are amended.
Article 3 The term "assets" as used in these Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).	Article 3 The term "assets" as used in these Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, <u>rights to use land</u>) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).	In accordance with Article 3 of the Regulations Governing Acquisition and Disposal of Assets, the right-of-use assets are added in subparagraph 5, and the sequence number of subparagraphs 5 to 8 are adjusted.

<p>7. Derivatives.</p> <p>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>9. Other major assets.</p>	<p>6. Derivatives.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets.</p>	
<p>Article 4</p> <p>Terms used in these Procedures are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3</p>	<p>Article 4</p> <p>Terms used in these Procedures are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156,</p>	<p>In accordance with Article 4 of the Regulations Governing Acquisition and Disposal of Assets, the scope of derivatives is revised and the definition of securities exchange and over-the-counter venue is newly added.</p>

<p>of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. <u>Securities exchange</u>: "Domestic securities exchange" refers to the <u>Taiwan Stock Exchange Corporation</u>; "foreign securities exchange" refers to <u>any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>8. <u>Over-the-counter venue ("OTC venue", "OTC")</u>: "Domestic OTC</p>	<p>paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
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<p><u>venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u></p> <ol style="list-style-type: none"> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal</u> 	<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>	<p>In accordance with Article 5 of the Regulations Governing Acquisition and Disposal of Assets, the passive qualifications of external experts are added.</p>

<u>officers may not be related parties or de facto related parties of each other.</u>		
Article 6 In acquisition or disposal of assets, the Company shall handle the assessment and transaction in compliance with the following provisions: 1. Acquisition or disposal of real property, equipment, <u>other assets or right-of-use assets thereof</u> shall be handled in compliance with the Company's "Guidelines for Procurement, Leasing and Disposal of Assets". 2. Acquisition or disposal of financial bonds and government bonds shall be handled in compliance with "Procedures for Short-Term Funds Application". 3. Acquisition or disposal of long-term equity investments shall be handled in compliance with "Financial Holding Company Act" and other applicable laws or regulations. 4. Derivatives transaction shall be handled in compliance with the Company's "Procedures for Derivatives Trading".	Article 6 In acquisition or disposal of assets, the Company shall handle the assessment and transaction in compliance with the following provisions: 1. Acquisition or disposal of real property and equipment shall be handled in compliance with the Company's "Guidelines for Procurement, Leasing and Disposal of Assets". 2. Acquisition or disposal of financial bonds and government bonds shall be handled in compliance with "Procedures for Short-Term Funds Application". 3. Acquisition or disposal of long-term equity investments shall be handled in compliance with "Financial Holding Company Act" and other applicable laws or regulations. 4. Derivatives transaction shall be handled in compliance with the Company's "Procedures for Derivatives Trading". 5. <u>Acquisition or disposal of other asset shall be handled in compliance with the Company's "Articles of Incorporation", authority policy and other applicable regulations.</u>	In accordance with IFRS 16 "Lease", the right-of-use assets is added in subparagraph 1 and subparagraph 5 is combined with subparagraph 1.
Chapter II Disposition Procedures	Chapter II Disposition Procedures	Not revised.
Section I Establishment of Disposition Procedures	Section I Establishment of Disposition Procedures	Not revised.

<p>Article 7</p> <p>In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, The Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any <u>subsequent</u> change to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in 	<p>Article 7</p> <p>In acquiring or disposing of real property, equipment, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, The Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in 	<ol style="list-style-type: none"> 1. According to Article 9 of the Regulations Governing Acquisition and Disposal of Assets, the right-of-use assets are added. Besides, transactions with government agency that is exempted from requirement of expert opinions are limited to those transactions with domestic government agency. 2. Some wording is revised.
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<p>accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (<u>ARDF</u>) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date;</p>	<p>accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date;</p>	
Article 8 (omitted)	Article 8 (omitted)	Not revised.
<p>Article 9</p> <p>In acquiring or disposing of <u>intangible assets or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic government agency</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the <u>ARDF</u>.</p>	<p>Article 9</p> <p>In acquiring or disposing of memberships and intangible assets where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government office, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.</p>	<p>It is revised in accordance with Article 11 of the Regulations Governing Acquisition and Disposal of Assets.</p>

Article 10 (omitted)	Article 9-1 (omitted)	The sequence of the article is revised.
Article 11 (omitted)	Article 10 (omitted)	The sequence of the article is revised.
Section II Related Party Transactions	Section II Related Party Transactions	Not revised.
Article 12 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with relevant stipulations. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10 herein. When judging whether the transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	Article 11 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with relevant stipulations. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9-1 herein. When judging whether the transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	The sequence of this article is revised and the number of article 9-1 cited in this article is adjusted.
	Article 12 (deleted)	Due to sequence change of the preceding article, this article with no content is deleted.
Article 13 When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than	Article 13 When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a	1. In accordance with Article 15 of the Regulations Governing

<p>real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 	<p>related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds which are explicitly issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 	<p>Acquisition and Disposal of Assets, trading of government bonds that is exempted from approval by the board of directors are limited to trading of domestic government bonds. Besides, right- of-use assets are added in this article. The requirements on the approval process for acquisition or disposal of business-use equipment and right-of-use assets or real estate right-of-use assets between the Company and its directly or indirectly 100% held subsidiary are relaxed.</p> <p>2. Some wording in subparagraph 6 of paragraph 1 is revised.</p>
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<p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the <u>preceding</u> article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the <u>types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>2. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses</p>	<p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 11.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and board of directors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses</p>	
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<p>reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When a matter is submitted for discussion by the audit committee pursuant to paragraph 1, it shall be approved by more than half of all audit committee members and submitted to the board of directors for resolution, Article 31, paragraph 3 and paragraph 4 shall apply mutatis mutandis to the audit committee.</p>	<p>reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When a matter is submitted for discussion by the audit committee pursuant to paragraph 1, it shall be approved by more than half of all audit committee members and submitted to the board of directors for resolution, Article 31, paragraph 3 and paragraph 4 shall apply mutatis mutandis to the audit committee.</p>	
<p>Article 14</p> <p>The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. 	<p>Article 14</p> <p>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. 	<ol style="list-style-type: none"> 1. In accordance with Article 16 of the Regulations Governing Acquisition and Disposal of Assets, real property right-of-use assets are added in this article. The requirements on assessment of transaction costs for acquisition or disposal of business-use right-of-use assets of real property between the Company and its directly or indirectly wholly-owned subsidiary are exempted. 2. Some wording is revised.

<p>Where land and structures thereupon are combined as a single property <u>purchased or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property <u>or right-of-use assets thereof</u> in accordance with <u>the preceding two paragraphs</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where The Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the <u>preceding article</u>, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4. <u>The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries</u> 	<p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraphs 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where The Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the article 13, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 	
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<u>in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>		
<p>Article 15</p> <p>When the results of The Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or</p>	<p>Article 15</p> <p>When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or</p>	<p>In accordance with Article 17 of the Regulations Governing Acquisition and Disposal of Assets, item C in subparagraph 1 is combined with item B and leasing is added in item B.</p>

<p>neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices.</p>	<p>neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p>	
	<p>C. <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p>	
<p>2. Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p>	<p>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p>	
<p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of</p>	<p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of</p>	

the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets</u> <u>thereof</u> .	the acquisition of the real property.	
<p>Article 16</p> <p>Where the Company acquires real property <u>or right-of-use assets</u> <u>thereof</u> from a related party and the results of appraisals conducted in accordance with <u>the preceding two articles</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. <u>Independent directors</u> of the audit committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to <u>the preceding two subparagraphs</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>If the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of</p>	<p>Article 16</p> <p>Where The Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Members of the audit committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>If the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of</p>	<ol style="list-style-type: none"> 1. In accordance with Article 18 of the Regulations Governing Acquisition and Disposal of Assets, right-of-use assets of real property are added in this article. 2. Some wording is revised.

<p>the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
<p>Section III Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p>	<p>Section III Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p>	<p>Not revised.</p>
<p>Article 17 (omitted)</p>	<p>Article 17 (omitted)</p>	<p>Not revised.</p>
<p>Article 18</p> <p>When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting <u>of any one of the companies</u></p>	<p>Article 18</p> <p>When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting fails to convene or pass a resolution</p>	<p>In accordance with paragraph 2 of Article 24 of the Regulations Governing Acquisition and Disposal of Assets, the applicable scope of paragraph 2 of this article is amended.</p>

<p>participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, The Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	<p>due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, The Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	
<p>Article 19</p> <p>When participating in a merger, demerger, or acquisition, the Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a transfer of shares, the Company shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another 	<p>Article 19</p> <p>When participating in a merger, demerger, or acquisition, the Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a transfer of shares, the Company shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another 	<p>Some wording in paragraph 5 is revised.</p>

<p>company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of <u>the preceding two paragraphs</u>.</p>	<p>company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the paragraphs 3 and 4.</p>	
Article 20~Article 23 (omitted)	Article 20~Article 23 (omitted)	Not revised.
Article 24 Where any of the companies participating in a merger, demerger,	Article 24 Where any of the companies participating in a merger, demerger,	Not revised.

acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 19, Article 20, and the preceding article.	acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 19, Article 20, and Article 23.	
Chapter III Public Disclosure of Information	Chapter III Public Disclosure of Information	Not revised.
Article 25 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: <ol style="list-style-type: none"> 1. Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Where equipment <u>or right-of-use assets thereof</u> for business use are acquired or disposed of, and furthermore the transaction 	Article 25 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a where the transaction related party amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Where equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, 	1. In accordance with Article 31 of the Regulations Governing Acquisition and Disposal of Assets, right-use-assets are added in this article. Trading of government bonds, exempted from public announcement, are limited to trading of domestic government bonds. It is clearly defined that the requirement in subparagraph 4 of paragraph 1 is applicable to transaction with non-related parties.

<p>counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.</p> <p>4. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>5. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of <u>domestic</u> government bonds.</p> <p>B. Where securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics <u>(excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds</u>.</p>	<p>and the transaction amount reaches NT\$1 billion or more.</p> <p>4. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>5. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription <u>by investment professionals</u> of ordinary corporate bonds or of general bank debentures without equity characteristics <u>that are offered and issued in the domestic primary market</u>.</p>	<p>2. The Company is an investment professional as defined in Article 4 of the Regulations Governing Acquisition and Disposal of Assets, so the wording in item B of sub-paragraph 5 of paragraph 1 is revised. Besides, subscription of subordinated debt is not exempted from public announcement, while subscription or redemption of securities investment trust funds or futures trust funds is exempted from public announcement.</p>
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<p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>When The Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again</p>	<p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>When The Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again</p>	
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publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.	publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.	
Article 26 (omitted)	Article 26 (omitted)	Not revised.
Chapter IV Additional Provisions	Chapter IV Additional Provisions	Not revised.
Article 27 Information required to be publicly announced and reported in accordance with the provisions of the <u>preceding Chapter</u> on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph <u>in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 25, paragraph 1.</u>	Article 27 Information required to be publicly announced and reported in accordance with the regulations of Financial Supervisory Commission on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 25, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.	This article is revised in accordance with Article 34 of the Regulations Governing Acquisition and Disposal of Assets.
Article 28~Article 32 (omitted)	Article 28~Article 32 (omitted)	Not revised.

Mega Financial Holding Co., Ltd.
Articles of Procedures for Acquisition and Disposal of Assets

Adopted by Meeting of Shareholders on June 6, 2003

1st amendment by Annual Shareholders' Meeting on June 15, 2007

2nd amendment by Annual Shareholders' Meeting on June 15, 2012

3rd amendment by Annual Shareholders' Meeting on June 124, 2014

4th amendment by Annual Shareholders' Meeting on June 16, 2017

5th amendment by Annual Shareholders' Meeting on June 21, 2019

Chapter I General Principles

Article 1

These Procedures are established in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the "Regulations") promulgated by the Financial Supervisory Commission (FSC).

Article 2

The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3

The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4

Terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument

price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
8. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 5

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following

requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

Article 6

In acquisition or disposal of assets, the Company shall handle the assessment and transaction in compliance with the following provisions:

1. Acquisition or disposal of real property, equipment, other assets and right-of-use assets thereof shall be handled in compliance with the Company's "Guidelines for Procurement, Leasing and Disposal of Assets".
2. Acquisition or disposal of financial bonds and government bonds shall be handled in compliance with "Procedures for Short-Term Funds Application".
3. Acquisition or disposal of long-term equity investments shall be handled in compliance with "Financial Holding Company Act" and other applicable laws or regulations.
4. Derivatives transaction shall be handled in compliance with the Company's "Procedures for Derivatives Trading".

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 7

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall

also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant (CPA) shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 8

When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 9

In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, shall engage a certified public accountant (CPA) prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the

ARDF.

Article 10

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section II Related Party Transactions

Article 12

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the applicable regulations.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 13

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a

related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.

4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 25, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When a matter is submitted for discussion by the audit committee pursuant to paragraph 1, it shall be approved by more than half of all audit committee members and submitted to the board of directors for resolution, Article 31, paragraph 3 and paragraph 4 shall apply *mutatis mutandis* to the audit committee.

Article 14

In acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, it shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company from its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 15

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the

related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land of a similar size, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 16

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
2. Independent directors of the audit committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.

If the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo

ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Section III Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 17

When conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 18

When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 19

When participating in a merger, demerger, or acquisition, the Company shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a transfer of shares, the Company shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 20

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 21

When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 22

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 23

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 24

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public

company whereby the latter is required to abide by the provisions of Article 19, Article 20, and the preceding article.

Chapter III Public Disclosure of Information Chapter III Public Disclosure of Information

Article 25

Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.
4. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million or more.
5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds.
 - B. Where securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.
 - C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Article 26

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Chapter IV Additional Provisions

Article 27

Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in

capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 25, paragraph 1.

Article 28

The implementation of these Procedures shall be included in the examination item of the auditing office of the Company and its subsidiaries.

Any person violating these Procedures will be reported to the top management for punishment, according to the seriousness of the case.

Article 29

Matters not addressed by these Procedures shall be governed by other applicable laws and regulations, and the Company's relevant requirements.

Article 30

The Company's subsidiaries shall enact "Procedures for Acquisition or Disposal of Assets" and sent to supervisors and the shareholders meeting for approval, after adopted by the Board of Directors.

In acquiring or disposal of assets, subsidiary of the Company shall handle pursuant to its Procedures for Acquisition or Disposal of Assets and the Company's Rules for Subsidiary Supervisory Operation.

Article 31

When these Procedures are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting and sent the audit committee.

Material asset transaction and formulation or amendment to these Procedures shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 32

These Procedures, and any amendments to them, shall be sent to the audit committee for recordation and shareholder's meeting for approval, after adopted by the audit committee and board of directors.

Appendix 1

Mega Financial Holding Company Limited

Articles of Incorporation

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 the remuneration to employees and Directors) 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 remuneration to employees; and not more than 0.5% as remuneration to Directors.

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 and the eleventh amendment was made on June 24, 2014, and the twelfth amendment was made on June 24, 2016.

Appendix 2

Mega Financial Holding Company Rules of Procedures for Shareholders Meetings

Established on June 12, 2002

Amended on November 11, 2002

Amended on June 11, 2004

Amended on June 21, 2013

Article 1

To establish a strong governance system and sound supervisory functions for this Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted.

Article 2

The rules of procedures for this Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

The venue for a shareholders meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting shall not start earlier than 9 a.m. or later than 3 p.m.

Article 4

When attending shareholders meetings, shareholders or their proxies shall exchange a sign-in card for attendance cards in lieu of signing.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 5

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by any person, other than the board of directors, entitled to convene the meeting, such person or the person elected from among the convening persons shall chair the meeting.

It is advisable that this Company's shareholders meetings convened by the board of directors be attended by a majority of the directors.

This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 6

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated based on the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronic transmission.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act.

If the attending shareholders have constituted a majority of all issued shares by the end of the meeting, the chair may resubmit the tentative resolution for approval pursuant to Article 174 of the Company Act.

Article 7

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party, other than the board of directors, entitled to convene such meeting.

Unless otherwise resolved by the meeting, the chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions).

After adjournment of the meeting, shareholders may not elect a new chair and then resume the meeting at the same venue or another place.

Article 8

Before speaking at the shareholders meeting, an attending shareholder must specify on a speaker's slip the summary of the speech, his/her shareholder account number (or attendance card number), and account name. The sequence of shareholders' speech will be determined by the chair.

If any attending shareholder submits a speaker's slip but does not actually speak, no speech shall be deemed to have been made by the shareholder. In case the content of the speech does not correspond to the contents given on the speaker's slip, the contents of actual speech shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the above rules or exceeds the scope of the agenda item, the chair may stop the speech of the shareholder.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders speech on non-proposal at the proceedings of extraordinary motions.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless otherwise permitted by chair and the speaking shareholder; otherwise, the chair shall stop such interruption.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After the speech of an attending shareholder, the chair may respond in person or designate relevant personnel to respond.

Article 9

When the chair is of the opinion that a proposal has been sufficiently discussed to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10

Except as otherwise provided by laws and regulations, a resolution of a shareholders meeting shall be adopted by the majority vote represented at the meeting. Upon voting for resolution on a proposal, if no opposition is expressed by any of the shareholders present at the meeting in response to the chairperson's invitation for opinion on that proposal, and no shareholders express opposition or waive the rights by electronic or correspondence means, the resolution shall be deemed adopted unanimously and will function just as one adopted by voting.

If the same agenda has an amended or substitute agenda, the chair shall decide the sequence of voting for such agenda; provided that if any one of them has been approved, the others shall be deemed vetoed and no further voting will be required.

Article 11

Voting at a shareholders meeting shall be calculated based on the number of shares.

A shareholder shall be entitled to one vote for each share held.

Except for trust enterprises or a shareholder services agent approved by the competent securities authority, the proxy right of a person who acts as the proxy for two or more shareholders shall not exceed 3 percent of the total issued voting shares of this Company. If that percentage is exceeded, the excess portion of voting rights shall not be counted.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Company, that

shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder, unless otherwise provided by laws or regulations.

Article 12

The voting right at a shareholders meeting shall be exercised by electronic transmission or correspondence. A shareholder exercising voting rights by correspondence or electronic transmission will be deemed to have attended the meeting in person, but shall be deemed to have waived his/her voting rights with respect to the extraordinary motions and amendments to the original proposals of that meeting.

In case a shareholder has exercised his/her/its voting right by way of electronic transmission or correspondence, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting right exercised by the authorized proxy for the said shareholder shall prevail.

Article 13

Vote monitoring and counting personnel for the voting on proposals or elections shall be appointed by the chair, provided, however, that all monitoring personnel shall be shareholders of this Company. Vote counting shall be conducted in public at the meeting venue. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 15

This Company shall make an audio and video recording of the proceedings of the shareholders meeting. The recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 16

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm badges.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or arm badges bearing the word "Proctor."

If the meeting place is equipped with loudspeaker equipment, the chairman may stop any shareholders using equipment not installed by the Company from speaking.

When a shareholder violates these Rules and defies the chair's correction, obstructs the proceedings of the meeting and fails to desist, the chair may direct the proctors or security personnel to escort the shareholder to leave the meeting place.

Article 17

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

Article 18

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings

Appendix 3

Mega Financial Holding Co., Ltd. Shareholding of Directors

Book closure date: April 17, 2018

Position	Name	Shareholding (shares)	Percentage
Chairman	Chao-Shun Chang (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Kuang-Hua Hu (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Tzong-Yau Lin (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	(Not appointed yet) (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Cheng-Te Liang (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Chun-Lan Yen (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Wen-Ling Hung (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Pei-Chun Chen (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Chi-Hsu Lin (Representative of Ministry of Finance, R.O.C.)	1,143,043,883	8.40%
Director	Cheng-Mount Cheng (Representative of National Development Fund, Executive Yuan, R.O.C.)	830,973,202	6.11%
Director	Chien-Hung Wei (Representative of Chunghwa Post Co., Ltd.)	490,735,910	3.61%
Director	Ye-Chin Chiou (Representative of Bank of Taiwan Co., Ltd.)	334,951,379	2.46%
Independent Director	Jiun-Wei Lu	0	-
Independent Director	Ying-ko Lin	0	-
Independent Director	Chang-Ching Lin	0	-
Number of the shares held by all directors: 2,799,704,374 shares (20.58%)			
Minimum number of directors' shareholding required by the FSC: 160,000,000 shares (1.18%)			

Note: 1. As the Company has established the Audit Committee, the minimum shareholding requirements for supervisors shall not apply.

2. Chien-Hung Wei, Representative of Chunghwa Post Co. Ltd, resigned effective May 17, 2019.