

Yuanta Financial Holding Company
Scope of Powers of Controlling Institutional Shareholders

Approved by the Board of Directors on March 6, 2007 (11th meeting of the 3rd board)
Amendments approved on September 26, 2007 (5th meeting of the 4th board)

Article 1

In order to establish a sound corporate governance system and facilitate adherence to regulations when institutional shareholders with controlling power participate in resolutions, these guidelines are established in accordance with the regulations stated in Article 18 of the *Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies*.

Article 2

When institutional shareholders with controlling power exercise their rights, they have a duty to act in good faith and in the interest of all shareholders. In addition to laws and the *Articles of Incorporation*, these guidelines shall be used.

Article 3

Institutional shareholders with controlling power are defined by *Company Law*, Article 369-2, Article 369-3 and Article 369-9.

Article 4

A controlling shareholder serving as a director should make known in written form who the representative natural person is, or who will be in attendance at the shareholder meeting to exercise powers. The same applies when there is a change in the acting representative person.

Article 5

The following circumstances disqualify a person from being a representative person for a controlling shareholder:

1. Previously involved in criminal activity and having been sentenced. Also, five years has not yet passed since the end of serving the term of imprisonment.
2. Previously involved in deception, breach of trust, embezzlement and has received a public sentencing of over one year. Also, two years has not yet passed since the end of serving the term of imprisonment.
3. Previously involved in incurring debt in public affairs and having been sentenced. Also, two years has not yet passed since the end of serving the term of imprisonment.
4. Public declaration of bankruptcy and having rights not yet restored.

5. Restricted term not yet completed from writing bad checks.
6. Incompetence or limits on capacity of a person.

Article 6

After a representative person carries out their powers and participates in a resolution, they are to report their actions to controlling shareholders.

Article 7

Controlling shareholder representative persons must not exhibit the following behavior:

1. Using their knowledge to directly or indirectly engage in the trading of securities.
2. Leak secret knowledge that they learn through their position or from a legally mandated inquiry.
3. Behavior that takes advantage of one's position to acquire illegitimate profit.
4. When carrying out position, not taking action to avoid conflicts of interest.
5. Inappropriate meddling in company strategy or hindering operations.
6. Creating unfair competition by monopolizing purchasing or closing sales channels, etc., or hindering the company's operations.
7. Causing the company, either directly or indirectly, to perform unlawful activity or illegal operations.
8. Other illegal activities.

Article 8

When a director who is a controlling shareholder holds company shares or other securities with shareholder rights either in their name or a representative's, representative's spouse, minor child's or using another person's name, if they sell those shares within six months from when they purchased them, or purchase shares within six months from when they sell them, any capital gains are to be returned to the company.

Article 9

If controlling shareholders or their representative, representative's spouse, minor children or another person's name is used to hold shares, they are not to buy or sell company shares or other securities with shareholder rights when they obtain knowledge of significant events that could influence the company's share price that has not yet been made public.

Article 10

When the company is engaged in a share buyback period as stated in the *Securities*

and Exchange Act, Article 28-2, controlling shareholder directors cannot sell shares held in their name or the name of a representative, representative's spouse, minor child or other person's name.

Article 11

When a controlling shareholder director or their representative person take actions that fall within the scope of the company's business, they are to report the main content of those actions to the shareholders' meeting to obtain approval.

Article 12

Any change in the number of shares held by a director who is a controlling shareholder, either held in their name or the name of a representative, representative's spouse, minor child or other person's name, is to report the change in status before the 5th day of every month for the previous month.

If there is a change in shares pledged or pledged removed by directors who are controlling shareholders, that person is to immediately inform the company.

Article 13

Directors who are controlling shareholders should attend board meetings in person. However, if it is impossible for them to attend, another director can represent them, as subject to laws and the company's *Articles of Incorporation*.

Article 14

For shareholder meetings, controlling shareholders are to appoint in writing a representative person to attend the meeting in person. Except as stated in related laws and regulations, using a proxy to carry out their powers is not permitted.

The representative person shall clearly state in writing the controlling shareholder's opinion for each proposal when exercising powers at the shareholders' meeting.

Article 15

When there are more than two representative persons for a controlling shareholder attending a shareholders' meeting, their shareholdings can be combined when exercising their voting rights.

Article 16

Controlling shareholders are to act in the best interests of shareholders when they exercise their authority and resolution approval powers.

When director representatives or representatives attending the shareholders' meeting who are appointed by controlling shareholders exercise their powers, they should

abide by the following principles:

1. Exercise their opinion for each proposal item.
2. Act in the best interest of the company when exercising resolution approval powers in the case of extraordinary motions, procedural motions and amendment resolutions.
3. When there are two or more representative persons for a controlling shareholder, they should first reach a mutual consensus on their resolution approval powers.
4. Act with a high level of self-regulation, not acting in collusion with other directors or shareholders in order to mutually benefit inappropriately.

If a controlling shareholder has a personal affiliation with a proposal that could harm company interests, they are to not participate in the decision, and a director or other shareholder may also not represents them in the decision.

Article 17

A controlling shareholder who is involved in the following legal situations below while exercising their powers or participates in a resolution that causes harm to the company, is to be held responsible for any losses.

1. Directly or indirectly cause the company to engage in inappropriate business or other unprofitable operations and makes up for the loss before the end of the fiscal year.
2. The chairperson of the controlling institutional shareholder, if causing the company to engage in the activity stated above, are responsible for any losses suffered.
3. If any inappropriate business stated in item 1 above benefits a subsidiary company of an institutional shareholder, that subsidiary company is held responsible for any loss that falls within its scope.

Article 18

If a controlling shareholder directly or indirectly involves the company in inappropriate business operations or it unlawfully profits from operations, and if the controlling shareholder has creditor rights, the transactions with the company are to remain separate, and handled in accordance with *Company Law*, Article 369-7.

Article 19

These regulations are effective upon approval by the board of directors, and the same applies for any amendments.

Disclaimer: This document is a translation of the original Chinese version. In the case of a discrepancy, the Chinese version shall prevail.