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# Financial Highlights

## Net Income

NT\$91.99 mn  
2006: NT\$7951 mn



## ROA

0.55%  
2006: 0.47%



## Earnings Per Share

NT\$1.54  
2006: NT\$1.33



## ROE

10.07%  
2006: 8.82%



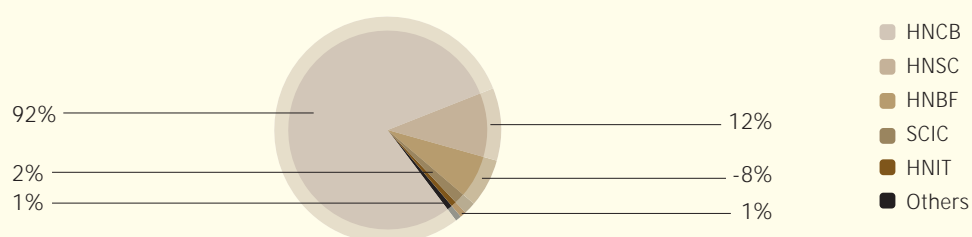
In million, except per share data	2007 Consolidated		2006 Consolidated	
	NTD	USD <sup>1</sup>	NTD	USD <sup>2</sup>
<b>For the Year</b>				
Income Before Tax	13,240	408	9,385	287
Net Income	9,199	283	7,951	244
<b>At the Year End</b>				
Total Assets	1,668,316	51,459	1,674,566	51,288
Stockholders' Equity	91,983	2,837	90,698	2,778
<b>Per Share</b>				
Earnings per Share - after income tax	1.54	0.05	1.33	0.04
Shareholder's Equity per Share - common stock	15.41	0.48	15.19	0.47
<b>Ratios</b>				
Return on Equity - after tax	10.07%		8.82%	
Return on Assets - after tax	0.55%		0.47%	
Double Leverage Ratio	105.26%		104.71%	
Group Capital Adequacy Ratio	108.14%		112.67%	
<b>Credit Ratings (long / short / outlook)</b>				
Taiwan Ratings	Taiwan Ratings twA+ / twA-1 / Stable (2008/05/28)			

Note:

1.U.S. Dollars amounts are converted at the prevailing exchange rate on Dec.31, 2007 of NT\$32.42=US\$1

2.U.S. Dollars amounts are converted at the prevailing exchange rate on Dec.31, 2006 of NT\$32.65=US\$1

## 2007 Income Breakdown By Subsidiaries



(\$NTmn)	2007	2006	YoY
Income from investments accounted for using equity method			
HNCB	8,998	8,447	7%
HNSC	1,206	995	21%
HNBF	(836)	3	-
SCIC	208	311	-33%
HNIT	93	(1,421)	NA
Others	76	(9)	NA
HNVC	54	(17)	NA
HNMC	2	2	0%
HNAMC	20	6	233%
Total	9,745	8,326	17%

Note: HNFHC owns 57.49% of HNBF

# Letter to Our Shareholders



## TO OUR SHAREHOLDERS

The global economy in 2007 was impacted by the US sub-prime mortgage crisis. Meanwhile, mainland China implemented an employment contracts law and various reforms to the tax system. Throughout the year, prices of international crude oil and raw materials continued to rise. Combined, these factors made for rocky going in the international economy. As for Taiwan in particular, strength in the global economy in the first half of the year led to a continued expansion in export orders and external trade. Industrial production and employment increased steadily. Economic indicators in general pointed to a fairly ideal economic state. This situation, however, would not last for long. In the second half of the year, the US sub-prime mortgage crisis triggered a sell-off in the local stock market and export growth stagnated. At the same time, the rise in international crude oil and raw material prices gained steam, causing inflationary pressure to begin to emerge. Overall, the state of the economy in 2007 was not that much different than in 2006.

As for Taiwan's banking sector, foreign financial institutions continued to engage in strategic alliances with or acquire domestic banking institutions. The foreign banks used their advantages in the areas of technology, services and global networks, challenging local banks and ultimately increasing their market share. Meanwhile, local banks also continued to merge with or acquire counterparts. The resulting situation is a market in which major players are expanding their scale. This is having the benefit of

pushing weaker banks out of the market and boosting the competitiveness of the stronger banks.

In light of the challenging economic environment and heated competition within the banking sector, financial institutions as a whole in 2007 exhibited weak profits. Hua Nan Financial Holdings, however, bucked that trend thanks to organizational reform at Hua Nan Commercial Bank and the holding company. A performance-based remuneration system was established. In addition, measures were adopted to strengthen the operational structure of the group and bolster the group's ability to manage performance. Thanks to the efforts and support of shareholders, directors, and supervisors, as well as the contributions of all employees, Hua Nan Financial Holdings bucked the market trend and saw its bottom line for the year improve. The group exhibited especially strong growth in its wealth management business and in developing business in Greater China. Hua Nan Financial Holdings made great strides in improving asset quality, strengthening its customer relationship management system and establishing a risk management framework.

For the year, Hua Nan Financial Holdings posted consolidated net profit of NT\$9.199 billion, equivalent to earnings per share of NT\$1.54. Consolidated return on assets was 0.55% and consolidated return on equity was 10.07%. On an unconsolidated basis, the company posted a return on assets of 9.21% and return on equity of 10.07%.

The following is the profitability of each subsidiary in 2007:

### (1) Hua Nan Commercial Bank

Net profit in 2007 stood at NT\$9.501 billion, translating to net earnings per share of NT\$2.51. Return on assets was 0.59% and return on equity was 12.3%.

### (2) Hua Nan Securities

Net profit in 2007 was NT\$1.22 billion, equivalent to net earnings per share of NT\$1.5. Return on assets stood at 5.22% and return on equity was 10.74%.



### (3) Hua Nan Bills Finance

Hua Nan Bills Finance posted a net loss in 2007 of NT\$1.454 billion, equal to a net loss per share of NT\$3.63. Return on assets stood at a negative 3.68%, while return on equity was a negative 44.11%.

### (4) South China Insurance

Net profit in 2007 was NT\$216 million, with net earnings per share standing at NT\$1.08. Return on assets was 2.56%, while return on equity was 8.96%.

### (5) Hua Nan Investment Trust

Net profit in 2007 was NT\$93 million, translating to net earnings per share of NT\$2.32. Return on assets was 15.45%, while return on equity was 16.9%.

### (6) Hua Nan Venture Capital

Net profit in 2007 was NT\$54 million, equal to net earnings per share of NT\$0.54. Return on assets stood at 4.99% and return on equity was 5.00%.

### (7) Hua Nan Management & Consulting

Net profit in 2007 was NT\$2 million, which was equivalent to net earnings per share of NT\$2.18. Return on assets was 12.45%, while return on equity was 16.76%.

### (8) Hua Nan Asset Management

Net profit for 2007 stood at NT\$20 million, which translated to net earnings per share of NT\$0.2.

Return on assets was 0.66%, while return on equity stood at 1.96%.

In 2007, Hua Nan Financial Holdings adopted a corporate objective of providing integrated and professional banking services to generate wealth for our customers. In less than one year's time, Hua Nan completed organizational reform of the financial holding company, paving the way for Hua Nan Financial Holdings to be an integrated and performance-driven financial conglomerate. Looking ahead, we have solidified the foundation of the financial holding company. Internally, Hua Nan is set to more effectively integrate the group's resources, implement a risk management mechanism, and hasten development of a comprehensive range of financial products. Hua Nan will provide even more professional banking services to satisfy the banking needs of the general public and to achieve its mission of expanding business through organic growth. Externally, Hua Nan, in consideration of the interests of shareholders, will carefully evaluate possible mergers or acquisitions to expand our operational blueprint. In addition, as the government liberalizes policies allowing Taiwan banks to have operations in China, Hua Nan will enter the mainland China market and work toward its goal of becoming the best financial intermediary. We are confident that these efforts will enable Hua Nan to exhibit synergy and become one of Taiwan's leading financial holding companies, thereby fulfilling our responsibility to shareholders.

Chairman **MING-CHENG LIN**

President **JENG-YIH LEE**

# Company Profile

## Company Profile

Hua Nan Financial Holdings Co., Ltd. (HNFHC) was established by Hua Nan Commercial Bank Ltd. (HNCB) and EnTrust Securities Co., Ltd. ("EnTrust") through a share swap on December 19, 2001. HNCB and EnTrust exchanged stocks with HNFHC at ratios of 1:1 and 1.2821:1, respectively, with "1" representing HNFHC's share. Thus, HNCB and EnTrust became HNFHC's wholly owned subsidiaries. The shares of HNCB and EnTrust then ceased to be traded on the Taiwan Stock Exchange (TSE) and the over-the-counter exchange (OTC exchange), respectively, and HNFHC became listed on the TSE. EnTrust was renamed Hua Nan Securities Co., Ltd. (HNSCC) in June 2003.

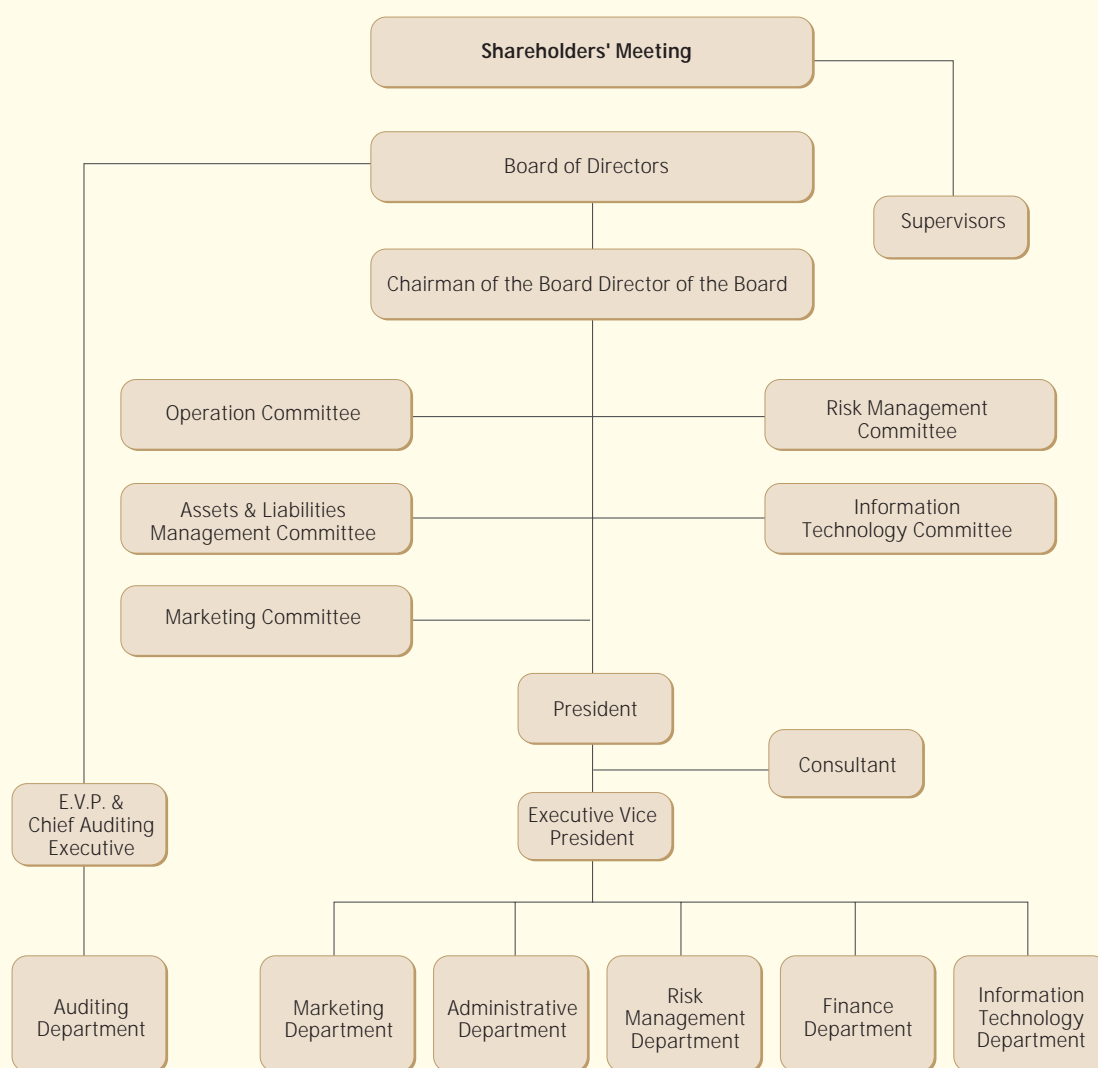
On December 26, 2002, HNFHC acquired 57.49% equity interest (230,000,000 shares) in Central Bills Finance Corporation (CBF) for \$2,300,000 thousand, which was approved by the Ministry of Finance (MOF) and related authorities. Since HNCB, a wholly owned subsidiary of HNFHC, also holds 42.41% shares of CBF, HNFHC and HNCB therefore holds a total of 99.90% of CBF's shares. CBF was renamed Hua Nan Bills Finance Corporation (HNBFC) in July 2003.

On August 15, 2003, South China Insurance Co., Ltd. (SCIC) and Hua Nan Investment Trust Corporation (HNITC) became wholly owned subsidiaries of HNFHC through a share swap at ratio of 1.1794:1 and 0.37376:1 (with "1" representing HNFHC's share), respectively. HNITC was formerly the EnTrust Investment Trust Corporation before July 2003.

As of end of 2007, HNFHC has 8 subsidiaries, including HNCB, Hua Nan Securities, Hua Nan Bills Finance, South China Insurance, Hua Nan Investment Trust, Hua Nan Venture Capital, Hua Nan Management Consulting Company and Hua Nan Asset Management Company. As of the end of 2007, HNFHC boasts an asset of NT\$1,668 billion, an equity capital of NT\$59.7 billion, 10,014 employees, and 283 domestic and 10 overseas branches and offices. By developing banking, insurance, securities and asset management businesses, HNFHC would be able to provide comprehensive and first-class financial services while maximizing shareholders value. Having a diversified growth engines and synergies achieved within the group, HNFHC will be on track to become a leading financial holding company in Taiwan.

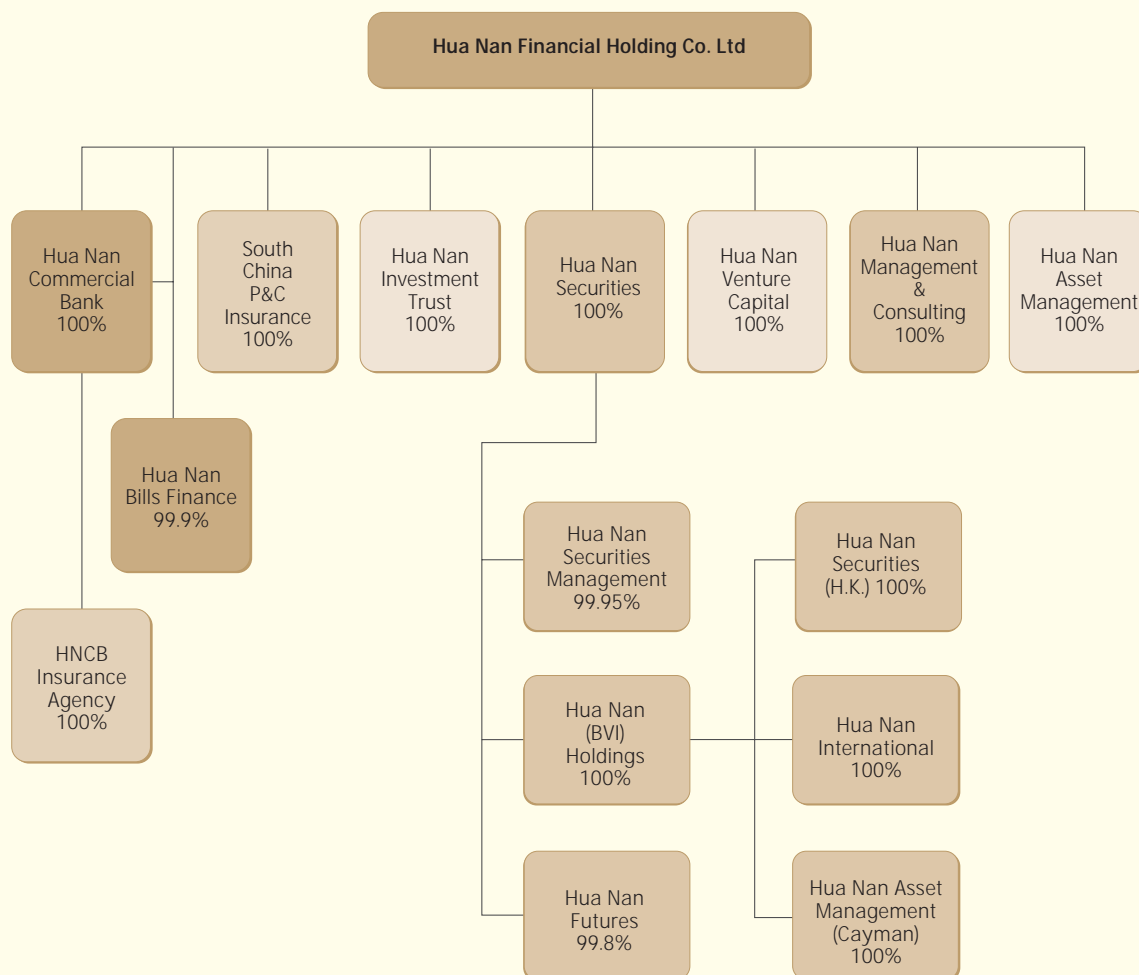
# Corporate Governance

## The Organization Chart





## Group Organization



Categorize by Lines of Business:

- Commercial banking
- Securities/Investment banking
- Insurance
- Asset Management

Note:

1.HNFDH maintains a 57.49% stake in Hua Nan Bills Finance CO. while subsidiary HNCB holds a 42.41%.

## BOARD OF DIRECTORS

### Ming-Cheng Lin

Delegate of Memorial Scholarship Foundation to Mr. Lin Hsiung-Chen  
Chairman, Hua Nan Financial Holdings Co., Ltd

### Jeng-Yih Lee

Delegate of Ministry of Finance  
Managing Director & President, Hua Nan Financial Holdings Co., Ltd.

### Rong-Chu Liu

Delegate of Ministry of Finance  
Counselor, Ministry of Finance

### Tieh-Hai Lin

Delegate of Bank of Taiwan  
S.V.P & General Manager, Credit Review & Management Dept., Bank of Taiwan.

### Chien-Fu Lin

Delegate of Bank of Taiwan  
Professor of Economics,  
National Taiwan University.

### Chuan-Chuan Hsieh

Delegate of Bank of Taiwan  
S.V.P & General Manager, Corporate Finance Dept., Bank of Taiwan

### Fang-Mien Lee Hsieh

Delegate of Bank of Taiwan  
Deputy Director, General Dept. of Accounting, The Central Bank of China, Taiwan

### Shiang-Jeh Chen

Delegate of Bank of Taiwan  
Vice President,  
MassMutual Mercuries Life Insurance Co., Ltd.

### Chih-Yang Lin

Delegate of Yung-Da Real Estate & Construction Co., Ltd.  
General Manager, Ta-Yung Hsing Yeh Co., Ltd.  
Yung-Da Real Estate & construction Co., Ltd.

### Hsien-Hsien Hsu

Delegate of Shin Kong Life Foundation  
Director, Prince Motors Co., Ltd.  
Assistant to the Chairman of Shin-Kong Wu Ho-Su Memorial Hospital

### Hsu-Hsueh Chang

Delegate of Fu Chuan Enterprises Co., Ltd.  
Supervisor, Fu Chuan Enterprises Co. Ltd.

### Tommy Lin

Special Assistant to the Chairman, Yong Da Construction Co., Ltd.

### An-Lan Chen Hsu

Delegate of Han Ting Enterprise Co., Ltd.  
Chairman, Hua Nan Securities Co., Ltd.

### Po-Wei Hsu

Delegate of Han Ting Enterprise Co., Ltd.  
Director, Hua Nan Securities Co., Ltd.

### Jia-Dong Shea

Independent Director

### Chung-Yuan Hsu

Independent Director  
Professor of Accounting,  
National Cheng Chi University.

### Chin-Pin Chen

Independent Director  
Attorney of Law of Lexpert Law Firm.

## SUPERVISORS

### Sou-Shan Wu

Delegate of Ministry of Finance  
Dean & Professor, College of Management, Chang Gung University

### Wen-Yuh Tsai

Delegate of Ministry of Finance  
Chairman of Sin-Jang CPAS office

**Li-Yen Yang**

Delegate of Ministry of Finance  
S.V.P & General Manager, International Banking  
Dept., Bank of Taiwan

**James Hui-Jan Yen**

Delegate of Yong Ding Construction Co., Ltd.  
Chairman, Asia Jewelry Co., Ltd.

**Chia-Ying Shen**

Delegate of China Man-made Fiber Corp.  
Supervisor, Hua Nan Financial Holdings Co., Ltd.

Note: above information are effective at April 15,  
2008.

**MANAGEMENT TEAM****Jeng-Yih Lee**

*President*

Significant Experience: E.V.P., Hua Nan  
Commercial Bank  
Education: Economics Dept., National Taiwan  
University

**Ed M.S. Liu**

*Executive Vice President & G.M. of Administrative  
Department*

Significant Experience: Senior V.P. and G.M.,  
Banking Dept./Treasury Dept., Hua Nan  
Commercial Bank  
Education: Economic Dept., Chinese Culture  
University

**James H. J. Liu**

*Executive Vice President & G.M. of Risk*

Management Department  
Significant Experience: V.P., Global Market Group,  
Union Bank of California  
Education: Economics & Finance, UCLA

**Jeffrey C. F. Lee**

*E.V.P. & Chief Auditing Executive*

Significant Experience: G.M., New York  
Branch/Offshore Banking Branch/Treasury Dept.,  
Hua Nan Commercial Bank  
Education: Economics Dept., National Taiwan  
University

**Ching-Yuh Wu**

*G.M. of Finance Department*

Significant Experience: Senior V.P. & G.M.,  
Accounting Dept., Hua Nan Commercial Bank  
Education: Business Department, National Open  
University

**Tony Jang**

*G.M. of Marketing Department*

Significant Experience: Senior V.P./Chief Secretary  
of Hua Nan Commercial Bank  
Education: International Commerce Dept.,  
Tamkang University

**Michael Duh**

*G.M. of Information Technology*

Significant Experience: Senior V.P. & G.M of IT of  
Hua Nan Commercial Bank  
Education: Electrical Engineering Dept., National  
Taiwan University

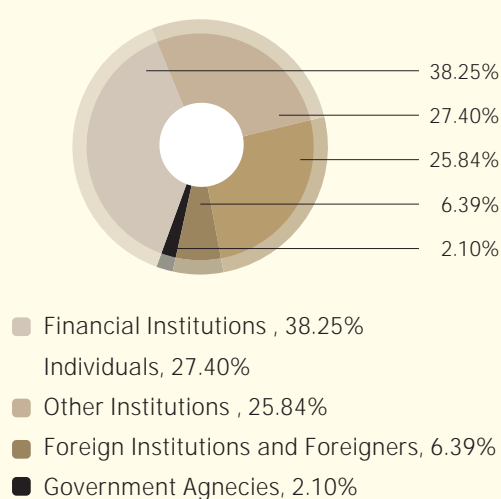
# Share & Dividend

## Share Capital

As of April 15, 2008, Hua Nan Financial Holdings' paid-in capital totaled NT\$59,702,086,360 with 5,970,208,636 shares outstanding issued at a par value of NT\$10.

## Shareholder Structure

Date as of April 15, 2008



As of April 15, 2008, shareholders having more than one percent of the share capital in Hua Nan Financial Holdings are list below.

## Major Shareholder

Name of Major Shareholders	% of shares
Bank of Taiwan	24.86%
Shin Kong Life Insurance Co., Ltd	7.92%
Bank Taiwan Life Insurance Co.,Ltd	4.50%
Ta-Yung Hsing Yeh Co., Ltd	3.90%
First Commercial Bank	2.53%
Yuan Ding Investment Co., Ltd.	2.26%
Memorial Scholarship Foundation to Mr. Lin Hsiung Chen	2.00%
Ministry of Finance	1.99%
Yoong Cai Investment Corporation	1.27%
Yunzai Investment Corporation	1.17%
Chung Hwa Post Co. Ltd.	1.03%
Entrust Investment Corporation	1.02%

Market Price per Share	2007	2006
Highest	25.50	25.85
Lowest	19.75	20.40
Average	23.05	22.40

## Dividend Payout

The dividend policy is carried out according to Article 36 of HNFHC's charter:

In order to continue to expand the scale of HNFHC and increase profitability, as well as to abide by related regulations, HNFHC has adopted a residual dividend policy.

If HNFHC has profit after year and closing, tax must be paid first and any losses from previous year covered. It then sets aside a regulated surplus reserve and when necessary a special surplus reserve for operations needs. The remainder is distributed based on resolution at the shareholders' meeting as follows:

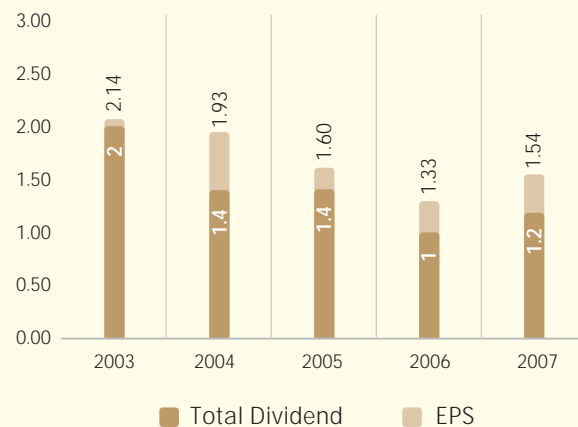
1. No more than 1% can be used for remuneration of board members and supervisors.
2. The sum of employee bonuses can amount to between 0.02% and 0.16%, with the exact amount to be determined by shareholders, who decide whether to allocate all of the funds or just a portion, to be carried out through the issuance of new shares. Employee eligible for share bonuses must be employees affiliated with HNFHC. Any changes to regulation must be made by the board.
3. Shareholder dividends are calculated by also mobilizing undistributed profit from the previous year, and a decision on the distribution of profits is made at the shareholders' meeting. Shareholder dividends are decided based on HNFHC's operational plans and are divided into cash and stock dividends. Cash dividends shall be no less

than 10% of the total dividend to be distributed. When the cash dividend is less than NT\$0.1 based on this formula, the cash dividend will not be distributed unless decided otherwise at a shareholders' meeting.

Dividend Distribution Proposed for the 2007 Shareholders' Meeting:

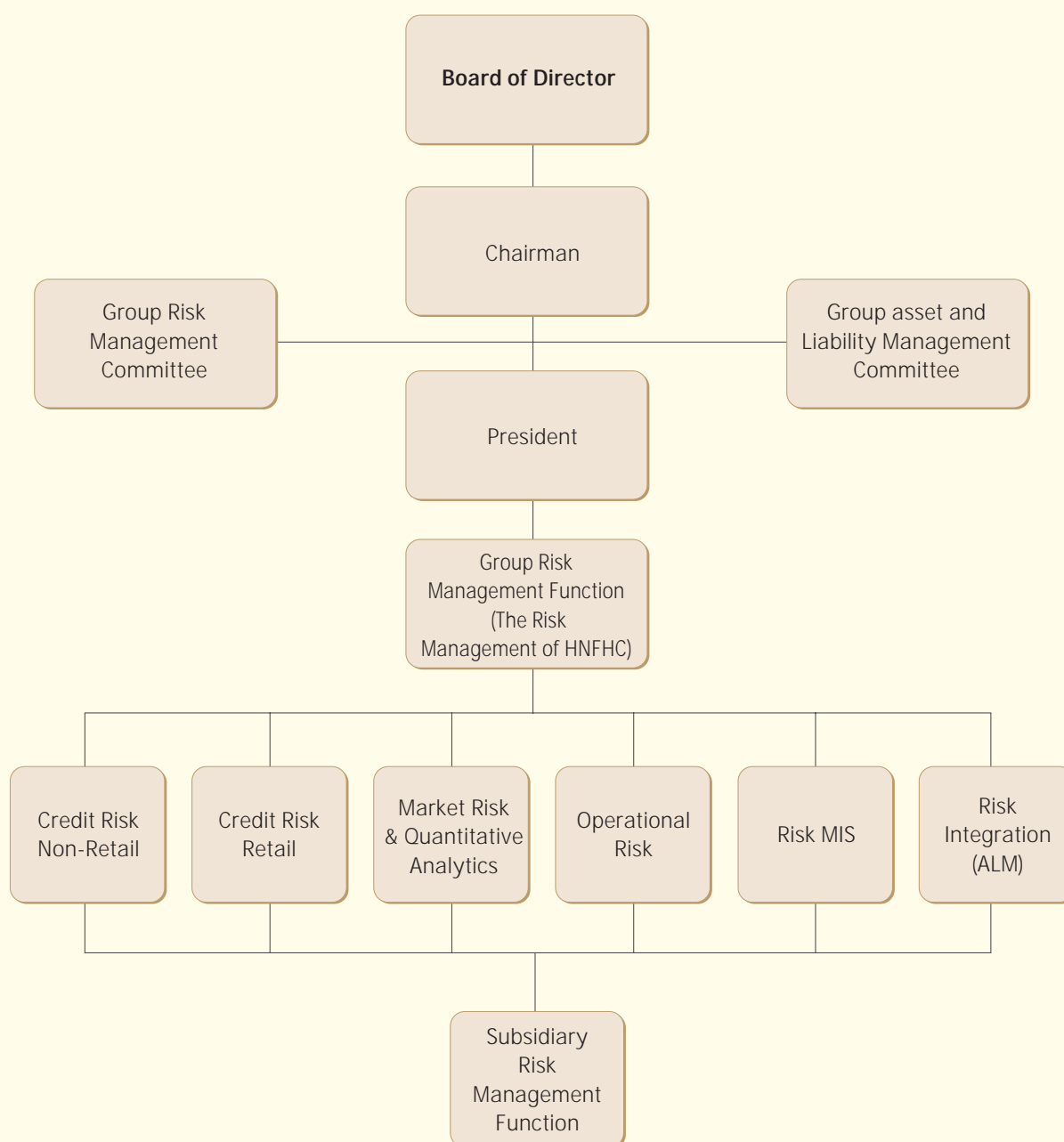
1. NT\$5,970,208,636 in cash dividend to shareholders, translating to NT\$1 per share.
2. NT\$1,194,041,720 in stock dividend to shareholders, translating to NT\$0.2 per share.
3. NT\$13,246,263 in cash bonus to employees.
4. NT\$82,789,143 in compensation to directors and supervisors.

	2007	2006	2005	2004	2003
Cash Dividend	<b>1.0</b>	1.0	1.4	0.7	0.2
Stock Dividend	<b>0.2</b>	0.0	0.0	0.7	1.8
Total Dividend	<b>1.2</b>	1.0	1.4	1.4	2.0
Dividend Payout Ratio(%)	<b>77.92</b>	75.09	87.73	72.52	93.62
EPS	<b>1.54</b>	1.33	1.60	1.93	2.14



# Risk Management Summary

## Hua Nan Financial Holdings Group Risk Management Organizational Structure



HNFHC's objective in risk management is to strike the balance between risk and return and to maintain a high quality risk profile. The Company also aims to assist all its business units in maximizing shareholder value while maintaining the target credit rating set by the board of directors each year.

The main functions of the Group's risk management are as follows:

- 1.Integrating Group risk.
- 2.Developing, approving and implementing risk management-related policies for the Group.
- 3.Setting, approving and monitoring risk limits for the Group.
- 4.Coordinating and managing risk issues across subsidiaries.
- 5.Approving product programs.

HNFHC's risk management policies center on establishing a set of standards that are applicable to all members within HNFHC to identify, measure, control, monitor and manage risks. This ensures that all risks are maintained at an acceptable level, while reflecting the Group's business targets and corporate value. HNFHC has contracted an external consultant to assist it in complying to the Basel II framework and the global best practice as well. This initiative will bolster the Group's internal risk management policies, framework, risk awareness and culture. The methodologies used in measuring and controlling all types of risks will be discussed in the following paragraphs.

## 1. Credit Risk Non-Retail

All subsidiaries engage in corporate lending should set up their own policies and guidelines according to the guidance of the Group Risk Charters, Group Non-Retail Credit Risk Policy and related guidelines, which establish limits and authorization of non-retail credit exposure, rules to regularly monitor credit rating distribution, con-

centration exposure of credit portfolios, risk indicators, early warning mechanism and Management Action Trigger(MAT).

In order to appropriately manage Non-Retail credit risk, the Company assists its subsidiary Hua Nan Commercial Bank to develop its internal credit rating systems and loss database. Future credit risk exposure indicators will be calibrated based on probability of default (PD), loss given default (LGD) and exposure at default (EAD) to help the calculation of regulatory capital charges, loan pricing and credit portfolio management.

## 2. Credit Risk Retail

All subsidiaries engage in retail lending should set up their own policies and guidelines according to the guidance of the Group Risk Charters, Group Retail Credit Risk Policy and related guidelines, which establish a retail credit risk management framework to ensure "Credit Cycle" including Product Planning, Credit Acquisition, Account Maintenance, Collections, Write-offs, and Management Information System (MIS reports) is applied when conducting retail lending.

Considering the importance of MIS reports in monitoring and evaluating the retail exposures at the various stages of credit cycle, all subsidiaries should complete establishing their own MIS reports. The Company is also orchestrating the group MIS reports to better manage group retail credit portfolios and present group retail credit risk profile.

The Company is assisting its subsidiary Hua Nan Commercial Bank to implement the Product Planning to prudently consider product and target customer characteristics, plan actions taken in various stages in the "Credit Cycle", and propose a Product Program before the product launch in order to achieve the balance of risk and return.

The Company's subsidiary Hua Nan Commercial Bank is currently developing internal retail score-card models and credit loss database under HNFHC's assistance. The goal is to facilitate the performance measurement of retail credit portfolios and the set up of risk-based capital target.

### 3. Market Risk

The Company's market risk management is to ensure that market risk exposures are within limits. All subsidiaries should comply to the guidance of the Group Market Risk Policy and related guidelines in managing their trading book positions.

The important control mechanisms include ex-ante management and ex-post risk monitoring.

#### (1) Process of Approval of New Products

To strengthen the risk management mechanism of new products, all subsidiaries should submit New Product Program to Group Risk Management Committee to identify risks of new products before trading, and to set up related valuation and risk management models.

#### (2) Limits Monitoring

All subsidiaries and trading functions have set up Value at Risk (VaR) limits and stop-loss limits to control the market risk and loss of trading positions within risk tolerance and to prevent the unfavorable impact to the group capital level. In addition, Management Action Triggers (MAT) have been set up for all limits as early warning mechanism to the management.

The subsidiaries will monitor their daily market exposures and submit risk reports to their risk and trading departments. Monthly market reports disclosing risk profiles of trading book positions and limit monitoring are submitted to Group Risk Management Committee for a review of the market risk of the group trading portfolios.

### 4. Operational Risk

The object of operational risk management is to standardize group risk management framework and to strengthen the risk management culture and awareness. Through "Operational Risk Management Cycle" and its corresponding management tools, managers at all levels will be able to monitor daily operational risk, capture the exposure and track the progress of improvement, which will aid to group operational risk control effectively and maximize shareholder value.

#### (1) Risk Self-Assessment

RSA is a systematic tool which assists each department to identify, evaluate and measure risk. Within that, appropriate action plan can be applied and examined. Specialists trained within the Company will help carry out this initiative.

#### (2) Operational Risk Assessment Process

This procedure identifies, evaluates and develops risk mitigation tools to address operational (and legal) risk along with reputational risk associated with new or changed proposals. In order to achieve procedural transparency and clarify the responsibility, affiliated units have to participate in the assessment process and reach a consensus that is performable after approval by authorized managers.

#### (3) Corporate Loss Database

This integrated database systematically collects operational risk loss within the Group and offers a wide variety of analysis to managers. This tool also provides a foundation for the future implementation of Advanced Measurement Approaches to measure and calculate economic capital. Corporate Loss Database has been officially launched in the fourth quarter of 2007 for the group members to submit their operational risk loss data.



#### (4) Key Operational Risk Control

This provides a comprehensive overview of the operational risk and controls in key operational process within the Group. This tool also provides a minimum requirement for internal controls and serves as reference for other operational risk management tools.

#### (5) Key Risk Indicator

These indicators detect any changes in potential operational risk profiles for the Group and flag warning signals. This tool offers time series trend analytics and triggers related mechanisms or action plans to mitigate operational risk.

### 5. Risk Integration

HNFHC is working to integrate the various types of risks encountered by its subsidiaries in their businesses. The Company is planning to utilize economic capital to measure and integrate risk-based capital charges associated with credit risk, market risk, and operational risk in the future. With the implementation of economic capital and joined force by the Hua Nan Commercial Bank's Fund Transfer Pricing (FTP) system, the Company can accurately measure the risk-adjusted return on capital and economic profits for each profit center, and to facilitate the optimal allocation of capital, and ultimately maximize the shareholder value.

HNFHC and its subsidiary Hua Nan Commercial Bank have purchased Transfer Pricing / Performance Analyzer / Risk Manager system from an outside vendor. With the implementation of the Bank's FTP system, the Company will be able to

calculate funding costs of each business. An external consultant is providing assistance in introducing economic capital, risk-adjusted return on capital and economic profit concepts and methodology. Upon the completion of the internal rating models, VaR system, loss database and data collecting, the Company can start calculating the required economic capital. HNFHC will be able to balance the risk and return, and implement a robust risk management mechanism.

### 6. Asset and Liability Management

Asset and liability management is focusing on the group-wide strategic planning, constantly devising and implementing asset and liability allocation strategies within risk appetites. Through adjusting the non-trading positions of assets and liabilities, the on and off-balance sheet interest rate risk, liquidity risk and currency risk can be monitored and controlled.

The risk control mechanism which HNFHC has established for asset and liability management including the setting up of a variety of policies and procedures, the planning of corresponding tools to measure risks, is to clarify the authorities and responsibilities among management and different business lines, regulate risk management goals and indicators, delegate the authority and set up the control principles. The ultimate goal is to implement the asset and liability framework so that the Group Asset and Liability Management committee can fulfill its role as the arbiter of issues of great importance and the mastermind of the group strategies.

# Hua Nan Commercial Bank(HNCB)



## Financial Highlights

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Net interest income	25,252,404	22,811,202
Net income excluding interest income	10,302,037	10,767,095
Gross income	35,554,441	33,578,297
Bad debt expenses (loan)	(8,853,852)	(9,296,701)
Operating expenses	(14,672,308)	(14,201,386)
Income before tax	12,028,281	10,080,210
Cumulative effect of change in accounting principles	-	1,173,089
Net income	9,500,518	8,973,966
<b>Balance Sheet</b>		
Total assets	1,606,811,399	1,589,724,805
Total liabilities	1,528,794,471	1,513,224,260
Total shareholders' equity	78,016,928	76,500,545
<b>Ratio</b>		
ROE	12.30%	12.11%
ROA	0.59%	0.56%
Ter 1 Ratio	6.48%	7.49%
Capital adequacy ratio	10.82%	12.26%
NPL ratio	1.52%	1.99%
Coverage ratio	62.67%	50.13%
<b>Credit Ratings (long/short/outlook)</b>		
Taiwan Ratings	twAA-/twA-1+/Stable (2007/07)	
Moody's Ratings	A3/P1/Stable (2008/01)	
Fitch Ratings	BBB+/F2/Stable (2007/12)	

# Hua Nan Commercial Bank

## Brief History

Hua Nan Commercial Bank, Ltd. (HNCB) was established on March 1, 1947 through the restructuring of the Hua Nan Bank, which was founded in 1919. The Company engages in (a) all commercial banking operations allowed by the Banking Act; (b) offshore banking business; (c) overseas branch operations authorized by the respective foreign governments; and (d) other operations as authorized by the central competent authorities.

HNCB maintains its head office in Taipei. As of December 31, 2007, HNCB had Banking, Financial Trading, International Banking and Trust Departments as well as 182 domestic branches and representative offices, an offshore banking unit (OBU), 6 overseas branches, and 2 overseas representative offices.

The operations of HNCB's Trust Department are (1) trust business planning, managing and operating and (2) custody of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under the Banking Act and the Trust Enterprise Act.

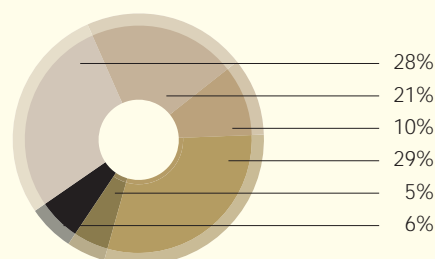
## 2007 Business Performance

The major business performance of Hua Nan Commercial Bank in 2007:

1. Deposit: the average total deposit stood at NT\$1,287.5 billion, an increase of 3% from 2006.
2. Lending: the average outstanding loan stood at NT\$1,131 billion, a rise of 7% from last year.
3. Personal Finance: the average outstanding balance of the personal financing stood at NT\$347.6 billion, a growth of 7.3% from 2006.
4. Foreign Exchange and International Banking: Foreign exchange business in 2007 amounted to US\$237.66 billion, a rise of US\$32.90 billion, or 16.07% rise from last year.
5. Electronic Banking: a total of 39.46 million of electronic banking transactions were handled, 6.75% increase from 2006. The value of the transactions reached NT\$3.3 trillion, equivalent to a rise of 34.41% from last year. Fee income grew 99.51% in 2007 to NT\$498.1 million.
6. Financial Trading and Marketing:
  - (1) The net profit of Financial Trading Department generated NT\$1.58 billion in 2007, which was 85.75% of the Bank's target.
  - (2) Derivative transaction from Financial Marketing Department rose 46% as compared to 2006, an increase of US\$5.7 billion
7. Wealth Management: wealth management generated NT\$3.31 billion of fee income, which was 205% higher than the Bank's goal for the year.

## 2007 Major Income

unit in NT\$m



Corporate Banking      Foreign Exchange  
 Consumer Banking      Wealth Management  
 Treasury      Others

unit in NT\$m	2007		2006		change	
	Amount	%	Amount	%	Amount	%
Corporate Banking	17,717	28	15,487	27	2,230	14
Consumer Banking	13,247	21	12,435	21	812	7
Treasury	6,446	10	7,515	13	-1,069	-14
Foreign Exchange	18,180	29	16,561	29	1,619	10
Wealth Management	3,320	5	1,388	2	1,932	139
Others	4,022	7	4,519	8	-497	-11

## Business Plan for 2008

### 1. Development of New Financial Products:

- (1) HNCB will aggressively pursue strategic alliance and cooperative opportunities with counterparts and will initiate gold passbook operations.
- (2) The Bank is planning e-Global Hong Kong wealth management services for its Internet bank, providing customers in Hong Kong the ability to obtain fund information and investment data. The system will also provide the ability to buy and sell funds. This will reduce the time and manpower demands on the Hong Kong branch to handle such transactions, along with alleviating facsimile and postage costs.
- (3) HNCB is creating a "consumer payment" function for its IC banking card. This will enable consumers to use the card at contracted outlets (including Internet vendors) and have payments deducted automatically. The service will boost capital returns on the Bank's demand deposits as well as handling fees. It will also satisfy the need among retailers for cash transaction services.
- (4) HNCB will add foreign exchange services to its Web ATM. The Bank intends to add the ability to purchase foreign currency and travelers checks, make overseas remittances and carry out foreign currency conversion, thereby providing a wider variety of services to customers through its Web ATM.
- (5) HNCB plans to issue a wealth management VISA infinity card to improve the service quality provided to its wealth management customers.
- (6) The Bank plans to upgrade its business card to the level of world card from the current gold card. This will help solidify its relationship with SME clients and meet the needs of its business customers.
- (7) HNCB plans to introduce branch marketing and sales of traditional insurance policies, such as capital repayment accident insurance, in an effort to boost risk-free handling fee income.
- (8) Pecuniary trust investment in domestic and foreign equities is moving in the direction of offering a variety of products and targeting specific groups. HNCB will establish long-term cooperative relationships with reputable investment trusts and overseas fund agents, periodically deciding on specific targets to market.
- (9) In step with market trends, HNCB will introduce low-risk, capital preservation structured bonds as it deems appropriate. HNCB will market these products to customers who have other structured products that are maturing.
- (10) HNCB will focus on the Top 10 investment trusts in pursuing mutual fund custodian services opportunities.
- (11) HNCB will emphasize the marketing concept of "asset allocation, long-term investment" in continuing to promote collective investment trust accounts. It will introduce a third collective investment account, focusing on conservative investments. This will help round out Hua Nan's product line in this area and satisfy the investment needs of customers with different appetites for risk.

- (12) Offshore Personal Finance: HNCB will develop offshore personal finance customers and assist the Hong Kong branch in expanding its wealth management operations.
- (13) HNCB will introduce commodity-style foreign currency investment products.
- (14) The Bank will carry out NT dollar forward rate agreements (FRA).
- (15) HNCB will provide NT dollar interest rate options (IRO).
- (16) HNCB will establish gateways for financial, ATM and international transfer operations. Finance companies are expected to stop using the existing SNA LU 6.1 framework for interbank transactions by the end of 2009. In 2008, HNCB will begin establishing a telecommunications gateway system for the next generation computer telecommunications service system and end its use of its existing IBM telecommunications control system. The new system will link and integrate interbank remittance, ATM and international transfer operations, employing existing IBM mainframes and ensuring stable service.
- (17) The Bank will adopt the second phase of its sales force automation (SFA). HNCB will integrate customer service systems, Internet bank, and the e-ATM network so as to turn unexpected transaction behavior by customers into potential marketing opportunities. This initiative will also enable the Bank to monitor and manage marketing opportunities.
- (18) HNCB will introduce foreign exchange transfer services on its Internet bank. Internet bank customers engaging in remittance or fund transfers between the DBU, OBU and the Hong Kong must decide if the transaction is a foreign exchange deposit or a remittance of funds between Taiwan and Chi-

na. This is an inconvenient procedure for customers, since they are required to fill in different forms. The new simplified procedures will reduce the amount of time needed by customers in entering data.

- (19) The Bank will introduce foreign currency trust functions to its Internet bank. Data show that foreign mutual funds make up nearly 60% of the investment products purchased by Hua Nan customers. HNCB is adding a DBU/OBU 24-hour foreign currency trust function to its Internet bank to improve investment services for its customers, boost handling fee income for the Bank and reduce costs. HNCB is also implementing a US-registered fund short-term trading prevention system, along with information on each transaction made by customers of funds, pages offering customers the option of purchasing fixed amounts of funds at regular intervals, and services confirming the transfer or deposit of funds.

## 2. Measures to Strengthen Competitiveness

- (1) HNCB will strengthen management of the quality and quantity of its deposits, looking for ways to reduce capital costs and generate the most efficient use of capital.
- (2) The bank will expand its cash transaction network for purchases made over the Internet. It will increase advertisements on well-known portals, thereby boosting the number of hits by Internet shoppers. This will improve visibility of HNCB's cash transaction services and spark purchases.
- (3) HNCB will hold activities to increase deposits and boost deposits among investors at securities firms. It will also increase its services as an agent in paying out dividends and in accepting funds for cash subscriptions. This will boost the size of deposits, help maintain a designated level of demand deposits and improve returns on capital.



- (4) HNCB will make adjustments to its branch network, establishing a business network that is most appropriate for its needs.
- (5) The Bank will continue to improve and streamline operational procedures.
- (6) HNCB will employ a customer relationship management analysis system, which in conjunction with the various financial products offered by members of the group will target specific customers segments in various marketing activities. This will generate marketing synergy.
- (7) HNCB will implement a pricing scale for its safe deposit boxes and will seek to collect funds owed it by delinquent customers. This will increase income and pave the way for the Bank to establish a safe deposit box electronic platform, helping to simplify operational procedures.
- (8) HNCB will institute several measures to boost competitiveness of its Web ATM. It will add a foreign exchange service section to the Web ATM and work to expand electronic services to customers. Anyone can apply to use these services, which will include foreign exchange transfer, purchase of traveler's checks and foreign exchange remittances. Customers will be able to pick up bills or traveler's checks at designated windows at a handful of branches. If this service proves to be a success, it will be expanded through the entire service network. The Bank will also design solutions for companies in collecting payment in cash subscriptions. This will enhance HNCB's cash transaction services, increase demand deposits and boost risk-free handling fee income. This comprehensive online personal finance environment will satisfy the needs of customers who prefer to make their own investment decisions and will at the same time increase handling fee income for the Bank.
- (9) HNCB's Internet bank will provide e-Wealth services 24 hours a day, 365 days a year. These services will provide analysis and suggestions regarding investment portfolios, stop-loss or stop-profit notification, multiple payments each month for fixed amount fixed period investments, foreign currency trusts and NT dollar structured products.
- (10) HNCB will integrate its phone banking services and establish a single number for all of Taiwan to access the system. This will reduce overlap and any waste of resources and help to cut resource system management and maintenance costs.
- (11) The Bank will implement a centralized operations center employee outsourcing performance assessment system. This is aimed at improving productivity and reducing outsourcing expenses.
- (12) HNCB will continue to develop Treasury Marketing Unit operations. It will strengthen the professional services offered to existing customers and develop new clients. It will also look to provide hedging and investment transaction services for corporate customers, thereby expanding the Bank's dealings with its customers.
- (13) HNCB will apply to establish branches in Macau and Sydney, Australia to expand its operations in the international market and provide more services to Taiwan businesses operating in those areas. This will also boost offshore income.
- (14) HNCB will appropriately allocate banking assets to best generate profits. The Bank will strengthen its trading of equities and fixed-income securities to increase capital gains. It will balance risk and profit potential in these trades. HNCB will continue to invest in top quality domestic and foreign fixed-income securities to raise capital returns.

# Hua Nan Commercial Bank

- (15) The Bank will continue to establish financial systems. It expects to complete its first phase structured and derivatives products modules in 2008.
- (16) HNCB will continue to provide revolving financing and capital expenditure loans to companies that are operating normally.
- (17) The Bank will seek to be the leading bank in domestic and foreign consortium loans.
- (18) HNCB will engage in joint marketing with other subsidiaries of Hua Nan Financial Holding. Resources of the holding company will be used to provide corporate clients with the best services and to seek loan opportunities.
- (19) HNCB will provide depth to services offered in its Internet bank. It will introduce a comprehensive global trade cash flow solution.
- (20) HNCB will continue to promote Internet bank services to address the operational needs of overseas branches. It will provide Taiwan businesses more convenient and competitive online services, addressing the financing needs of companies regardless of their location.
- (21) The Bank will continue to develop Forfeiting and exchange and transfer business, increasing the Bank's low-risk income.
- (22) HNCB will integrate functions of its VIP and SFA systems, boosting the efficiency of its personal finance account executives.
- (23) HNCB will add a "Bank-wide and personal finance customer AUM growth" function to its VIP system, providing a basis to judge the performance of account executives and distribute appropriate bonuses.

# Hua Nan Securities Co., Ltd.(HNSC)



## Financial Highlights

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Revenue	4,251,986	3,370,950
Expense	(2,634,861)	(2,137,289)
Income before tax	1,617,125	1,233,661
Cumulative effect of change in accounting principles	-	10,936
Net income	1,220,025	1,001,115
<b>Balance Sheet</b>		
Total assets	24,644,340	22,114,724
Total liabilities	12,804,405	11,239,167
Total shareholders' equity	11,839,935	10,875,557
<b>Ratio</b>		
ROE	10.74%	9.53%
ROA	5.22%	4.55%
Capital adequacy ratio	459.92%	370.25%
<b>Credit Ratings (long/short/outlook)</b>		
Taiwan Ratings	twA+/twA-1/Stable (2007/6)	



# Hua Nan Securities Co., Ltd.

## Brief History

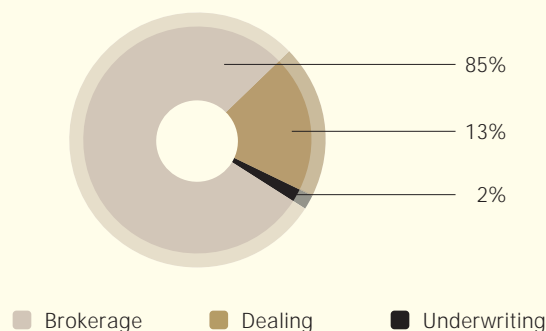
Hua Nan Securities Corp. (HNSC) was incorporated on June 17, 1988 in conformity with related regulations. HNSC's main business operations are (a) to underwrite securities, (b) to trade securities for itself at HNSC's business location, (c) to accept orders to trade securities at HNSC's business locations, (d) to engage in margin loan and securities financing for securities, (e) to accept orders to buy and sell foreign securities, (f) to engage in securities-related auxiliary futures trading services, to engage in securities-related futures services, (g) to act as a transfer agent for securities, (h) to engage in other securities-related businesses approved by the governing authorities.

## 2007 Business Performance

The major business performance of HNSC in 2007 was shown below:

1. Brokerage: 2007 average market share of HNSC was 2.622%. Brokerage fee income stood at NT\$3,411 million, a 43.18% rise.
2. Dealing: Profit of contributed by dealing operation (including financial products and futures dealing) in 2007 was NT\$523 million, 5.43% down from 2006.
3. Underwriting: HNSC worked with 35 lead or co-lead underwriting contracts, 37 underwriting projects and be the custodian for 96 companies in 2007. Underwriting income for the year stood at NT\$0.75 million, a decrease of 43.1% from last year.

## 2007 Major Income



## Business Plan for 2008

The relaxation of various securities and banking regulations in 2007 paved the way for the continued gradual liberalization of new types of banking products. Taiwan's major brokerages are embracing the competitive environment and are aggressively carrying out R&D and staff training. In 2008, HNSC will carry out evaluation and planning of the following new products and services, in line with regulatory liberalization:

1. The government has encouraged brokerages to transform into investment banking operation, develop corporate restructuring, M&D and other financial advisory services, as well as engage in a wide range of broking and underwriting operations.
2. The government has liberalized regulations to allow brokerages to engage in wealth management business to broaden the range of investment tools domestically. HNSC has filed an application to commence such business and has established a department that is responsible for promoting these operations.

- 3.HNSC already offers sub-brokerage services for overseas mutual funds. This year, it is applying to begin operations as a sub-broker for Hong Kong stocks in order to provide better service to the investing public.
- 4.HNSC is developing underwriting operations in the areas of subordinated debentures and asset-backed products.
- 5.HNSC is designing and introducing warrants, asset swaps, structured products and other financial derivative products.
- 6.HNSC is a market maker for futures, exchange traded funds and Taiwan stock index and individual stock options. HNSC's Financial Products Department and Futures Dealing Division will continue to engage in market making activities to bolster trading of futures-related products.
- 7.To integrate the expertise of our Overseas Products Department, International Operations Department, Financial Products Department and Futures Dealing Division in carrying out arbitrage research and trading. The Information Department is developing program trading software for arbitrage and hedging. In conjunction with technical analysis tools, traders will be able to spot appropriate buy and sell points, enabling HNSC to generate greater profits.
- 8.The Products Design Department is playing an important role in a special division in integrating all the securities, futures, domestic and foreign mutual fund and Hong Kong stocks sub-broking products on a single Internet platform. Products are divided into different categories based on risk and other factors. This platform provides information and facilitates trading by investors of the latest products. Sales staff can use this integrated platform to find appropriate products for specific customer groups, helping to boost sales.
- 9.In preparation for the future liberalization of cash management accounts, HNSC is developing and establishing a securities customer account management system. This will enable sales staff to find potential customers, both on a corporate and retail basis, according to the preferences of specific products by various customer segments. The system will also provide a means to determine the profit of the customers' portfolio and their contribution to the Company.
- 10.HNSC is drafting a proposal to combine the research units of the bank, securities and investment trust subsidiaries of HNFHC into a centralized research center under the investment consulting subsidiary. This new unit would provide both fundamental and technical analysis on global finance, the macroeconomic situation on Taiwan and overseas, industry analysis and research on individual companies. Analysts will inform customers of the latest investment trends and specific sectors to avoid risk. In addition to providing investment publications and holding investment seminars on a regular basis, the unit will also provide investment advisory services and lending recommendations for Group units.

# Hua Nan Bills Finance Corp.(HNBF)



## Financial Highlights

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Net interest income	128,315	405,847
Net Income excluding interest income	(120,148)	(170,535)
Gross income	8,167	235,312
Provisions	(397,069)	(93,869)
Operating expenses	(148,385)	(138,343)
Income before tax	(537,287)	3,100
Cumulative effect of change in accounting principles	-	78,910
Net income	(1,453,798)	5,042
<b>Balance Sheet</b>		
Total assets	25,785,276	53,223,165
Total liabilities	23,236,008	49,181,048
Total shareholders' equity	2,549,268	4,042,117
<b>Ratio</b>		
ROE	-44.11%	0.13%
ROA	-3.68%	0.01%
Capital adequacy ratio	16.56%	11.08%
<b>Credit Ratings (long/short/outlook)</b>		
Fitch Ratings	A(twn)/F1(twn)/Stable (2007/12)	

## Brief History

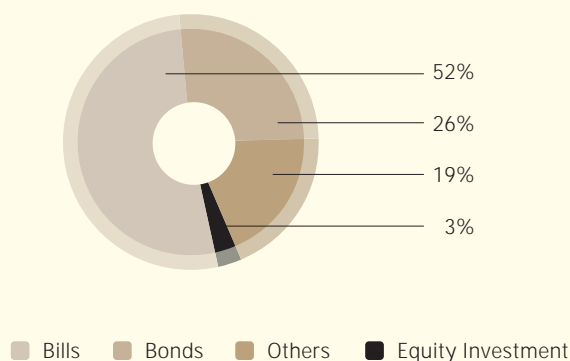
Hua Nan Bills Finance Corporation (HNBF) was established on October 11, 1996. HNBF is mainly engaged in (a) brokerage and proprietary trading of short-term notes and bills, (b) certification and underwriting of short-term notes and bills, (c) brokerage and proprietary trading of financial debentures, (d) certification and underwriting of financial debentures, (e) endorsement and guarantee of short-term notes and bills, (f) agents of call loans between financial institutions, (g) corporate financial consulting, (h) proprietary trading of government bonds, (i) brokerage and proprietary trading of corporate bonds, (j) related equity investments. As of December 31, 2007, HNBF has a head office in Taipei and one branch in Kaohsiung.

## 2007 Business Performance

The major business performance of Hua Nan Bills Finance was:

1. Guarantee : The issuance of guarantee amount of commercial paper in 2007 was NT\$15.39 billion, a drop of 69.79% from 2006.
2. Bond Trading in the Secondary market : bond trading in 2007 amounted to NT\$4.14 trillion, an increase of 1.38% from 2006.

## 2007 Major Income



## Business Plan for 2008

Hua Nan Bills Finance plan to merge with Hua Nan Commercial Bank at the end of May, 2008.

# South China Insurance Co., Ltd.(SCIC)



## Financial Highlights

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Operating income	9,939,769	9,862,871
Operating cost	(8,715,470)	(8,567,984)
Gross income from operations	1,224,299	1,294,887
Operating expense	(974,666)	(918,736)
Net operating income	249,633	376,151
Non-operating revenue	19,261	7,906
Non-operating expense	(788)	(1,139)
Income before tax	268,106	382,918
Cumulative effect of change in accounting principles	-	1,906
Net income	216,238	312,386
<b>Balance Sheet</b>		
Total assets	8,662,297	8,233,672
Total liabilities	6,286,461	5,780,217
Total shareholders' equity	2,375,836	2,453,455
<b>Ratio</b>		
ROE	8.96%	13.11%
ROA	2.56%	3.83%
Capital adequacy ratio	730.03%	789.16%
<b>Credit Ratings (long/outlook)</b>		
Taiwan Ratings	twAA-/Stable (2007/11)	
A.M. Best Ratings	A- /Stable(2008/2)	



## Brief History

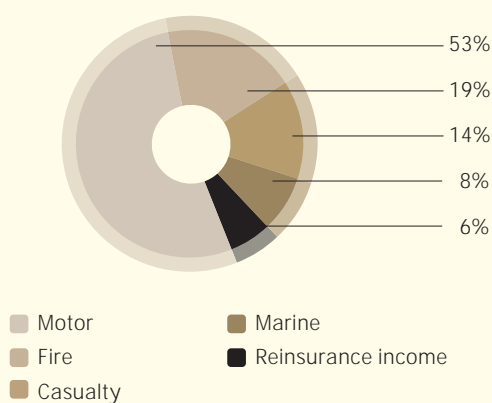
South China Insurance Co., Ltd. (SCIC) was incorporated on May 1, 1963. SCIC is mainly engaged in property insurance services including fire insurance, marine insurance, motor insurance, casualty insurance, and reinsurance of the preceding insurance businesses. As of December 31, 2007, SCIC has a head office in Taipei, seven branches and twenty eight liaison offices in main cities in Taiwan.

## 2007 Business Performance

The major business performance of South China Insurance performs in 2007 were:

1. Total written premium income in 2007 were NT\$5.36 billion, an increase of 5.89% from last year. The break down are as follows:
  - (1) Fire Insurance premium were NT\$ 1,101 million, up by 3.38%.
  - (2) Marine insurance premiums were NT\$445 million, up by 18.81%.
  - (3) Motor insurance premiums were NT\$3,042 million, up by 3.16%.
  - (4) Casualty insurance premiums were NT\$773 million, up by 14.58%.
2. Reinsurance income in 2007 stood at NT\$351 million, an increase of 14.16% from 2006.

## 2007 Major Income



## Business Plan for 2008

1. To establish an actuarial system in light of premium liberalization, and to create the most appropriate retention and re-insurance strategies in order to effectively manage risk and maximize profits.
2. To focus on the KPI index for accepted policies, thereby more effectively managing and assessing acceptance strategies and helping to boost acceptance performance.
3. To strengthen service quality associated with insurance claims, which will boost customer satisfaction, and to establish standard operating procedures for insurance claims, ensuring service quality and efficiency.
4. To establish regional operational centers, and to grant greater authority and management on a regional basis; to raise overall performance management and operational procedures.
5. To establish a risk management unit to carry out risk planning, and to coordinate and communicate with each area of operations requiring risk management.
6. To establish overseas offices to expand business abroad.

# Hua Nan Investment Trust Corp.(HNITC)



## Financial Highlights

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Operating income	330,062	130,976
Operating expense	(226,008)	(131,772)
Net operating income(loss)	104,054	(796)
Non-operating revenue	10,829	55,399
Non-operating expense	(1,618)	(1,479,186)
Income before tax	113,265	(1,424,583)
Cumulative effect of change in accounting principles	-	9,652
Net income	93,466	(1,420,756)
<b>Balance Sheet</b>		
Total assets	670,306	539,407
Total liabilities	77,112	26,403
Total shareholders' equity	593,194	513,004
<b>Ratio</b>		
ROE	16.90%	(316.86%)
ROA	15.45%	(67.13%)

## Brief History

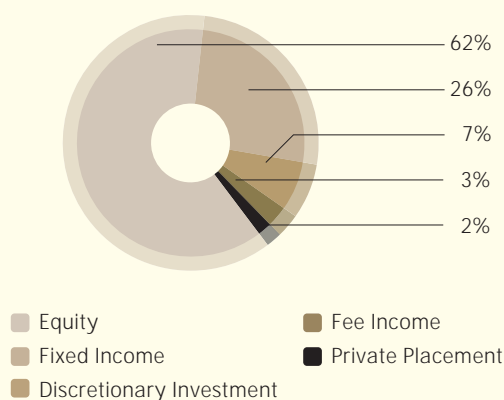
Hua Nan Investment Trust Corporation (HNITC) was registered on September 29, 1992. HNIT is mainly engaged in public offering of securities investment trust funds and securities investments with the preceding funds. HNITC was authorized by the governing authorities to be engaged in the operation of discretionary investment services. As of December 31, 2007, HNITC has two branches in Taichung and Kaohsiung.

## 2007 Business Performance

The business performance of HNITC in 2007 was shown in following:

- (1) Equity Fund : The size of equity funds at the end of 2007 was NT\$15,598 million, an increase of 124.24% from 2006.
- (2) Fixed Income Funds : the size of fixed income funds at the end of 2007 was NT\$22,988 million, a rise of 17.88% from last year.
- (3) Discretionary Investment: Funds entrusted for discretionary Investment at the end of 2006 stood at NT\$2,137 million, an up of 39.06% from 2006.

## 2007 AUM Distribution



## Business Plan for 2008

- 1.Engaging in diversified and innovative product design and development.
- 2.Combining innovation and core marketing abilities to create a balanced clientele structure.
- 3.Establishing an image niche for the company and strengthening media exposure.
- 4.Strengthening customer service and boosting customer satisfaction.
- 5.Strengthening risk management and promoting rationalization of operational procedures to bolster overall service efficiency.



# Hua Nan Venture Capital Co., Ltd. (HNVC)

## Hua Nan Management & Consulting Co., Ltd. (HNMC)



### Financial Highlights (HNVC)

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Operating Income	95,949	7,547
Operating expenses	(21,187)	(20,700)
Net operating income (loss)	74,762	(13,153)
Non-operating revenue	6,289	11,562
Non-operating expense	(23,345)	(15,858)
Income(loss) before tax	57,706	(17,449)
Net income (loss)	53,962	(17,449)
<b>Balance Sheet (in NT \$thousand)</b>		
Total assets	1,187,510	974,337
Total liabilities	3,259	107
Total shareholders' equity	1,184,251	974,230
<b>Ratio</b>		
ROE	5.00%	(1.78%)
ROA	4.99%	(1.78%)

### Financial Highlights (HNMC)

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Operating Income	19,048	19,292
Operating expenses	(16,236)	(16,093)
Net operating income	2,812	2,955
Non-operating revenue	304	244
Income before tax	3,116	3,199
Net income	2,185	2,262
<b>Balance Sheet (in NT \$thousand)</b>		
Total assets	18,230	16,865
Total liabilities	5,117	3,900
Total shareholders' equity	13,113	12,965
<b>Ratio</b>		
ROE	16.76%	17.10%
ROA	12.45%	13.33%

## Brief History

Hua Nan Venture Capital Co., Ltd. (HNVC) was registered under the "Company Act" and "Regulations for Scope and Guidance to Venture Capital Business". HNVC is mainly engaged in venture capital investments in domestic and overseas technology companies, other venture capital companies, domestic manufacturing companies, and other companies allowed by the related regulations.

Hua Nan Management & Consulting Co., Ltd. (HNMC) was established in February 2004 and is mainly engaged in investments consulting, enterprise operation management consulting and venture capital management consulting.

## 2007 Business Performance

For the year 2007, HNVC invested 13 projects and totaling NT\$212 million. HNMC had provided assessment on 74 potential investment projects, forwarding 12 to the board of director of HNVC for consideration. 11 of those were approved, with an investment amount totaling NT\$212 million.

## Business Plan for 2008

### Hua Nan Venture Capital Co., Ltd. (HNVC)

The market outlook is dim due to the US sub-prime mortgage crisis. The company will maintain its existing investment portfolio and realize profits at appropriate times. It will also closely monitor companies in which it has invested that are performing poorly, and will provide assistance or appropriately provision for losses.

Investment business will focus primarily on more mature companies that will soon list on the stock market or in which profits can be realized within three years. The company will design and appropriately allocate investments in its portfolio with regards to industries and the location of the investment.

### Hua Nan Management & Consulting Co., Ltd. (HNMC)

The focus of business in 2008 will be on working together with other Hua Nan group companies and appropriately employing group resources to seek out investment targets with long-term development and profitability potential. The company will continue to strengthen the expertise of its investment team. It will designate persons to be specialists in respective industries, experts in post-investment management, and professionals responsible for mapping out strategies and business plans for cross-investments. This will increase the investment performance of funds and appropriately expand the scale of funds.

The primary source of income for the company in 2008 will be fund management income (about NT\$23.81 million) and performance incentives provided by the venture capital company (NT\$10.75 million). Personnel expense, operating expense and employee bonuses and performance-based payments will be the primary source of operating costs (NT\$23.12 million). The company expects net income for 2008 to be about NT\$8.61 million, equivalent to earnings per share of about NT\$8.61.

Global economic growth in 2008 is expected to slow in comparison with 2007 due to the effects of the US sub-prime mortgage crisis. HNMC, however, will continue to cautiously manage its investment portfolio and even plans to raise funds in order to be able to expand its scale of managed funds and thereby increase income. It will hire outstanding professionals who will gradually expand the group's asset management business.

# Hua Nan Asset Management Company(HNAMC)



## Financial Highlights

Unit: in NT\$1,000

As of December 31, 2006 and 2007

	2007	2006
<b>Income Statement</b>		
Revenue	158,707	76,701
Expense	(94,002)	(62,174)
Income	64,705	14,527
Non-operating revenue	8,995	1,129
Non-operating expense	(53,934)	(8,432)
Income before tax	19,766	7,224
Net income	19,768	6,232
<b>Balance Sheet</b>		
Total assets	3,916,108	2,082,135
Total liabilities	2,896,207	1,080,810
Total shareholders' equity	1,019,901	1,001,325
<b>Ratio</b>		
ROE	1.96%	0.62%
ROA	0.66%	0.40%

## Brief History

Hua Nan Asset Management Corp. (HNAMC) was invested by HNFH and was established on May 10, 2005. HNAMC is mainly engaged in purchase, evaluation, auction and management service of monetary creditor's rights of financial institutions.

## 2007 Business Performance

- 1.NPL Acquisition (Acquisition of Financial Institution Distressed Assets): The portfolio HNAMC purchased has reached NT\$13.6 billion. The net collection at the same year was approximately NT\$ 96.902 millions.
- 2.Providing assets under management service to handle Distressed Loans or Assets on Behalf of Financial Institutions or Other Mutli-national Asset Management Companies: The accumulated income on management and accomplishment fee was around NT\$34.34 million.
- 3.Real Estate Direct Investment by Auction Bid: This kind of direct investment could not only create a constant monthly income from rents received, but also expected growing spreads in the near future. Income from this business was around NT\$25.54 million.

## Business Plan for 2008

- 1.To continue to engage in corporate banking and the acquisition and management of secured non-performing debt. HNAMC will appropriately participate in auctions of NPLs based on its expected rate of recovery of the debts, the company's fiscal ability and market changes (including any changes in prices in the real estate market, interest rate fluctuations, and changes in bank lending policies).

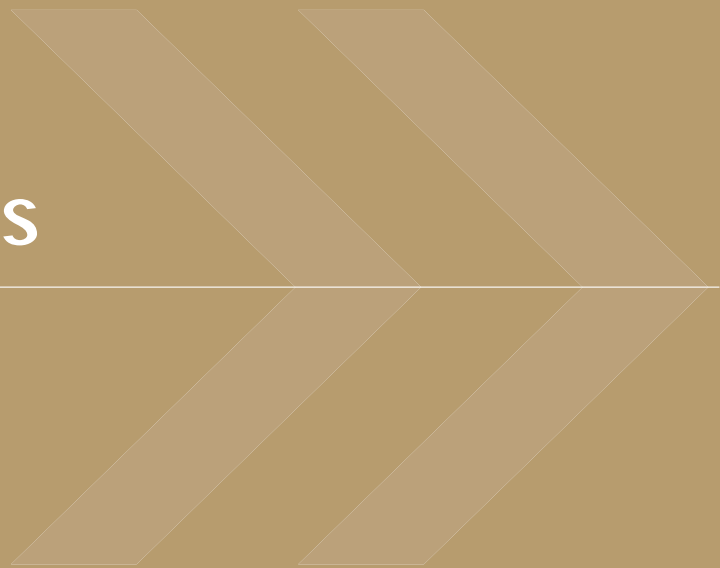
2.HNAMC will provide due diligence services for foreign institutions interested in acquiring NPLs and will also provide post-acquisition asset management services. HNAMC aims to make the best use of a limited amount of capital in the pursuit of expanding the scale of assets under management and increasing revenue.

- 3.To continue to directly participate in court auctions of real estate and to decide on the volume, price and types of property acquired based on its past experience in recovery of NPLs, maintaining reasonable returns in its real estate investments and in consideration of any changes in the real estate market.
- 4.To strengthen its abilities in property management in order to increase the value of acquired assets and boost returns.

# 2007

## Consolidated Financial Statements

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# INDEPENDENT AUDITORS' REPORT

## The Board of Directors and Stockholders

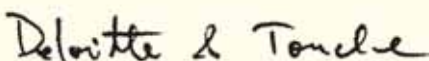
### Hua Nan Financial Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheets of Hua Nan Financial Holdings Co., Ltd. and subsidiaries (collectively, the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Hua Nan Financial Holdings Co., Ltd. and subsidiaries as of December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Guidelines Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial and Operational Reports by Enterprises Engaging in Non-life Insurance, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China (ROC).

As described in Note 3, effective January 1, 2006, the financial instruments of Hua Nan Financial Holdings Co., Ltd. are measured in compliance to the Statement of Financial Accounting Standards (SFAS) No. 34, "Accounting for Financial Instruments" and No. 36, "Presentation and Disclosure for Financial Instruments" and related revisions of previously released SFASs.



January 31, 2008

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



## HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2007 Amount	2006 Amount	Percentage of Variation %
Cash and cash equivalents (Notes 4 and 33)	\$ 23,033,883	\$ 39,485,017	( 42)
Due from the Central Bank and other banks (Notes 5 and 33)	153,320,292	147,516,871	4
Financial assets at fair value through profit or loss, net (Notes 2, 3, 6, 17 and 33)	41,847,233	59,782,854	( 30)
Bonds and bills purchased under resale agreements (Note 2)	2,324,363	5,684,643	( 59)
Receivables, net (Notes 2 and 7)	46,745,440	42,595,453	10
Discounts and loans, net (Notes 2, 8 and 33)	1,053,763,226	1,020,285,842	3
Available-for-sale financial assets, net (Notes 2, 3, 9 and 17)	120,575,741	130,827,259	( 8)
Held-to-maturity financial assets, net (Notes 2, 10 and 17)	171,777,998	165,990,992	3
Investments accounted for using equity method (Notes 2 and 11)	94,761	92,615	2
Other financial assets, net (Notes 2 and 12)	10,244,593	12,618,889	( 19)
Investments in real estate ,net (Notes 2 and 13)	468,335	123,728	279
Property and equipment, net (Notes 2, 14 and 17)	26,042,594	25,612,822	2
Intangible assets (Notes 2 and 15)	667,635	573,218	16
Other assets, net (Notes 2, 16 and 17)	17,410,309	23,376,290	( 26)
TOTAL	<u>\$ 1,668,316,403</u>	<u>\$ 1,674,566,493</u>	-

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche audit report dated January 31, 2008)

LIABILITIES AND STOCKHOLDER'S EQUITY	2007 Amount	2006 Amount	Percentage of Variation %
Due to the Central Bank and other banks (Notes 18 and 33)	\$ 89,175,648	\$ 95,002,930	( 6)
Commercial paper Issued, net (Note 19)	5,795,626	3,968,170	46
Financial liabilities at fair value through profit or loss (Notes 2, 3 and 6)	40,731,697	35,133,129	16
Bonds and bills sold under repurchase agreements (Notes 2, 9, 10, 20 and 33)	36,682,483	59,404,975	( 38)
	45,398,431	51,569,149	( 12)
Payables (Note 21)	1,297,243,813	1,274,405,863	2
Deposits and remittances (Notes 22 and 33)	39,600,000	45,650,000	( 13)
Bond and bank debentures payable (Note 23)	6,209,798	3,639,057	71
Other borrowing (Note 24)	1,035,810	803,449	29
Accrued pension liability (Notes 2 and 28)	708,884	822,743	( 14)
Other financial liabilities (Note 25)	6,097,223	5,905,540	3
Reserve for operations (Notes 2 and 26)	7,654,245	7,563,106	1
Other liabilities (Notes 2 and 27)	1,576,333,658	1,583,868,111	-
Total Liabilities			
STOCKHOLDERS' EQUITY (Notes 2, 3 and 29)	59,702,086	59,702,086	-
Capital stock	12,408,866	12,408,866	-
Capital surplus	3,895,160	3,100,052	26
Legal reserve	111,017	111,017	-
Special reserve	12,708,746	10,358,277	23
Unappropriated earnings	3,403,045	3,403,045	-
Unrealized revaluation increment	( 54,983)	( 62,903)	( 13)
Cumulative translation adjustments	( 195,146)	1,667,226	( 112)
Unrealized gain (loss) on financial instruments	91,978,791	90,687,666	1
Total parent stockholders' equity	3,954	10,716	( 63)
MINORITY INTEREST	91,982,745	90,698,382	1
Total stockholders' equity			
TOTAL	\$ 1,668,316,403	\$ 1,674,566,493	-



## HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2007 Amount	2006 Amount	Percentage of Variation %
INTEREST INCOME (Notes 2 and 33)	\$ 53,455,550	\$ 48,435,475	10
INTEREST EXPENSE (Note 33)	( 27,275,913)	( 24,613,240)	11
INTEREST INCOME, NET	26,179,637	23,822,235	10
NET INCOME (LOSS) EXCLUDING INTEREST INCOME			
Service fee and commission income, net (Notes 2 and 33)	8,161,414	5,826,542	40
Income from insurance premiums, net (Note 2)	1,676,582	1,156,003	45
Gains on financial assets and liabilities at fair value through profit or loss (Notes 2 and 6)	109,482	1,823,843	( 94)
Realized gains of available-for-sale financial assets (Note 2)	763,494	234,349	226
Income from investments accounted for using equity method (Notes 2 and 11)	2,146	11,810	( 82)
Income from investments in real estate	13,720	5,039	172
Foreign exchange gains, net (Note 2)	820,279	1,023,989	( 20)
Impairment loss (Note 2)	( 42,242)	( 35,827)	18
Other non-interest income (Note 2)	4,332,377	2,879,744	50
GROSS INCOME	42,016,889	36,747,727	14
BAD-DEBT EXPENSES	( 9,253,827)	( 9,390,570)	( 1)
PROVISIONS FOR THE INSURANCE RESERVE	( 557,537)	( 15,628)	3,468
OPERATING EXPENSES (Notes 30 and 33)			
Personnel	( 11,482,027)	( 10,932,724)	5
Depreciation and amortization	( 1,278,491)	( 1,166,722)	10
Other general and administrative expenses	( 6,206,556)	( 5,856,845)	6
CONSOLIDATED INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	13,238,451	9,385,238	41
INCOME TAX EXPENSE (Notes 2 and 31)	( 4,041,119)	( 2,715,327)	49
CONSOLIDATED INCOME AFTER INCOME TAX FROM CONTINUING OPERATIONS	9,197,332	6,669,911	38
CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES (Note 3)	-	1,282,155	( 100)
CONSOLIDATED NET INCOME	\$ 9,197,332	\$ 7,952,066	16
ATTRIBUTABLE TO			
Parent company	\$ 9,198,794	\$ 7,951,076	16
Minority interest	( 1,462)	990	( 248)
	\$ 9,197,332	\$ 7,952,066	16

	2007		2006	
	Pretax	After-tax	Pretax	After-tax
BASIC EARNINGS PER SHARE (Note 32)				
Net income before cumulative effects of changes in accounting principles	\$ 2.22	\$ 1.54	\$ 1.57	\$ 1.12
Cumulative effects of changes in accounting principles	<u>-</u>	<u>-</u>	<u>0.22</u>	<u>0.21</u>
Net income	<u>\$ 2.22</u>	<u>\$ 1.54</u>	<u>\$ 1.79</u>	<u>\$ 1.33</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche audit report dated January 31, 2008)

## HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

	Capital Surplus				
	Common Stock	Additional Paid-in Capital	Treasury Stock	Donated Assets Received	Other Reserve
BALANCE, JANUARY 1, 2006	\$ 59,702,086	\$ 12,352,244	\$ 52,361	\$ 2,936	\$ 1,325
Appropriation of 2005 earnings					
Legal reserve	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-
Employees bonus	-	-	-	-	-
Cash dividends	-	-	-	-	-
Translation adjustments on investments accounted for using equity method	-	-	-	-	-
Net income in 2006	-	-	-	-	-
BALANCE, DECEMBER 31, 2006	59,702,086	12,352,244	52,361	2,936	1,325
Appropriation of 2006 earnings					
Legal reserve	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-
Employees bonus	-	-	-	-	-
Cash dividends	-	-	-	-	-
Translation adjustments on investments accounted for using equity method	-	-	-	-	-
Minority interest obtained from subsidiary company	-	-	-	-	-
Net income in 2007	-	-	-	-	-
BALANCE, DECEMBER 31, 2007	<u>\$ 59,702,086</u>	<u>\$ 12,352,244</u>	<u>\$ 52,361</u>	<u>\$ 2,936</u>	<u>\$ 1,325</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche audit report dated January 31, 2008)

Retained Earnings			Equity Adjustments				
Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Revaluation Increments	Cumulative Translation Adjustments	Unrealized Gains (Loss) on Financial Instruments	Minority Interest	Total
\$ 2,147,366	\$ 111,017	\$ 11,861,021	\$ 3,403,045	\$( 67,023)	\$ -	\$ 10,855	\$ 89,577,233
952,686	-	( 952,686)	-	-	-	-	-
-	-	( 85,742)	-	-	-	( 34)	( 85,776)
-	-	( 13,719)	-	-	-	( 224)	( 13,943)
-	-	( 8,358,292)	-	-	-	( 871)	( 8,359,163)
-	-	( 43,381)	-	4,120	1,667,226	-	1,627,965
-	-	7,951,076	-	-	-	990	7,952,066
3,100,052	111,017	10,358,277	3,403,045	( 62,903)	1,667,226	10,716	90,698,382
795,108	-	( 795,108)	-	-	-	-	-
-	-	( 71,559)	-	-	-	-	( 71,559)
-	-	( 11,449)	-	-	-	-	( 11,449)
-	-	( 5,970,209)	-	-	-	( 56)	( 5,970,265)
-	-	-	-	7,920	( 1,862,372)	( 58)	( 1,854,510)
-	-	-	-	-	-	( 5,186)	( 5,186)
-	-	9,198,794	-	-	-	( 1,462)	9,197,332
\$ 3,895,160	\$ 111,017	\$ 12,708,746	\$ 3,403,045	\$( 54,983)	\$( 195,146)	\$ 3,954	\$ 91,982,745

## HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 9,197,332</b>	<b>\$ 7,952,066</b>
Consolidated net income	-	( 1,282,155)
Cumulative effects of changes in accounting principles		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,307,273	1,212,795
Income from investments accounted for using equity method	( 2,146)	( 11,810)
Bad-debt expenses	9,253,827	9,390,570
Provision for insurance reserves	313,790	2,024
Gain on disposal of assets	( 29,239)	( 114,056)
Impairment loss	42,242	35,827
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	17,562,745	26,140,668
Receivables	( 4,571,635)	193,671
Other financial assets	464,742	( 1,006,427)
Other assets	( 198,079)	( 361,353)
Deferred tax asset decrease	3,320,153	1,814,772
Financial liabilities at fair value through profit or loss	5,631,951	( 47,172)
Payables	( 6,199,400)	( 7,997,146)
Accrued pension liability	233,286	283,438
Other financial liabilities	( 113,859)	315,790
Other liabilities	142,111	( 55,446)
Others	520,132	534,499
Net cash provided by operating activities	<u>36,875,226</u>	<u>37,000,555</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in bonds and bills purchased under resale agreements	3,334,808	( 993,677)
Increase in due from the Central Bank and other banks	( 5,803,421)	( 2,262,859)
Increase in discounts and loans	( 41,683,301)	( 87,037,304)
Decrease (increase) in available-for-sale financial assets	8,605,985	( 19,827,806)
Decrease in other financial assets	1,491,332	113,384
Investment in real estate	( 676,676)	-
Proceeds from sale of properties	7,235	44,899
Acquisition of properties	( 855,329)	( 998,192)
Increase in intangible assets	( 276,682)	( 263,115)
Decrease in other assets	2,022,580	235,473
(Acquisition) proceeds from held-to-maturity financial assets	( 5,796,943)	72,717,982
Net cash used in investing activities	<u>( 39,630,412)</u>	<u>( 38,271,215)</u>

	2007	2006
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in due from the Central Bank and other banks	\$( 5,827,282)	\$( 37,271,430)
Increase in commercial paper payable	1,827,456	2,678,509
Decrease in bonds and bills sold under repurchase agreements	( 22,722,492)	( 2,868,848)
Increase in deposits and remittances	22,837,951	32,966,977
(Decrease) increase in bond and bank debentures payable	( 6,050,000)	11,650,000
Increase (decrease) in other borrowing	2,570,741	( 1,095,943)
Increase (decrease) in other liabilities	210,372	( 162,340)
Bonuses paid to directors and employees	( 594,340)	( 634,336)
Cash dividends paid	( 5,956,533)	( 8,342,568)
Net cash used in financing activities	( 13,704,127)	( 3,079,979)
DECREASE IN CASH AND CASH EQUIVALENTS	( 16,459,313)	( 4,350,639)
EFFECT OF CHANGE RATE CHANGES	8,179	5,060
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,485,017	43,830,596
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 23,033,883</u>	<u>\$ 39,485,017</u>
<b>SUPPLEMENTAL OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 27,355,499</u>	<u>\$ 24,086,489</u>
Income tax paid	<u>\$ 1,130,546</u>	<u>\$ 1,717,637</u>
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS</b>		
Acquisition of property and equipment	\$ 855,659	\$ 998,991
Decrease in payables to equipment suppliers	( 330)	( 799)
Cash paid	<u>\$ 855,329</u>	<u>\$ 998,192</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche audit report dated January 31, 2008)

# Shareholders Information

## Headquarters

### Hua Nan Financial Holdings Co., Ltd.

Address: 8F, No. 38, Sec.1, Chongcing S. Rd., Taipei  
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Website: <http://www.hnfhc.com.tw>

### Hua Nan Commercial Bank

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### Hua Nan Securities Co., Ltd.

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wan, R.O.C.

Telephone: 886-2-2545 6888

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### South China Insurance Co., Ltd.

Address: 5F, No. 560, Sec. 4, Jungshiau E. Rd., Taipei 110,  
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Telephone: 886-2-2758 8418

Website: <http://www.south-china.com.tw>

### Hua Nan Securities Investment Trust Co., Ltd.

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### Hua Nan Venture Capital Co., Ltd.

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### Hua Nan Management & Consulting Co., Ltd.

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### Hua Nan Asset Management Co., Ltd.

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