

January 14, 2010

***Announced by Yuanta Financial Holding on behalf of Yuanta Securities,  
the Supreme Administrative Court's decision regarding Yuanta Core  
Pacific's case on 1999 corporate income tax***

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

Appellant cum appellee (original plaintiff): Yuanta Core Pacific Securities Co., Ltd.

Appellant cum appellee (original defendant): Taipei National Tax Administration, Ministry of Finance

Court of Jurisdiction: Supreme Administrative Court

Relevant document and case numbers: Pan No. 1523, 2009

2. Date of occurrence of the event: 2010/01/14

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 1999 due to the warrant premium, the tax deductibility of the cost related to warrant, and the allocation of public relations expenses, employee benefits and interest expenses to securities trading income.

4. Course and progression of handling of the matter: After the judgment of Taipei High Administrative Court, Yuanta Core Pacific appealed the portion of the judgment regarding the allocation of public relations expenses, employee benefits and interest expenses to securities trading income; Taipei National Tax Administration appealed the portion of the judgment regarding tax deductibility of the cost related to warrant. The Supreme Administrative Court has notified us of its decision against us.

5. Effect on company finances and business and estimated monetary amount of the effect:

Tax impact on the warrant portion: NT\$147.056 mn

Tax impact on the allocation of public relations expenses, employee benefits and interest expenses to securities trading income: NT\$33.777 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: Regarding the above case, YFH has published material information on January 5, 2010 when the Supreme Administrative Court notified Yuanta Securities of its preliminary decision.