

March 4, 2010

***Announced by YFH on behalf of Yuanta Securities, the Taipei High Administrative Court's decision regarding Yuanta Core Pacific's case on 2004 income tax.***

1. Parties to the legal matter, name of the court, disposing agency, and reference/case numbers of relevant documents:

Plaintiff: Yuanta Core Pacific Securities Co., Ltd.

Defendant: Taipei National Tax Administration, Ministry of Finance

Court of Jurisdiction: Taipei High Administrative Court

Relevant document and case numbers: Su No. 2443, 2009

2. Date of occurrence of the event: 2010/03/04

3. Background and circumstances of the matter (including the property/subject matter under dispute): The Taipei National Tax Administration assessed additional income tax on Yuanta Core Pacific in 2004 due to the warrant premium, the tax deductibility of the cost related to warrant, and the allocation of public relations expenses and employee benefits to securities trading income.

4. Course and progression of handling of the matter: After applying for recheck and administrative appeal and overruled by the Ministry of Finance, Yuanta Core Pacific initiated an administrative litigation. Taipei High Administrative Court has notified us of its decision against Yuanta Core Pacific.

5. Effect on company finances and business and estimated monetary amount of the effect: Tax impact on the warrant portion: NT\$2,746.326 mn

Tax impact on the allocation of public relations expenses and employee benefits to securities trading income: NT\$44.987 mn.

Since the company has already made provisions for the possible tax impact, the decision will neither affect profitability nor affect shareholder's equity.

6. Countermeasures and status of amelioration: Yuanta Securities will take further actions after extensive discussion and consultation.

7. Any other matters that need to be specified: None