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Policy memorandum about the prevention in the matter of integrity

1. The policy of the bank is to act in an irreproachable way in the matter of integrity in the following subjects:
 - Money laundering (law of 11 January 1993 and of 12 January 2004)
 - Prevention policy (circular D1 97/10 of 30 December 1997)
 - Transactions and financial instruments (law of 6 April 1995)
 - Insider trading (law of 4 December 1990)
 - Quotation manipulation (law of 6 April 1995)
 - Respect of the law concerning the protection of private life (law of 8 December 1992 reviewed by the law of 11 December 1998)
 - Code of conduct in the matter of transactions for own account for staff members of the bank (laws of 6 April 1995 and article 27 of the law of 2 August 2002).
 - Incompatibility of mandates (laws of 22 March 1993 and of 3 Mai 2002).
 - Policy of approval of suitable customers and of prevention of money laundering and terrorism (circulars 2004/8 dated 22 November 2004 and 2005/5 of 12 July 2005 both coordinated on 12 July 2005).

2. The policy of the bank is to act in a irreproachable way in fiscal matters.

The bank will not collaborate directly or indirectly with customers asking the bank to help them to avoid their fiscal obligations.

The bank will avoid the establishment of special mechanisms as defined in article 57 § 3 of the bank law.

The bank will respect the provisions of the circulars D1 97/9 dated 18 December 1997 and D1 97/10 dated 30 December of the Banking and Finance Commission.

The bank will follow a policy aiming at preventing any complicity with a customer in order to effect fiscal fraud as defined in article 327 § 5 of the Code of income taxes of 1992.

3. The bank will avoid to be involved directly or indirectly in operations which could affect its image as Belgian credit institution or the image of the Belgian financial sector.

The bank has striven to effect an identification and an explicit analysis of the risks supported by the bank in this matter as requested by BFC.

4. Taking into account the activities currently effected by the bank and the fact that these activities are not prone to special mechanisms and also the fact that all operations effected by the bank have to be approved by at least one member of the Managing Committee, the risks in the present situation are to be considered as non significant.

The prevention policy defined here above is communicated under the form of instructions to the staff. The necessary procedures will be established according to operational needs.

The Management Committee will take the necessary measures according to operational needs for the motivation and permanent training of the staff to familiarize the staff with the legal requirements in this matter, the policies that it has defined and the different types of special mechanisms.

5. It is the policy of the bank to accept only customers suitable to the activities of the bank to enable us to prevent any money laundering or financing of terrorism by an adequate knowledge of the customers and the operations and services required by them.

6. The bank will verify that the customers are not mentioned on the financing embargo lists published from time to time by the authorities. This supposes that a checking is operated from time to time to establish that the customers, their mandatory or proxies or their economical rightful claimants are not mentioned on the financing embargo lists.
7. The policy concerning the approval of only suitable customers is part of the policy of integrity, which should be regularly updated and approved by the Board of Directors.
8. Additional care should be exercised for the following category of customers who should obligatory be considered as more dangerous:
 - customers who are "politically exposed persons"
 - customers asking for a numbered account
 - customers asking for private banking services
 - customers residing in a country or territory qualified as non cooperative by the GAFI
 - customers who have been identified at distance with a copy of an official document.

"Politically exposed persons" are the persons who are or have been in Belgium or in another country:

- Head of State
- Member of Government
- Member of Parliament
- President of a Party represented in the government
- High civil servant, inclusive those in the army or the judicial power
- Chief Executive of public enterprises of national importance
- High political executive and high civil servants of international organizations like the European Union, NATO, UNO etc.

The husbands or wives, parents or descendants of these persons as well as the companies closely associates with these persons are also to be considered as "Politically exposes persons".

9. When the customer is a credit institution, the bank should:
 - a) Exclude to enter into relationship with credit institutions that have no offices in the country where their statutory office is established and that are not affiliated to a financial group submitted to a regulation following the recommendations of the GAFI or that are not subject to an effective consolidated supervision.
 - b) Base its decision to enter into relationship on a file containing:
 - The complete identification of the credit institution inclusive its type of activities.
 - The base elements of verification that this credit institution satisfies the previous paragraph.
 - All useful information to be find in public to establish the credibility of this institution and information over eventual enquiry or decisions of the local authorities about money laundering or financing of terrorism.
 - All useful information to be find in the public about the compliance with the 40 recommendations of the GAFI and the legal and regulatory measures against money laundering and financing of terrorism in place in the country where the credit institution is established.
 - c) Enter into relationship with correspondent banks only if:
 - The nature of relationship and the responsibilities are agreed in advance in writing.
 - The decision to start business relation who could expose the bank to particular risk with regards to money laundering or financing of terrorism, is based on a satisfactory evaluation of

the control put in place by the credit institution of foreign law to prevent money laundering or financing of terrorism.

- The payable-through accounts have been guaranteed in writing in advance that the identity of the customers have been established and disclosed.
- Proceed with a periodical examination in function of the risk and if needed, an update of the information on which the decision to open the relation has been taken.
- Proceed with a new examination when information are endangering the trust in the measures put in place by the authorities in the country of the foreign credit institution with regards to the prevention of money laundering and financing of terrorism.
- Proceed with periodical tests and verification in function of the risk to insure the permanent respect by the foreign credit institution of its liabilities and in particular of the identification of the customers having direct access in the payable-through accounts.

10. The supervision at the first and the second level is organized as follows:

- The supervision at the first level is effected by the business operations clerk or his substitute in his absence.
The supervision at the second level is effected by the Deputy Managing Director, or by the Managing Director in his absence.
- The supervision at the first level must identify all atypical transactions and all operations that could be linked with money laundering or financing of terrorism and amongst others, the operations appearing as non coherent with the customer's usual activities, its professional activities, its risk profile and, if necessary, the origin of the funds.

For the criteria to identify the above mentioned operations, please refer to the document from GAFI "Guidance for Financial Institutions in detecting terrorist financing".

- In view of the size of the bank and the limited number of customers, the supervision at the second level will be identical to the supervision at the first level.

It will cover all operations without exception and will follow the same criteria from GAFI to identify suspected operations as mentioned here above.

11. Transmission of information to the Cellule de Traitement des Informations Financières - C.T.I.F.

The above mentioned laws of 11.1.1993 and 12.1.2004 about the prevention of the utilization of the financial system for money laundering and financing of terrorism, provide for the obligation to collaborate in the detection thereof and to declare detected data to the C.T.I.F.

This concerns money laundering resulting from terrorism, arms traffic, organized crime, drugs traffic, exploitation of prostitution, counterfeiting of money or goods etc.

This obligation of information exists as soon as one thinks an operation or a fact is linked to money laundering or financing of terrorism. Anyhow, save exceptions, C.T.I.F. must be informed before execution of the operation.

Same obligation exists when operation are initiated by entities established in countries with insufficient legislation concerning prevention of money laundering and terrorism. C.T.I.F. and B.F.I.C. inform the banks of the countries/territories list.

C.T.I.F. has to be informed by phone, confirmed by fax or e-mail. A declaration formula is available.

It is strictly prohibited to inform the concerned customer or others of the transmission of information to C.T.I.F.

12. The internal control by the Management Committee is securing the respect of these instructions and eventual procedures.

The internal audit will supervise the application of this policy, it will draw a particular attention to the respect of the conduct rules as far as the integrity and professional conduct is concerned.

The respect of the rules of conduct and the policy of prevention will in the future be expressly included in the planning of the mission of internal audit as well as in the work program, the work document and the written reports.

13. A function of compliance has been established to see that the effective implementation of the prevention policy in the bank is achieved and the Management Committee has appointed the Deputy Managing Director.

14. The prevention policy of the bank in the matter of integrity and its respect is, as the other fiscal aspects and the professional conduct, regularly discussed about by the Management Committee during the examination on the internal audit as well as in the annual report of the Management Committee to the Board of Directors on this subject.

Approved by the Management Committee on 19.10.2006

CHANG Meng-Yung
Managing Director

TAI Teng-Shan
Deputy Managing Director

