

Yuanta Financial Holding Company Procedures of Director Election

Approved by the promoter meeting on December 10, 2001

Revised and approved by the shareholders' meeting on June 29, 2005

Revised and approved by the interim shareholders' meeting on December 28, 2006

Revised and approved by the shareholders' meeting on June 13, 2008

Revised and approved by the shareholders' meeting on June 28, 2011

Revised and approved by the shareholders' meeting on June 21, 2012

Revised and approved by the shareholders' meeting on June 2, 2015

Revised and approved by the shareholders' meeting on June 16, 2016

Article 1

In order to elect directors fairly, justly and openly, these Procedures are set in accordance with Article 32 of the Company's "Corporate Governance Principles".

Article 2

Except where other laws or regulations apply, the election of directors shall follow these Procedures.

Article 3

The select of the Company's director shall take the overall deployment of the board of directors into consideration. The composition of the board members shall take diversification into consideration, and diversified policies shall be defined based on the needs for the board's operation, operating type and development, including but not limited to the standards oriented toward the following two major directions:

1. Basic qualification and value: gender, age, nationality and culture, et al.
2. Professional knowledge and skill: professional background (e.g. law, accounting, industry, finance, marketing or technology), knowhow and industry experience, et al.

The Board members shall possess the knowledge, skill and literacy required to implement the job, and the required abilities are listed as follows:

1. The ability of operational judgment.
2. The ability of accounting and financial analysis.
3. The ability of operational management (including the operational management to subsidiary).
4. The ability of crisis management.
5. Knowledge of the industry.

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6. International market viewpoint.
7. Leadership.
8. The ability of decision-making.
9. The knowledge and ability of risk management.

There shall be no more than half of the numbers of directors with the relationship of spouse or two degrees of kinship.

The directors of the Company shall comply with the regulations of “Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.”

The Company’s board of directors shall consider adjusting the composition of the board members according to the performance appraisal result.

Article 4

The Company's independent directors shall meet the qualifications referred to in Article 2, Article 3, and Article 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and in the preceding paragraph, and shall also possess the expertise, skills, experience and global view required by the Company's business development.

Election of the Company's independent directors shall comply with Article 5, Article 6 and Article 7 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and Article 34 of the Company's “Corporate Governance Principles.”

The election of independent directors shall take into consideration the scale and nature of the Company’s operations, selecting a diverse group of independent directors in line with the Company’s business development needs, and set an appropriate number of independent director seats accordingly

Article 5

The election of the Company’s directors (including independent directors) shall comply with the procedure of the nomination system regulated in Article 192-1 of the Company Act. In order to review whether the qualifications, academic education and work experience of candidates for director meet the circumstances referred to in Article 30 of the Company Act, the Company shall not add the requirement for additional qualification certificates and documents, and shall provide the review results to shareholders for reference to help elect competent directors.

Where directors are discharged from a position for any reason that leads the number

of directors to less than five persons, the Company shall hold a by election in the most recent shareholders' meeting. Where the vacancy of directors reaches one third of the seats regulated by charters, the Company shall hold an interim shareholders' meeting for by-election within 60 days of the occurrence of the fact. Where the number of independent directors falls short of relevant regulations of the proviso of Paragraph 1 of Article 14-2 of Securities and Exchange Act and the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, the Company shall hold a by election in the most recent shareholders' meeting; where all independent directors discharge from the position, the Company shall hold an interim shareholders' meeting for by-election within 60 days of occurrence of the fact.

Article 6

The Company's election of directors shall adopt the cumulative voting system. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or distribute among multiple candidates.

Article 7

The Company's board of directors shall prepare the number of ballots equal to the number of directors to be elected and shall fill in the number of votes to be distributed to the attending members in a general meeting. The attendance certificate number identified in the ballot may be in lieu of the voter's name.

Article 8

Pursuant to the number of directors referred to herein, the Company calculates voting rights for independent and non-independent directors separately, and the candidates to whom the ballots cast represent a prevailing number of votes shall be elected based on the result of the election as independent directors or non-independent directors, respectively in descending order. If two or more candidates receive an equal number of votes, a draw shall take place between these candidates to determine who shall be elected. Where a candidate is not present, the chairman shall draw on behalf of the candidate.

Article 9

Prior to the commencement of an election, the chairperson shall appoint several ballot examiners and ballot counters with shareholder status to perform related duties. The Company shall prepare a ballot box for the election of directors to be inspected by the ballot examiners prior to the casting of ballots.

Article 10

Where a candidate is also a shareholder, the person casting the vote shall specify the candidate's account name and the shareholder account number on the ballot in the column entitled "Candidate". If the candidate is not a shareholder, the person casting the vote shall specify the name and identification number of the candidate in the said column. Provided, however, if the candidate is a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or juristic person and may in addition specify the name of the representative of the government entity or juristic person. Where there are multiple representatives, the name of each representative shall be indicated.

Article 11

If the total of the number of votes assigned to any candidate are less than the votes held by the persons casting the vote, the vote difference shall be held as vote abstention.

Article 12

The ballot shall be null and void upon occurrence of one of the following:

1. Ballots that are not prepared by the Company's board of directors.
2. Blank ballots which are cast into the ballot box.
3. Writing other than the name of the candidate or shareholder account number, ID No., and the number of votes assigned.
4. Failure to cast the ballots into the ballot box before the chairperson's announcement of the end of voting.

The number of votes assigned to any candidate as specified in the "Candidate" column or any other related column on a ballot shall be null and void, if the column meets any of the following circumstances:

1. Damaged so as to become unidentifiable.
2. Scribbled and unidentifiable writing or writing which has been altered.
3. The name and shareholder account of the candidate as specified are inconsistent with the shareholder account number or ID No. as recorded.
4. Only the name of the candidate is specified while the shareholder account number or ID No. is not, unless the candidate is a government entity or juristic person identifiable.
5. Only the shareholder account number and/or ID No. of the candidate is specified while the name of the candidate is not.
6. The candidate's name is identified incompletely, or too simple to be identified.

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Article 13

The voting rights shall be calculated on site immediately after the end of the poll, and the chairperson or an individual designated by the chairperson shall announce the voting result on the site, including the name list of persons elected as directors and votes won by them respectively.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. Where shareholders file a lawsuit according to Article 189 of the Company Act, said video and audio data shall be kept until the resolution of the litigation.

Article 14

The board of directors shall send each elected director a notice of appointment.

Article 15

These Procedures shall be implemented after the shareholders' meeting grants approval. The same shall apply when the Procedures are amended.