

# Listing in Taiwan by Foreign Issuers: Issuance of Taiwan Depositary Receipts



**Taiwan Stock Exchange**

## **Instructions**

1. The contents of this document and any update can be searched and downloaded from the Taiwan Stock Exchange Homepage (<http://www.twse.com.tw>) by clicking on the following link:  
  
Homepage > Listed Companies > Listing in Taiwan by Foreign Issuers
2. For the latest laws and regulations, please go to the Law Resource Retrieving System of Stock Exchange and Futures Trading at <http://www.selaw.com.tw>

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2. TWSE hereby declares that it should not be liable for any omissions or errors in or any damages that may result from the reliance on the information provided by this document.
3. In the event of any discrepancies between this document and the regulations published by TWSE or competent authorities, the published regulations should prevail.

## Preface

**Taiwan**, located in the center of the Asia–Pacific region, less than three hours away from the seven biggest cities in the Western Pacific region, has invested substantially and built up a strong and comprehensive trade network in mainland China, Northeast and Southeast Asia. With robust industries and closer economic and trading interaction across the Taiwan Strait, Taiwan is situated as a pivot point of entering into mainland China and expanding the market. Taiwan's capital market enjoys high liquidity and high P/E ratio, competing with those in neighboring countries. In addition, Taiwan's capital market is home to a great number of high-tech companies, many of which are world-leading manufacturers in their fields. Given the standing of many Taiwanese technology companies as market share leaders worldwide

and a comprehensive production chain, Taiwan has proven to be highly appealing to high-tech companies for listing and fundraising. Furthermore, traditional industries, which include various types of industries, also perform well in terms of P/E ratio and turnover rate, and are popular among foreign investors.

Before 2008, Taiwan's cross-strait policies were subject to many restrictions; transportation by air and sea, outbound and inbound remittances of funds, investment in mainland China, and mainland Chinese investment in Taiwan were not so convenient. As a result, hundreds of Taiwanese-owned companies were listed on the stock exchanges in Hong Kong, Singapore and southeast Asia. Currently, most of the

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restrictions have been lifted, and many issuers had applied to list their Taiwan Depository Receipts ("TDRs") on the TWSE. These companies are listed in Hong Kong, Thailand, and Malaysia; some of them are Taiwanese-owned companies, some are owned by overseas Chinese and some by foreign investors. Such performance indicates that the functions of the Taiwanese capital market, to attract companies originating from Taiwan and a good number of foreign enterprises and to assist issuers in improving their financial flexibility, reflecting their enterprise value and enhancing their visibility, have been fulfilled.

This TDR manual is issued and carefully compiled by the TWSE in order to help potential issuers fully understand

the issuance of TDRs and recent changes in laws and regulations. This manual explains the benefits of TDRs, pre-listing preparations, listing requirements, listing review and application processes, costs and expenses of offering and compliance with the relevant post-listing regulations. We hope this manual will provide comprehensive information and be a useful guide for established foreign issuers to apply for listing Taiwan.



TAIWAN  
STOCK EXCHANGE 臺灣證券交易所

Foreign Listing Department



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Taiwan Depository Receipts



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## What is Depository Receipt

1. Definition of Depository Receipt
2. Definition of Taiwan Depository Receipt ("TDR")



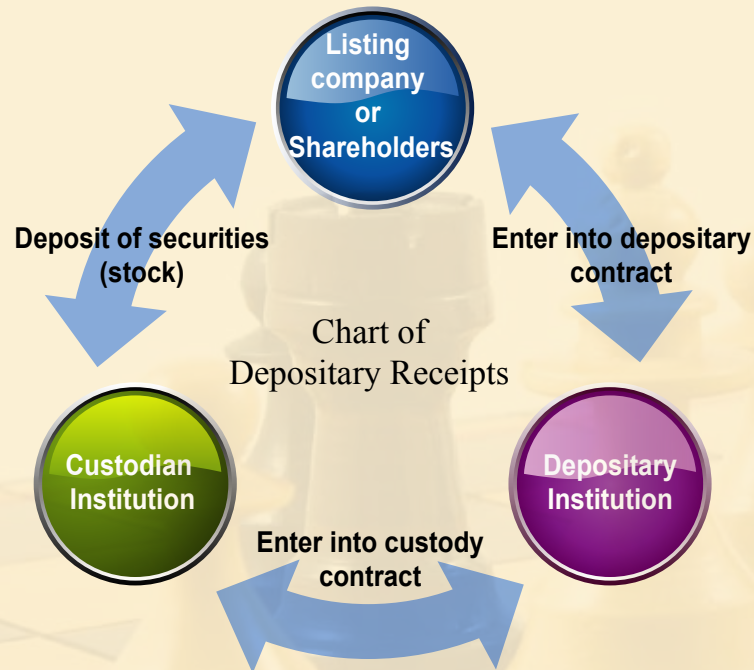


# I. What is Depository Receipt

## 1. Definition of Depository Receipt

A listing company or shareholders of the listing company deposits the securities (stocks) of the company with a custodian institution. Depository Receipts are issued by a depository institute to represents the right in the stock of a listing company and are to be sold to potential investors in the market.

However, different terms are used to signify depository receipts depending on where they are issued. For example, depository receipts issued or listed in the United States are called American Depository Receipts ("ADRs"); depository receipts issued in many stock markets simultaneously to be sold to investors worldwide are called Global Depository Receipts ("GDRs").



## 2. Definition of Taiwan Depository Receipt ("TDR")

A foreign company (foreign issuer) or shareholders of the foreign company deposits the securities (stocks) of the company with a custodian institution, and TDRs are issued by a depository institution within the territory of ROC to represent the right in the foreign securities (stocks) of a foreign company deposited by the foreign custodian institution.

TDRs are listed in the Taiwan stock market and will be sold or transacted in the same way as other stocks listed in the Taiwan stock market.



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## II. Advantages of Issuing Taiwan Depository Receipts

1. Characteristics of Taiwanese Capital Market
2. Advantage to the Issuers
3. Advantages to the Investor





## II. Advantages of Issuing Taiwan Depository Receipts

### 1. Characteristics of Taiwanese Capital Market

#### (1) Geographic Advantages

Taiwan is in the center of the west Pacific area and close to the mainland China market. There is dynamic economic and trading interaction between both sides of Taiwan Strait.

#### (2) Congregation of Technologies

There are many high quality high-tech companies in Taiwan and the production chain is comprehensive. Taiwan has a great number of talented people in research and development and is capable of innovation, and thus is important to the global high-tech industries.

#### (3) Various Types of Industries

The listed companies in Taiwan are divided into 29 types of industries; 9 of them are technology industries including semiconductor, optoelectronics and biotechnology and medicine, and the 20 others are non- technology industries such as financial, construction and shipping etc. There are

various types of industries in Taiwan.

#### (4) Market Performance

The Taiwanese capital market performs well as indicated in several indexes such as the P/E ratio, the turnover and yield rate etc. In addition, it is easy to raise money through seasoning public offering (“SPO”).

### 2. Advantage to the Issuers

#### (1) Collaboration with companies in Taiwan

Taiwan has a comprehensive industry chain in multiple fields, mature technological capabilities, and a supply chain closely linked to international brands and the global production and marketing system. By issuing TDR in Taiwan, an issuer will be able to:

- ✓ Increase exposure, form strategic collaboration with Taiwanese enterprises to enhance its competitive edge.
- ✓ Collaborate with Taiwanese enterprises to jointly expand market share in mainland China and Asia.
- ✓ Set up offices in Taiwan and take advantage of local advanced research and development, technology and management skills.



(2) Increasing great flexibility in financial planning

i. Increasing great flexibility in financial planning for the listed company and its shareholders

Financial flexibility can be achieved in accordance with the funding demand of a listed company or its shareholders. The listed company can issue new shares to increase its capital by cash, and the new shares can be the underlying shares of the depository receipts. Issuing depository receipts is a way for the listed company to raise funds, in addition to conduct a capital increase in the place where the company was originally listed. Also, shareholders of the listed company may sell their shares (issued shares) to be used as the underlying shares of the depository receipts in order to create more options in their financial planning. Moreover, to meet the demands of both the listed company and the shareholders, the underlying shares of the depository receipts can be a combination of new shares arising from capital increase by cash and the issued shares.

ii. Becoming underlying securities for other financial products

Currently, it is permissible for TDRs to be the linking or converting securities for call (put) warrants, convertible corporate bonds, and corporate bonds with warrants. In principle, it is also permissible for TDRs to be the securities underlying stock option warrants issued to employees. Therefore, an issuer may use the TDRs in various ways, depending on the transacting party. Here are some examples:

✓To a strategic ally

A TDR issuer may issue TDRs as the converting or underlying securities for convertible corporate bonds with stock option warrants or corporate bonds with stock option warrants<sup>1</sup>.

✓Tan institution issuing warrants

The TDRs can be the underlying securities for call (put) warrants from 2008.

1. Article 43 of Criteria Governing the Offering and Issuance of Securities by Foreign Issuers.



According to the TWSE Criteria for Review of Call (Put) Warrants Listing, when the underlying securities in an application for listing of call (put) warrants are TDRs, the following two conditions must be met:

- (1) 100 million units or more must be listed.
- (2) The ratio of the number units transacted to the number of units listed during the preceding three months must be 20 percent or more.

✓To employees of the company issuer may issue TDRs as the converting or underlying securities for the stock option warrants issued to employees.

### (3) Indication of the Company's Market Value

- i. Re-evaluation of the value of Taiwanese-owned companies listed in Singapore/Hong Kong due to the lifting of restrictions

Before the restrictions were lifted, the stock prices of Taiwanese-owned companies listed in Singapore or Hong Kong mostly fell below the average price in the local markets. The stock prices of Taiwanese-owned companies usually soar after the companies become

listed in the Taiwan market, which leads to the re-evaluation of Taiwanese-owned companies listed in Singapore/Hong Kong to reflect the enterprises' increased value.

### 3. Advantages to the Investor

- (1) By increasing the number of investment channels, investors can partake in the growth profit of a foreign blue chip stock and minimize the risk stemming from direct investment in a foreign market.
- (2) Investors can transact via a simple method which is similar to that by buying and selling stocks issued in Taiwan. No additional investment cost is incurred.
- (3) Transaction prices or costs are calculated in Taiwanese dollars. There is no loss from currency exchange.
- (4) Investors are entitled to the stock dividends, profit distribution, and other rights of shareholders of the original shares underlying the depository receipts.
- (5) The issuer will be co-supervised by the markets where the original shares and depository receipts are listed and therefore in terms of supervision, information disclosure and investor protection co-supervision can be achieved.

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## The Pre-Listing Preparation

1. Understand the Relevant Rules of the Primary Listed Market in Advance
2. Select Professionals Such as Underwriters, CPAs, and Depository Institutions
3. Consult Professionals to Assist in Preparation of Required Application Documents





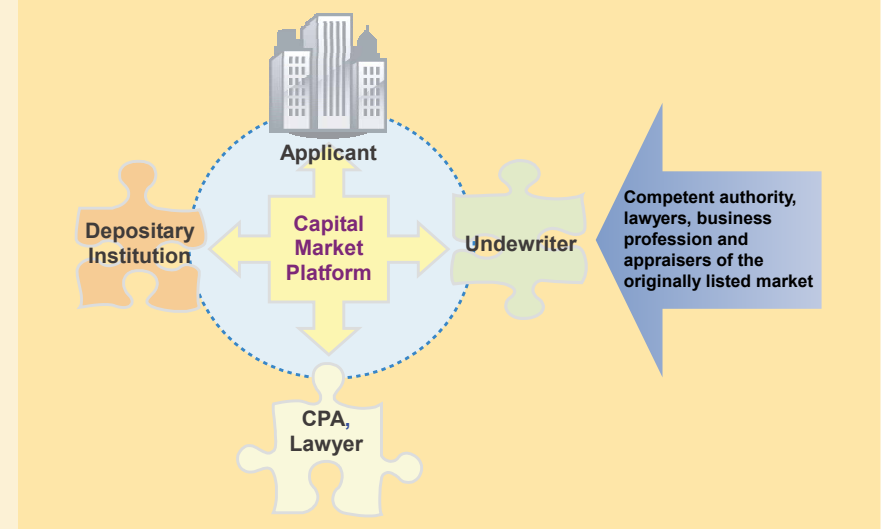
### III. The Pre-Listing Preparation

#### 1. Understand the Relevant Rules of the Primary Listed Market in Advance

First, the applicant should understand the relevant restrictions of its originally listed market on the applicant's secondary listing in another stock market. For example, whether the applicant should in advance apply for an approval with the securities authority of its originally listed market, or should comply with certain specific requirements. Additionally, the applicant should apply with the stock exchange of its originally listed market for a certificate proving its securities listing.

#### 2. Select Underwriters, CPAs, Lawyers and Depository Institutions for Professional Assistance

The applicant should select professionals such as underwriters, CPAs and Lawyers to evaluate the listing conditions and possible issues, and also plan the listing schedule. In addition, the applicant should appoint a depository institution and custodian institution to handle matters regarding the depository and custody of the originally listed shares.



#### 3. Consult Professionals to Assist in Preparation of Required Application Documents<sup>2</sup>

- (1) Appoint CPAs to provide opinions in a review report on the discrepancies between the accounting principles adopted in its native country and those adopted in the ROC as well as its impact on the financial statements.
- (2) Draft the issuance plan and prospectus.
- (3) Enter into the depository contract with the depository institution and request the institution to provide supporting documents proving applicant's ability of handling matters related to TDRs.
- (4) Appoint ROC lawyers to attest and provide opinions on depository contract, custody contract and prospectus.
- (5) Appoint underwriters to draft an evaluation report.

<sup>2</sup> Please see Appendix 1: The Application Form for the Listing of TDR.

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## The Listing Rules

1. Restrictions on Qualification
2. Restrictions on Raising of Capital
3. Company Size
4. Profitability and financial status
5. Distribution of Shareholding
6. No Irregular Fluctuation in Stock Prices
7. Not in the Following Circumstances the TWSE will Deem the Listing Inappropriate
8. Others



## IV. The Listing Rules

### 1. Restrictions on Qualification

The stocks or securities which the stocks underlie issued by the foreign issuer according to the laws of its country of incorporation should be listed on the main board of a foreign stock market authorized<sup>3</sup> by the competent authority before the listing of TDR.

According to Article 73 of the Law Governing Relations between Peoples of the Taiwan Area and the Mainland Area (the "Law Governing Relations") and proposal dated July 31, 2008 made by the Financial Supervisory Commission ("FSC") to lift the restrictions on foreign issuers listing in Taiwan and to relax the restrictions on mainland Chinese investments in the Taiwan stock market, if a foreign issuer was incorporated in mainland China, it may not seek the listing of TDRs in Taiwan.

### 2. Restrictions on Raising of Capital

According to the Regulations Governing the Offering

<sup>3</sup>. Please see Appendix 2: List of Authorized Foreign Stock Exchange

and Issuance of Securities by Foreign Securities Issuers, the capital raised by a foreign issuer in Taiwan may be used all or part investment in mainland China and there is no restriction on the amount.

### 3. Company Size

	General Company	Technology Company
Number of Listed shares or market value	Should be at least 20,000,000 units, or the market value should be at least NT\$300,000,000, but cannot exceed 50% of the total number of outstanding shares.	Should be at least 20,000,000 units or the market value should be at least NT\$300,000,000, but cannot exceed 50% of the total number of outstanding shares.
Net Value	While applying for the listing, the net value should be at least NT\$600,000,000 according to the latest financial statements audited by the CPA.	While applying for the listing, the net value should be at least NT\$300,000,000 and no less than two-thirds of the sum of the share capital and capital surplus according to the latest financial statements audited by the CPA.

### 4. Profitability and Financial Status

#### (1) General Company

The issuer should have no accumulated deficits and meet one of the following requirements:





- i. The ratio of income before tax to net value stated on the financial statements for the most recent fiscal year is 6% or more.
- ii. The ratio of income before tax to net value stated on the financial statements for the most recent two fiscal year is 3% or higher, or the average of the most two fiscal years represents 3 percent or higher, and also the profitability for the most recent fiscal year is greater than that for the immediately preceding fiscal year.
- iii. The income before tax for the most recent two fiscal years both reached NT\$250,000,000.

## (2) Technology Company

The issuer should prove that there will be enough working capital sustainable for operations for the 12 months after being listed, and at least half of the working capital comes from operations.

### 5. Distribution of Shareholding

At the time of listing, the number of registered shareholders of TDRs in Taiwan should not be less 1,000 persons, and other than those units held by insiders of that foreign issuer and by judicial entities whose shares are held by those

insiders with more than 50% shareholding, the total number of units should be 20 % or more of the total issued units or be 10,000,000 units or more.

The requirement for the distribution of shareholding needs not to be met at the time application is submitted, but should be met before listing.

### 6. No Irregular Fluctuation in Stock Prices

There was no irregular change in the price of the stock which the TDR represents for 3 months before the listing agreement takes effect. If the stock price fluctuation deviates from that of other companies in the same industry, the trend of the market and the fundamentals of the company, the underwriter(s) should evaluate the reasonableness of the fluctuation and disclose it in the prospectus.

### 7. Not in the Following Circumstances the TWSE will Deem the Listing Inappropriate

- i. Any circumstance having a serious impact on the company's financial or business condition, or sufficient to cause its dissolution or changes to its organization or capital, or the company acts deceptively or illegally



such that the post-listing price of its securities is affected, with a likelihood of affecting market order or harming the public interest.

- ii. The applicant, or any incumbent director, supervisor, general manager or de facto responsible person of the company, has acted in violation of the principle of good faith in the most recent 3 years.
- iii. The applicant, or any incumbent director, supervisor, general manager or de facto responsible person of the company, has been sanctioned or reprimanded by a competent securities authority or stock exchange of the country of listing in the most recent 3 years, and the circumstances are serious.
- iv. There has been serious deterioration in its business operation.
- v. The TWSE deems listing inappropriate on any other grounds.

## 8. Others

- i. Underwriter Consults Industry Expert for his Opinion.
- ii. The issuer shall authorize the underwriter to assist in continuing its compliance with the ROC securities regulations, TWSE's regulations, announcements and the listing agreement for two fiscal years after the listing date. The duration of the issuer of technology industry should not less than three fiscal years.
- iii. The issuer shall make a commitment in writing to set up an automatic and simultaneous reporting system of material information after listing.
- iv. The issuer and all the directors, except for independent directors, shall make a commitment in writing to unconditionally purchase the TDRs if the trading of TDRs is terminated.

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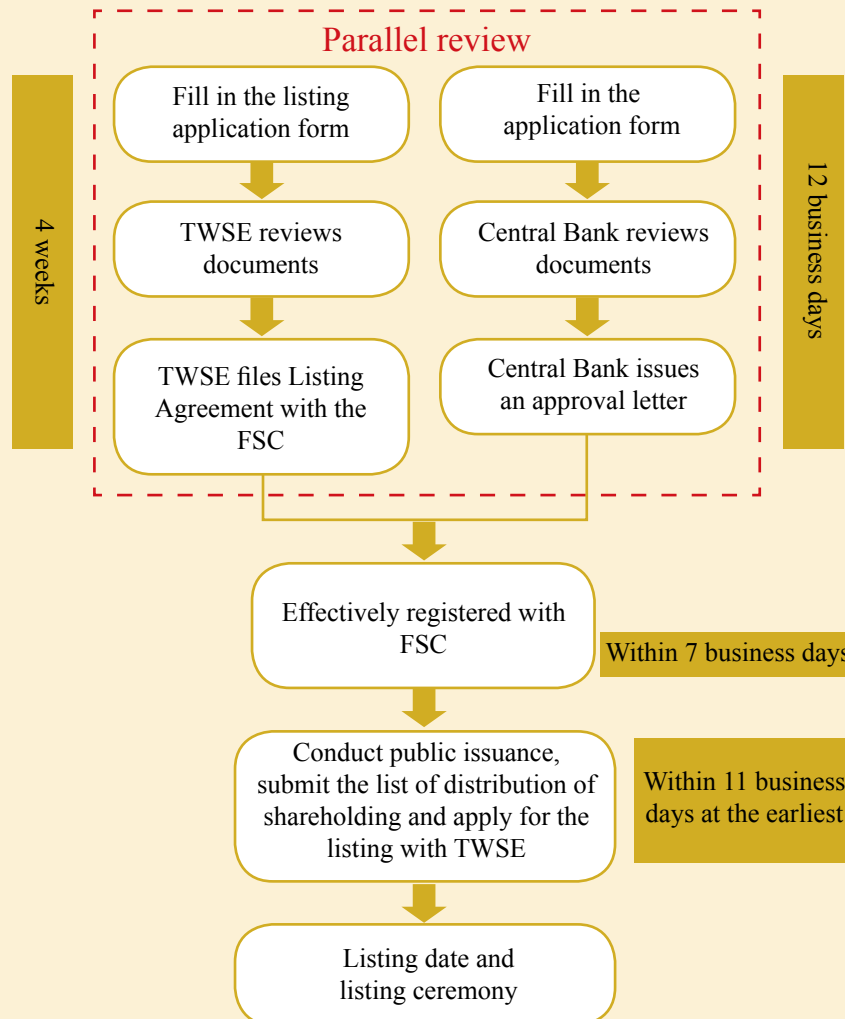
## The Review and Application Process

1. Fill in the Application Form for TDR Listing
2. Review of Documents by the TWSE
3. Review of Documents by the Central Bank
4. TWSE Files Listing Agreement with the Competent Authority
5. File an Effective Registration With the Competent Authority
6. Conduct Public Issuance
7. Submit the List of Distribution of Shareholding to Apply for the Listing
8. Listing Ceremony Held by the TWSE





## VI. The Review and Application Process



### 1. Fill in the Application Form for TDR Listing

The foreign issuer and its ROC depository institution or agent institution should fill in and submit the "Application Form for TDR Listing<sup>4</sup>" with other required documents to the TWSE in order to apply for the listing of TDRs.

### 2. Review of Documents by the TWSE

Upon the receipt of the application, the responsible staff of the TWSE will request an external expert specialized in the industry to express his opinion on the consultation items. The TWSE should review the application form and its attachments with reference to the expert's opinion above to see whether the listing conditions set forth in the Criteria for Review of Securities Listings are met and whether the circumstances the TWSE deems listing inappropriate exist, and then management department of TWSE should further review said documents.

### 3. Review of Documents by the Central Bank

In principle, the Central Bank will review the application

<sup>4</sup>. Please see Attachment 1 for the Application Form for TDR Listing



simultaneously with the TWSE by adopting the parallel review process. Therefore, for a foreign issuer applying for listing, it may submit application documents to the Central Bank and the TWSE at the same time. The Central Bank will complete the review and issue an approval letter within 12 business days if all required documents are duly submitted.

#### **4. TWSE Files Listing Agreement with the Competent Authority**

Unless the documents should be rejected due to TWSE's disagreement with the listing application, TWSE should file the listing agreement with the competent authority.

#### **5. File an Effective Registration With the Competent Authority**

Starting from the date of the notification letter is received, the issuer should apply for an effective registration with the competent authority within 30 days with the approval letters issued by the Central Bank. The waiting period for effective registration is 7 business days.

#### **6. Conduct Public Issuance**

Within 3 months from the date the notice of effective registration is received, the subscription of payment should be raised and paid fully in cash. In case the payment has not been raised or paid fully in cash within 3 months, the issuer may apply for an extension with the competent authority where proper reasons have been given. Only one extension will be allowed.

With respect to the public issuance of TDRs, it can be conducted by book building of all TDRs, or by book building of some TDRs and public subscription for the remainder. When an initial public offering is conducted by a combination of book building and public subscription, the book building and public subscription should be conducted at the same time. Ten percent of the number of TDRs for public issuance should be first reserved for the public subscription and the number of TDRs subject to public subscription should be adjusted afterward according to the number of TDRs actually subscribed for.

The difference between 10 % of the number of TDRs reserved for public subscription and the number of TDRs



actually subscribed for can be used as the number of TDRs for book building. In the event that the amount actually subscribed for exceeds the number of TDRs for public subscription to a certain extent, the amount for the public subscription should be adjusted as follows:

Multiple of the Number of TDRs for Public Subscription	Adjusted Percentage of the Number of TDRs for Public Issuance
15 times or more but less than 20 times	15%
20 times or more but less than 25 times	20%
25 times or more but less than 30 times	25%
30 times or more but less than 35 times	30%
35 times or more but less than 40 times	35%
40 times or more but less than 45 times	40%
45 times or more but less than 50 times	45%
35 times or more	35%

### 7. Submit the List of Distribution of Shareholding to Apply for the Listing

The foreign issuer and its agent or depository institution should submit an "Application Form for Sponsored TDR Offering<sup>5</sup>" along with the "list of distribution of shareholding

5. Please see Appendix 3: Application Form for Sponsored TDR Offering.

for the holders of TDRs" within 3 days after the underwriting is complete. Also, the foreign issuer should set the listing date with the TWSE. The listing date should be at least 2 business days after the submission.

### 8. Listing Ceremony Held by the TWSE

TWSE will hold a listing ceremony on the listing day.



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## Costs and Expenses

1. Listing Application
2. Post-Listing





## VI. Costs and Expenses

### 1. Listing Application

In addition to the fees for consultancy from underwriters, underwriting fees, and fees for retaining CPAs and lawyers, the issuer should pay a listing review fee while applying for the listing. The listing review fee payable upon the filing of the TDR listing application is NT\$300,000. However, with regard to TDR listing applications for the purpose of increasing capital or for the purpose of re-issuing TDRs that are within the amount of the TDRs redeemed and that carry the same rights and obligations as those already listed, no review fee will be required.

### 2. Post-Listing

#### (1) Listing Fee

Issuers should pay the listing fee to the TWSE annually, which is calculated according to the TWSE Corporation Rate Table for Securities Listing Fees and collected by rate. The annual maintain fee is NT\$50,000~. NT\$450,000.

- (2) Select Professional Shareholder Services Agent to Handle Matters Relating to the Stock Affairs  
Each issuer should designate a professional shareholder services agent to assist in handling matters relating to their stock affairs.
- (3) Appoint an Agent in Litigious and Non-litigious Matters  
Issuers should appoint an agent in litigious and non-litigious matters as the responsible person in Taiwan under the Securities and Exchange Act (the “SEA”).



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VII

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## Legal Compliance by the Issuers

1. Material Information
2. Disclosure of Other Information
3. Financial Reports and Annual Reports
4. Suspension of Trading of TDR
5. Sanctions on Violators



## VII. Legal Compliance by the Issuers

### 1. Material Information

An issuer of secondary listing shall observe the Taiwan Stock Exchange Corporation Procedures for the Verification and Public Disclosure of Material Information of Listed Companies (the "Procedures"). Upon the occurrence of any of the events listed in Article 2-2 of the above Procedures<sup>6</sup>, the foreign issuer should take the following measures and may retain an agent in the territory of the R.O.C. to file a report with the TWSE via the Internet:

- (1) If the material information is one that is defined in the laws or regulations of the foreign issuer's country or the country of listing:

The foreign issuer shall, within the time limit prescribed by the laws or regulations, post in Chinese simultaneously the causes leading to the information, the impact on the company's finances and business, estimated monetary amount affected, and the measures taken on the online information

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6. Please see Attachment 4 for Article 2-2 of the Taiwan Stock Exchange Corporation Procedures for the Verification and Public Disclosure of Material Information of Listed Companies.

reporting system designated by the TWSE.

If there is any inquiry from the securities supervisory institution or securities exchange of the foreign issuer's country or listing country has a material impact on shareholders' equity or securities prices the issuer should provide the TWSE with the inquiry and the reply content simultaneously.

- (2) If the material information is not one that is defined in the laws or regulations of the foreign issuer's country or listing country:

The foreign issuer shall file a report within the time limit prescribed in Article 3 of the Procedures, which means that the issuer shall, on the day of the event<sup>7</sup> or before the commencement of transaction on the business day following the day that the media reports the information, post the information or explanation on the online information reporting system designated by the TWSE. However, if a

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7. The date of negotiation, the date of execution of an agreement, the date of payment, the date that an order is confirmed, the date of transfer, the date the resolution is passed at a board meeting or a meeting of a committee established by the board, or a day on which the trading party and the trading amount is confirmed, whichever occurs earlier. However, if it is an investment that must be approved by a competent authority, the date should be either one of the above dates or the date of approval, whichever is earlier.

press release is disseminated in advance, the issuer shall post the information at the time the press release is published.

## 2. Disclosure of Other Information

Disclosure of other information is governed in the Taiwan Stock Exchange Corporation Rules Governing Information Reporting by Companies with Listed Securities and Offshore Fund Institutions with Listed Offshore Exchange-Traded Funds. The matters to be reported include the regularly published filing information (e.g., financial reports, information regarding juristic person directors and supervisors and shareholders holding 10% or more of the shares) and information published from time to time (e.g., distribution of dividends and convention of shareholders' meetings).

## 3. Financial Reports and Annual Reports

According to Article 165-2, Paragraph 1, Article 36 of the SEA, Financial Supervisory Commission Letter No. Jin-Guan –Zheng-Shen-Zih-1010043964, dated October 2, 2012, and Article 64 of the Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers, financial reports and annual reports are subject to the following regulations:

### Annual and semiannual financial reports

#### Description:

1. The reports shall be consolidated financial reports.
2. The prevailing version shall be the Chinese version, accompanied by an English version or the official version published in the listing country, and posted on the MOPS; a hard copy of which shall be submitted.
3. The adopted accounting standards and the contents of the financial reports can be made in accordance with the regulations of the country or listing country of the issuer.
4. However, where the financial reports were not made in accordance with the International Financial Reporting Standards recognized in Taiwan, United States, or international financial reporting standards, the foreign issuer shall issue a statement stating the discrepancies. The statement shall be audited by two CPAs who are eligible to audit the financial reports of an ROC public company approved by the SFC and



be reported and published along with the financial reports.

5. The financial reports shall be signed or stamped with the seal of the chairperson, managerial officers, and accounting officers, who shall also produce a declaration that the report contains no misrepresentations or nondisclosures.

**Deadline for Disclosure or Report:**

Subject to the laws and regulations of the country or the listing country of the foreign issuers. However, the annual financial reports shall be audited by CPAs and be reported and published within six months of the end of the business year.

**Items:**

Annual Report

**Description:**

1. The annual reports shall be prepared according to the laws and regulations of the country or listing country of the foreign issuer.

2. Information in the annual reports should be written in Chinese or both Chinese and English.

**Deadline for Disclosure or Report:**

1. Subject to the laws and regulations governing the time limit for disclosure and report to the competent authority, the securities exchange, or the securities market of the country or the listing country of the foreign issuers. The foreign issuer shall upload the electronic file of the annual report to the online information reporting system designated by the FSC before the shareholders' meeting.

**4. Suspension of Trading of TDR**

Trading of TDR in Taiwanese securities market may be suspended due to suspension of trading in originally listing country such as Hong Kong and Singapore due to price-sensitive information.

- (1) According to Article 50-3 of the Operating Rules of the TWSE, if the listed shares, or foreign securities represented by TDR, of a secondary listed company have



already been suspended from trading upon application by the secondary listed company, or have been suspended from trading by the stock exchange or securities market on which they are listed for special cause such as pending announcement of price-sensitive information of the secondary listed company or occurrence of a material event, the TWSE may announce suspension of trading of the listed shares, or foreign securities represented by TDR.

- (2) According to Paragraph 2, Article 2-2 of the Procedures and listing agreement of TDR, the secondary listed company should simultaneously provide the TWSE with the documents and materials that it provides to the stock exchange on which it is originally listed or the relevant supervisory authority (e.g., documents on trade suspension or resumption of the original stock).

### 5. Sanctions on Violators

- (1) Article 9 of the Procedure reads,
  1. If a secondary listing company does not follow either of the measures above, arbitrarily releases any

unconfirmed information, or the released information is not factual, the foreign issuer will be subject to a penalty of up to NT\$30,000. However, if two or more penalties (inclusive of the then existing penalty) imposed within one year from the date of the then existing penalty, or if the violation is willful or due to gross negligence, or has a material impact on shareholder equity or securities prices, the TWSE may impose a penalty of NT\$50,000 to NT\$5,000,000. In the event that the offense is serious, the TWSE may change the original transaction methods or suspend the trading of the listing securities or de-list the company in accordance with its Operating Rules.

2. If a secondary listing company did not input information on the online information reporting system designated by the TWSE simultaneously or did not provide documents or materials to the TWSE simultaneously (e.g., documents on trade suspension or resumption of the original stock), the TWSE may impose a fine of NT\$1,000,000 to NT\$5,000,000. But if two or more penalties (inclusive of the then existing penalty)



have been imposed within one year from the date of the then existing penalty, the penalty may be raised to NT\$5,000,000.

(2) Article 6 of the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds reads,

1. If a secondary listed company violates the above rules pertaining to the reporting of information, or discovers on its own after the deadline for filing that what has been filed is erroneous and applies to make corrections, the TWSE may impose a penalty of NT\$10,000 for such a breach. However, if the error or omission was discovered by the competent authority, the TWSE, or an investor and is verified upon investigation, the TWSE may impose on a case-by-case basis a penalty of NT\$30,000 for such a breach. However, if two or more penalties (inclusive of the then existing penalty) imposed within one year from the date of the then existing penalty, or if the violation is willful or due to gross negligence, or has a material impact

on shareholders' equity or securities prices, the TWSE may impose a penalty of NT\$50,000 to NT\$1 million for such a breach. If supplementations or corrections are required, the TWSE shall furthermore notify by letter the secondary listed company to make supplementations or corrections within 2 business days of receipt of the letter. A company further failing to make supplementations or corrections by the deadline shall be subject to a penalty of NT\$10,000 for such a breach for each business day beyond the deadline until the date on which the supplementation or correction is made.

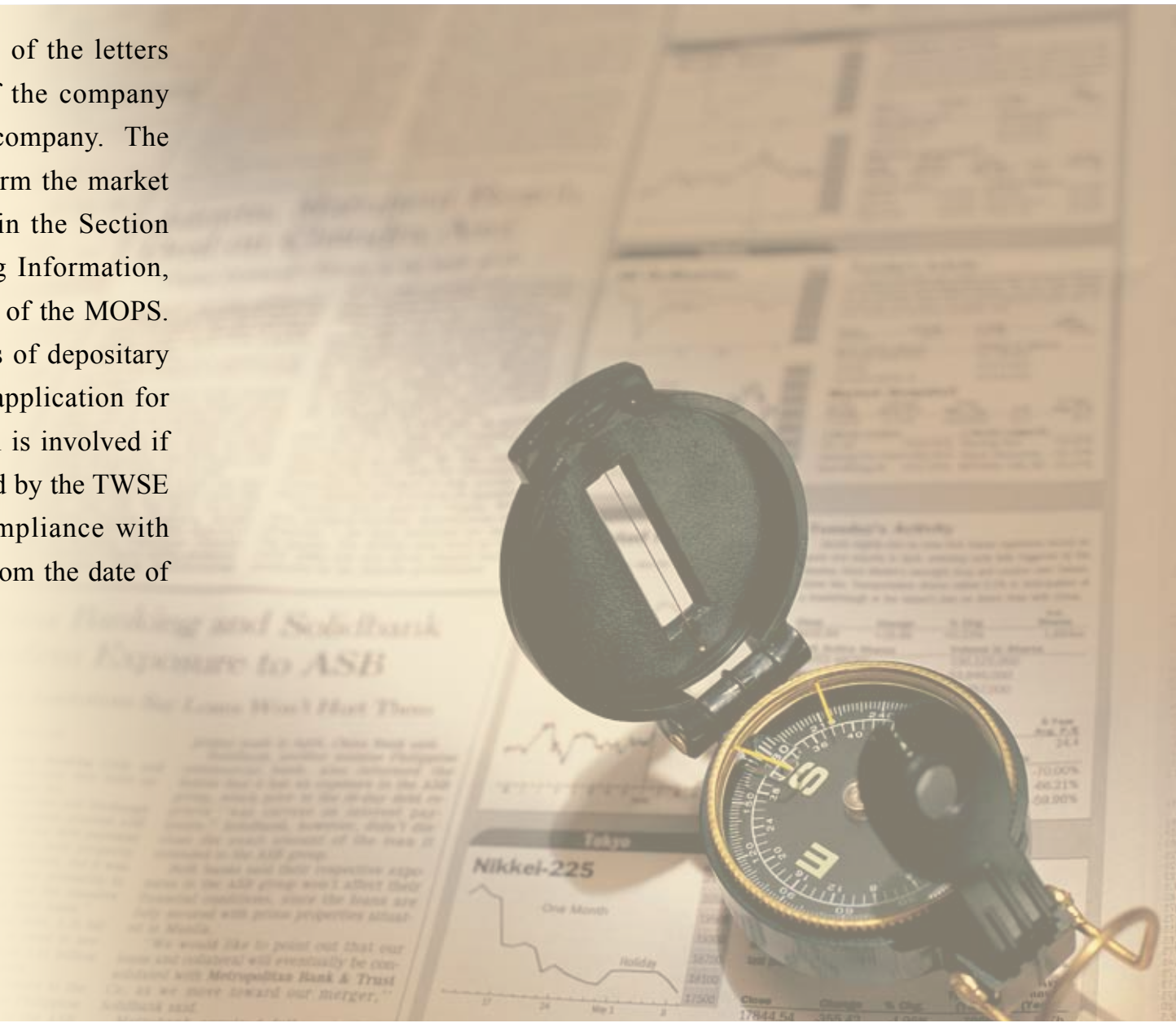
2. If a secondary listed company which was subject to a daily breach penalty still fails to make supplementations or corrections and the circumstances of the individual case are severe, the TWSE may change the original trading method, or suspend the trading of its TWSE listed securities according to its Operating Rules.

(3) Other Dispositions

Besides issuing letters to the secondary listed company



requesting it to make improvement, a copy of the letters will be sent to the independent director of the company for him to supervise the compliance of the company. The TWSE will announce a press release to inform the market and disclose the violation and the penalty in the Section "Violation of the Requirement of Reporting Information, Material Information and Press Conferences" of the MOPS. In addition, to strengthen the responsibilities of depository institutions, the TWSE will not accept the application for issuance of TDR which depository institution is involved if the depository institution has been reprimanded by the TWSE according to relevant regulations for incompliance with information reporting rules within one year from the date of the application.



TDR

Taiwan Depository Receipts

VIII

Taiwan  
Depository  
Receipts

## Other Channels of Issuance

1. Unsponsored Depository Receipt
2. Shelf Registration and Issuance by Installments





## VIII. Other Channels of Follow-on Offering after Listing

### 1. Unsponsored Depository Receipt

Where the TDRs issued by a foreign issuer have already been listed, and the shareholders issue through a depository institution TDRs in Taiwan with the already-issued shares that they hold, the TWSE may, after examination of the Application for Issuance and Listing of Unsponsored Taiwan Depository Receipts, issue an approval document for listing, and after effective registration with the competent authority and completion of issuance, announce the listing thereof.

The shareholders of a foreign issuer shall retain a securities underwriter to evaluate the case and issue an evaluation report, and for underwriting the issued shares held by them on a firm commitment basis when those shareholders retain a depository institution for issuing TDRs. The securities underwriter should deliver the prospectus on behalf of the shareholders. The depository institution and the custodian institution retained by the shareholders should be the same with the foreign issuer. Furthermore, the rights and

obligations vested in the shares represented by such TDRs should be the same with the foreign issuer.

### 2. Shelf Registration and Issuance by Installments

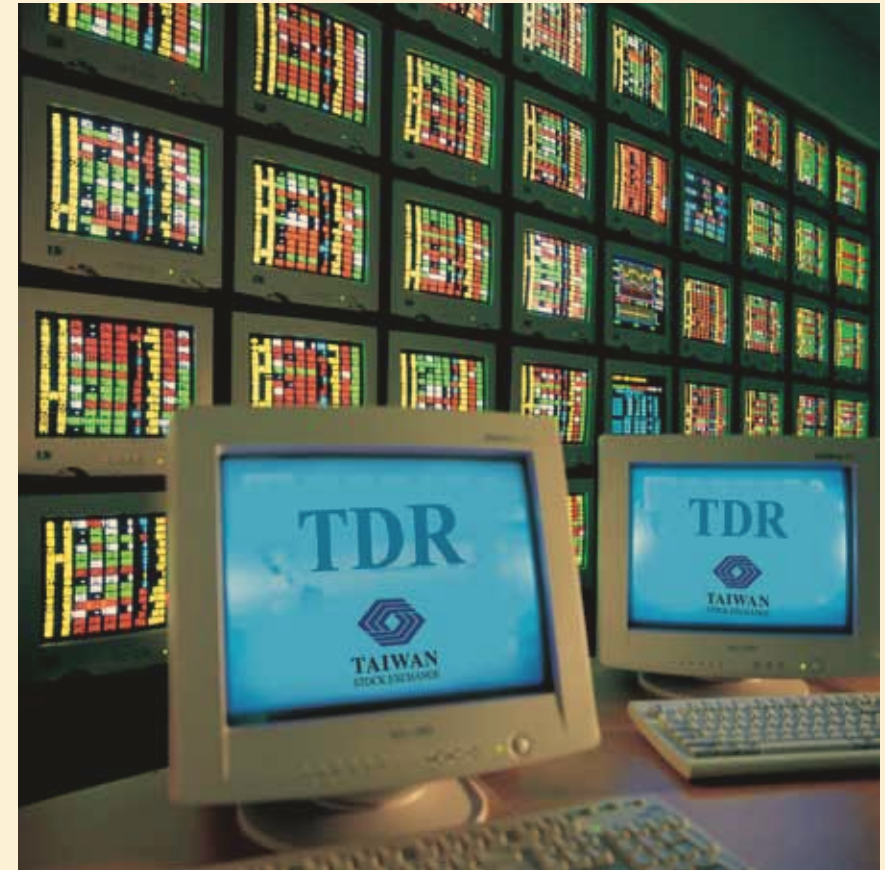
When the conditions below are fulfilled by a secondary listing TWSE company, it may apply to the competent authority for shelf registration and issuance by installments. The interval between the effective day and the estimated date of issuance cannot exceed one year. Moreover, the company shall retain a securities underwriter for underwriting all the TDRs on a firm commitment basis:

- (1) Its TDRs have been listed on the TWSE for a combined period of 1 year or more.
- (2) Its TDRs have been listed on the domestic stock exchange market or traded on the OTC stock market for a combined period of 1 year or more.
- (3) Has not within the past 3 years made any serious violation of rules of the TWSE regarding information disclosure.
- (4) The offering and issuance of securities of the company have not been rejected, have not been declared void or been revoked by the Financial Supervisory Commission



or the competent authority of the country of overseas listing for the last three years.

- (5) Any cash capital increase or corporate bond issuance plans effectively registered with FSC or the competent authority of the country of listing in the past 3 years have all been implemented as planned and on schedule, and no material changes have occurred.
- (6) The domestic and overseas CPAs engaged by the issuer have not within the past 3 years received a warning or more severe sanction under the law for their handling of securities offering and issuance.
- (7) The lead underwriter engaged by the issuer has not within the past 3 years been subject to any order under law or regulation to a sanction to dismiss any of its directors, supervisors, or managerial officers or a more severe sanction in connection with handling of securities offering and issuance.



TDR

Taiwan Depository Receipts

IX

Taiwan  
Depository  
Receipts

FAQs and Explanation



## IX. FAQs and Explanation

### Taxation

#### Question 1:

What is the applicable securities transaction tax rate on the sale of shares in a foreign issuer listed on the TWSE or GreTai Securities Market ("GTSM")?

#### Answer:

According to the letter dated November 19, 1992 issued by the Ministry of Finance (Ref. No.: Tai-Tsai-Shui-811672688), transactions involving transfer of TDRs are subject to a 0.1% securities transaction tax in accordance with Item 2, Article 2 of the Regulations Governing the Securities Transaction Tax ("RGSTT").

#### Question 2:

Are the dividends paid by a foreign issuer considered as an ROC-sourced income?

#### Answer:

According to the letter dated May 31, 2011 from the Tax Agency, Ministry of Finance to the TWSE, taxation principles of dividends paid by a foreign enterprise shall be

as follows:

#### 1. Profit-seeking enterprise income tax:

(1) A judicial person whose headquarters is located in Taiwan: Stock dividends from the foreign enterprise shall be deemed investment income and subject to profit-seeking enterprise income tax.

(2) A judicial person whose headquarters is located in another country: Stock dividends from the foreign enterprise is exempted from profit-seeking enterprise income tax.

#### 2. Individual:

Stock dividends from a foreign enterprise are exempted from individual income tax. However, the Income Basic Tax Act is applicable.

### Use of Capital

#### Question 1:

Have any of the regulations on foreign investors' inward or outward remittance been relaxed?

#### Answer:

1. For foreign issuers listed in Taiwan, their original shareholders may keep the capital gains derived from



disposal of their shares in the settlement accounts as reserve for future investments by directly applying for the status as a Foreign Institutional Investor ("FINI") or as an Overseas Chinese and Foreign Individual Investor ("FIDI").

2. The restriction that the total investments in domestic securities by an FIDI cannot exceed US\$5 million was lifted.

### Listing Requirements

#### Question 1:

What are the limitation on the issuing amount and the regulations concerning margin transaction?

Answer:

Margin transaction is permissible after being approved by the TWSE if

- (i) the number of TDR units to be issued is 60 million units or more of TDRs,
- (ii) the shares in a foreign issuer having been listed on the TWSE for 6 months, and
- (iii) its financial reports show no accumulated loss.

#### Question 2:

What are the regulations concerning the financial reports of the foreign issuers to be submitted along with the TDR listing application?

Answer:

1. Financial reports audited and certified by CPAs for the most recent 3 fiscal years are required to be submitted. If the review period lasts 8 months after the fiscal year, additional financial reports audited or reviewed by the CPAs for the first half of the fiscal year should be submitted. (The reports can be prepared in accordance with the format required by the laws and regulations of the country of the foreign issuer and an opinion from Taiwan-licensed CPAs regarding the difference between the accounting principles adopted in the foreign country and the ROC and its impact on the financial reports should be provided.)
2. Generally, consolidated financial reports audited by the CPAs for the most recent 3 fiscal years, which means two sets of the consolidated financial reports (covering 3 years) shall be submitted. Hence, if the application is submitted in 2013, financial reports of



2012 (indicating the comparison of 2012 and 2011) and 2011 (indicating the comparison of 2011 and 2010) shall be submitted. The consolidated financial reports audited by the CPAs in the third year prior to the application may be requested by the TWSE when it deems necessary.

3. The financial reports for the first half-fiscal year should be audited or reviewed by the CPAs. However as to the comparison chart regarding the previous period, the figures may be calculated by the issuer itself without being reviewed by the CPAs, which is similar to the requirements concerning supplemental public issuance, provided that it is marked that it is not reviewed or audited by the CPAs.

**Question 3:**

What are the measures that should be taken by an ROC CPA to provide opinions on the discrepancies between the accounting principles adopted in a foreign financial report and those adopted in the ROC as well as their effects?

**Answer:**

The competent authority promulgated the Directions for Secondary Reviews of Financial Reports of Companies with a Secondary Listing on the Exchange (or OTC) Market. Therefore, an ROC CPA has to proceed in accordance with the above Directions, and issue a review report.

**Question 4:**

Can the application material for TDR listing application (e.g., lending funds, making of endorsements/ guarantees and use of funds) be filled in from the perspective of group consolidation?

**Answer:**

The amount of funds lent to and the amount of endorsement/ guarantees made for each corporate entity (including the companies in a corporate group) shall still be disclosed. The actual use of fund by each subsidiary shall also be disclosed and reviewed on a case-by-case basis.



Question 5:

Can TDRs adopt the green shoe (over-allotment) system and waive the price variation limit for the first five days?

Answer:

Given that there are reference prices in foreign markets for TDRs, the variation between the actual underwriting prices and the price in the foreign market may be limited. There is no plan to adopt such mechanism for the time being as it is not necessary to implement such mechanism.

Question 6:

What are the rules governing the determination of the underwriting price?

Answer:

1. The underwriting price is agreed to by and among the depository institution, the underwriter and the issuer company. The TDRs are sold to the public in the price range accepted by the market. However, it should be pointed out that the market practice in Taiwan should be considered when deciding the underwriting price. For example, if the share price is lower than NT\$5, investors

may think that the company is underperforming.

2. In principle, the underwriting price can be determined by factors such as the practice of the listing country and the recent operation results of the issuer. However, in light of the disclosure rules, the basis of the determination, the reasonableness, and the premium and discount of the share price in the listing country should be disclosed. Furthermore, there should be a consistent benchmark for calculating the premium and discount.

Question 7:

Can overseas listing companies apply for issuance of convertible bonds at the same time it submits its first application for issuance of TDRs?

Answer:

An overseas listing company's application for issuance of convertible bonds is in essence the same as the company's first application for issuance of TDRs in Taiwan. In principle, it is permissible for an overseas listing company to apply for issuance of convertible bonds at the same time when it submits the first application for issuance of TDRs.



Question 8:

With respect to the documents proving a foreign issuer's name, nationality, and main business place, would the document evidencing the registration of the company at the place of the company suffice? How would the authenticity of the documents and the existence of the company be verified?

Answer:

All government-issued documents shall be legalized by the overseas offices of the Ministry of Foreign Affairs. The other documents may be certified by a public notary.

Question 9:

What are the rules governing the dividend policy of the applicant company?

Answer:

In order to protect Taiwanese investors, TDR issuers are required to include a substantive dividend policy in its articles of association and disclose the policy in the prospectus for investors' consideration.

Question 10:

Are there any rules on the qualifications of a foreign issuer's litigious and non-litigious agent in the ROC?

Answer:

The foreign issuer's litigious and non-litigious agent in the ROC has the following qualifications:

1. the agent has a residence or domicile in the ROC;
2. the agent is not in any of the situations prescribed under Article 30 of the Company Act;
3. the agent has considerable work experience; and
4. the agent is not the ROC litigious and non-litigious agent of more than three other TWSE- or GTSM-listed companies or companies whose shares are registered on the emerging stock market.

### Post-Listing Requirements

Question 1:

What are the requirements governing the liquidity and redemption of TDRs?

Answer:

A TDR holder may request the depository institution to





redeem the TDRs into shares or request the depository institution to sell TDRs on the market where the TDRs are listed. Shareholders may apply with the TWSE for re-issuance of TDRs within the original redeemed amount through the depository institution. However, the shares bought by the issuer as treasury stock may not be re-issued within the original redeemed amount.



# TDR Taiwan Depository Receipts

## Taiwan Depository Receipts

### Appendixes

- 1: Application Form for TDR Offering
- 2: List of Foreign Stock Markets Authorized by the Competent Authority
- 3: Application Form for Sponsored TDR Offering
- 4: Article 2-2 of the Taiwan Stock Exchange Corporation Procedures for the Verification and Public Disclosure of Material Information of Listed Companies



## Appendix 1: Application Form for TDR Listing

Name of Issuer		Nationality of Issuer	
Date of Incorporation		Place of Primary Listing	
Estimated Date of Issuance		Name/Address of Depository Institution	
Estimated Amount of Proceeds		Name/Address of Custodian Institution	
Estimated Number of Issued Units		Name/Address of Leading Underwriter	
Estimated Price Per Unit		Name/Address of Bank Authorized to Collect Payment	
Total Number of Equities Represented by the Depository Receipt		Date of Application	
Attachments	<ol style="list-style-type: none"> <li>1. Three copies of documents evidencing the name and nationality of the foreign issuer and the place where the foreign issuer conducts its major business</li> <li>2. Three copies of an affidavit issued by the securities exchange where the foreign issuer is listed indicating that the foreign issuer is listed on such securities exchange</li> <li>3. Three copies of financial statement audited and certified by CPAs for the most recent 3 fiscal years and the working papers of the ROC CPA's review report. If the review period lasts 8 months after the fiscal year, financial statements audited or reviewed by CPAs for the first half of the fiscal year should be submitted. (The statements can be prepared in accordance with the format required by the laws and regulations of the country of the foreign issuer, and an opinion from Taiwan-licensed CPAs regarding the differences in the accounting principles adopted in the foreign country and the ROC and their impact on the financial statements should be provided.)</li> <li>4. Three copies of the TDR Issuance Plan</li> <li>5. Three copies of the draft depository contract executed between the foreign issuer and the depository institution</li> <li>6. Three copies of the draft custody contract or other documents executed between the depository institution and the custodian institution</li> <li>7. Three copies of the draft prospectus</li> <li>8. A certified opinion issued by an ROC-licensed lawyer certifying that the depository contract, the custody contract and the prospectus are prepared in accordance with laws and regulations</li> <li>9. Three copies of evaluation report issued by the underwriter(s), working papers, a list of the persons drafting the report and their disciplinary records</li> <li>10. Three copies of the underwriting contract executed between the foreign issuer and the underwriter(s), and an estimation of the structure of TDR shareholding after the offering is completed</li> </ol>		

Attachments	<ol style="list-style-type: none"> <li>11. Three copies of a specimen of TDR certificate or a document substantiating the registration for paperless issuance (When applying for the listing date after the issuance is completed, other copies of the documents should be provided in accordance with the requirements of TWSE.)</li> <li>12. Three copies of signature specimen of the institution handling securities matters (When applying for the listing date after the issuance is completed, other copies of the documents will be provided in accordance with the requirements of TWSE; however, this requirement does not apply in the case of paperless issuance.)</li> <li>13. 6 copies of TDR listing agreement</li> <li>14. Three copies of the power of attorney issued by the issuer appointing the agent for litigious and non-litigious matters</li> <li>15. Three copies of the document proving that the depository institution's ability to handle the TDR business</li> <li>16. Application documents provided to the TWSE through the internet</li> <li>17. One statement of good faith issued by the applicant company, underwriter, legal counsel and accountant respectively</li> <li>18. A commitment issued by the foreign issuer for automatic withdrawal of the application if the underlying shares are not provided; for a TDR offering sponsored with issued shares, the foreign issuer, shareholders sponsoring the offering and underwriter shall also submit a statement declaring the delivery of the issued shares to the custodian bank for the exclusive use of the TDR offering and the relevant proof</li> <li>19. One statement or opinion stating that it has never been investigated for violation of law issued by the foreign issuer (including the directors, supervisors and managers of the applicant company), underwriter and legal counsel</li> <li>20. One statement issued by the foreign issuer stating that all the information stated in the application form and the attachments thereto is true and it did not conceal any information</li> <li>21. A commitment issued by the foreign issuer and all the directors, except for independent directors, to unconditionally purchase the TDRs if the trading of TDRs is terminated</li> <li>22. Other documents required by the TWSE</li> </ol>
	<p>Issuer:  Representative:  Contact Address in Taiwan:  Depository Institution:  Representative:  Address:  Contact Person and Telephone:  Agent for Litigious and Non-litigious Matters:  Address:  Telephone:</p>

**Appendix 2:  
List of Foreign Stock Exchanges or Stock Markets  
Authorized by the Competent Authority**

1. NYSE Euronext Group
  - (1) NYSE
  - (2) NYSE Euronext
  - (3) NYSE Amex
2. NASDAQ OMX Group
3. London Stock Exchange Group
  - (1) London Stock Exchange
  - (2) Borsa Italiana
4. Deutsche Börse AG Frankfurter Wertpapierbörse (FWB)
5. TMX Group Inc. Toronto Stock Exchange
6. Australian Securities Exchange
7. Tokyo Stock Exchange
8. Osaka Securities Exchange
9. Singapore Exchange
10. Bursa Malaysia
11. Stock Exchange of Thailand
12. Johannesburg Stock Exchange
13. Hong Kong Exchanges and Clearing Ltd.
14. Korea Exchange
15. Other foreign securities markets approved by the competent authorities

**Appendix 3: Application Form for Sponsored TDR Offering**

Application Form for Sponsored TDR Offering	Code of Company	Application No.

To: Taiwan Stock Exchange Corporation

Copy to: Taiwan Depository & Clearing Corporation

Subject Matter: For the application of the TDR offering by our company, we hereby attach the required documents. Please kindly consider our application.

Name of Issuer		Depository Institution	
		Custodian Institution	
Number and Amount of Listing Stocks	Issuance Price (NT\$)	Number of Units Issued	Total Proceeds (NT\$)
Number of Issued Shares Involved the TDR Offering			
New Shares Issued for Cash Consideration and Involved in the TDR Offering			
Bonus Shares			
Total Amount			
Trading Day	(ROC Year Month Day)		
Rights and Obligations of TDR	Every TDR represents _____ common shares of the Company. Please refer to page ___ of the prospectus for details.		
Institution Responsible for Relevant Matters and its Address	Name		
	Address		
Industry and Code and Abbreviated Name of the Stock	Industry	Taiwan Depository Receipts	
	Code		
	Abbreviated Name		
English Name and Abbreviated Name of the TDR Issuer	English Name		
	Abbreviated Name		
Application Date	(ROC Year Month Day)		
Attachments	1. A copy of the shareholding chart (Applicants applying for public underwriting, please send in these documents by noon of the day before listing the latest.)		

Attachments	<ol style="list-style-type: none"> <li>2. A list of directors and Supervisors and their shareholding details (the name of the holders of the shares and the shareholding only)</li> <li>3. A copy of public announcement of trading on newspapers</li> <li>4. Proof of 2,000 copies of the prospectus being sent as required</li> <li>5. Proof of registration of paperless offering</li> <li>6. Proof issued by the bank of the designated account on the full receipt of the proceeds</li> <li>7. Approval of issuance of new shares by the stock exchange of the primary listing</li> <li>8. Approval of the listing posted on the Market Observation Post System</li> <li>9. Other required documents</li> </ol>
	<p style="text-align: right;">Applicant:  Representative:  Contact Address in Taiwan:  Depository Institution:  Representative:  Address:  Contact Person and Phone Number:  Agent for Litigious and Non-litigious Matters:  Address:  Telephone:</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>This Application has been approved by the Taiwan Stock Exchange Corporation through its letter (Ref. No. Tai-Zheng-Shang-No.      ) of (date).</p> </div>

Note: This application should be submitted in five copies (excluding attachments). It shall become effective upon TWSE's approval and be incorporated as attachments to the listing agreement.

## Appendix 4: Article 2-2 of the Taiwan Stock Exchange Corporation Procedures for the Verification and Public Disclosure of Material Information of Listed Companies (Last amended on January 23, 2013; please refer to the Law Resource Retrieving System of Stock Exchange and Futures Trading at <http://eng.selaw.com.tw/FLAWDAT01.asp?LSID=FL007111>)

Material information of a secondary listed company" as used in these Procedures means the following matters:

1. An event set out in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act.
2. Material information events whose simultaneous reporting is required by the laws, regulations, or bylaws of the foreign issuer's home country or its country of listing.
3. Any circumstance in regard to the company itself set out in Article 50-3 of the TWSE Operating Rules.
4. A change in the foreign issuer's articles of incorporation or any capital increase or decrease by the foreign issuer.
5. Circumstances with respect to the issuance, maturity, or repurchase of the foreign issuer's preferred stock or corporate bonds, and for corporate bonds convertible to stocks, the allotment of shares in accordance with company rules.
6. A change to the foreign issuer's principal line of business, custodian institution, or to the depository institution located in the Republic of China.
7. Any pledge, lease, sale, or retirement of major operating assets of the foreign issuer.
8. A reduction in, or stoppage of, production of some or all products by the foreign issuer due to a major disaster.
9. The pendency or conclusion of a material litigation case or tax disposition case involving the foreign issuer, its custodian institution, depository receipts, or the agent institution in the ROC of a secondary listed company, or the commencement of lawful reorganization, bankruptcy, or liquidation proceedings by the foreign issuer.
10. Any circumstance set out in subparagraphs 6 through 9 of this article occurs to a subsidiary in which the foreign issuer holds more than a 50 percent share or a sub-sub-subsidiary at any level beneath the foreign issuer that it directly or indirectly controls, and that materially affects its business or finances.
11. Conduct by a promoter or director of the foreign issuer that, under the law of the foreign issuer's home country, entails joint and several liability for damages with the secondary listed company.
12. A decision by a court of the foreign issuer's home country that duly voids or declares invalid a resolution of the foreign issuer's shareholders meeting.
13. A change in the laws or regulations of the foreign issuer's home country that materially affects shareholder equity or corporate operations.
14. A resolution by the board of directors of the foreign issuer to carry out a merger or consolidation, demerger, acquisition, exchange or transfer of shares to or from another, dissolution, or any material change in any of the above matters; failure for any reason by a company participating in a merger or consolidation, demerger, acquisition, or transfer of shares from another, to convene a subsequent

shareholders' meeting, or a veto by either side of such a proposal; or a resolution of the board of directors to cancel a merger or consolidation during the implementation of the merger or consolidation plan following the initial board resolution in favor of the merger or consolidation; or a resolution by the board of directors for a demerger or distribution of dividends, causing the holders of its issued Taiwan Depository Receipts to acquire shares of another company for free.

15. Listed foreign stocks, Taiwan Depository Receipts, or foreign bonds are reported lost, subject to a judgment of exclusion, or subject to attachment or provisional attachment by order of a court, or their holder is declared bankrupt by a court ruling, where sufficient to affect the market price of the securities listed for trading.
16. A change in the credit rating assigned to a foreign issuer or its issued securities by a credit rating agency.
17. A change in, or a change in the plan for, a private placement of securities by the foreign issuer.
18. A report in the domestic or foreign mass media or any information provided by any investor sufficient to affect the price of a listed foreign stock, Taiwan Depository Receipt, foreign bond straight bonds, foreign convertible corporate bonds, or foreign corporate bonds with warrants.
19. Change in chairperson, general manager, juristic-person director or supervisor, independent director, principal financial or accounting officer, internal audit officer, CPA, or agent for litigious and non-litigious matters, of the foreign issuer.
20. Termination on the CPA's own initiative or otherwise failure by the CPA of the foreign issuer to carry out the audit and attest work on the company's financial reports.
21. Any amendment to the depository agreement signed between the foreign issuer and the depository institution that has a material effect on shareholder equity.
22. A resolution by the foreign issuer to repurchase Taiwan depository receipts, the expiration of the repurchase period or completion of the repurchase, or the repurchased Taiwan Depository Receipts cumulatively reaching 2 percent of the total number of the already issued Taiwan depository receipts, or the number of outstanding units of the Taiwan depository receipts being less than 12 million units.
23. The date for and the relevant financial and business information with respect to convening by the foreign issuer of a press conference, investor conference, or other public disclosure of financial and business information that has not been entered into the Market Observation Post System.
24. Inability by the foreign issuer to punctually pay for foreign straight bonds, foreign convertible corporate bonds, or foreign corporate bonds with warrants that have matured or that creditors have requested it to redeem.
25. Failure by the foreign issuer to file the financial report by the deadline under the regulations of the original place of listing.
26. Publication of information by a foreign issuer on its own initiative that has a material effect on shareholder equity or the price of securities.

Documents or materials submitted by a secondary listed company to the securities exchange or supervisory authorities of its original listing shall simultaneously be submitted to the TWSE.

If a secondary listed company has a circumstance under paragraph 1, subparagraph 24, it shall, by the tenth day of each month, input the monetary amount and quantity unredeemed and the status of negotiations with creditors as of the end of the preceding month, the cash budget statement for the current month, and the status of execution of the cash budget statement for the preceding month, until redemption has been completed in full.

## Contact TWSE

Website: <http://www.twse.com.tw>

Tel: 886-2-8101-3101

## Foreign Listing Department

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TAIWAN  
STOCK EXCHANGE



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