

Listing in Taiwan by Foreign Issuers: Primary Listing



Taiwan Stock Exchange

Instructions

1. This manual may be downloaded from the web link of Taiwan Stock Exchange Corporation(<http://www.twse.com.tw/>) as follows:
Front Page > Listed Companies > Listing in Taiwan by Foreign Issuers
2. For the latest regulations, please refer to the web link of "Law Source Retrieving System of Stock Exchange and Futures Trading" at <http://www.selaw.com.tw>

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2. Taiwan Stock Exchange Corporation hereby declares that TWSE shall not be liable for any omission, errors or any damages that may result from the detrimental reliance on the information published by TWSE.
3. In the event of any discrepancies between this manual and the regulations published by TWSE, the published regulations of TWSE shall govern and control.
4. This English translation of the manual is provided by Lee and Li, Attorneys-at-Law. In the event of any discrepancies between the Chinese and English texts, the Chinese text should prevail.

Preface

As globalization accelerates, there are various sources of finance available and enterprises no longer select their country of incorporation as the place of listing. Thus, selecting an ideal market in anticipation of a successful listing becomes a crucial business development strategy for enterprise-operators. Located at the center of an archipelago in the western Pacific Ocean, Taiwan is close to Japan, the mainland China, and the ASEAN market and is poised to benefit from its unique cultural, geographic and economic situation. With diverse industry sectors and a comprehensive industrial supply chain accompanied with a sizeable research-and-development talent pool and outstanding innovation, many companies in Taiwan have developed into world leaders. Along with the overseas deployment and global expansion of Taiwanese Merchants, Taiwan plays a pivotal role in the economic development of the Asia-Pacific Region.

The capital market lists numerous high-tech enterprises in Taiwan and conventional companies and financial corporations as well as other industries continue to grow and flourish. Taiwan ranks high globally on several indices such as the turnover ratio, P/E ratio, P/B ratio, and yield rate. Meanwhile, foreign investors increase their shareholdings in Taiwan stocks over the years which contributes to a high level of internationalization of the stock market. For listed companies in Taiwan, the stocks possess a high liquidity ratio and the easy comparison of different companies in the same industry has resulted in the formation of an industry cluster and a diversified stock market. The aforesaid features are the strengths of the capital market of Taiwan.

For companies that contemplate listing in Taiwan, they may improve

their corporate governance and advance the goal of sustainable development from the counseling continuously provided by intermediary institutions before and after the listing. As the policy in connection with foreign issuers' listing in Taiwan was implemented in 2008, the TWSE, based on the vision of "enhancing the circulation of securities and economic dynamics", has endeavored to assist foreign issuers, including Taiwanese Merchants, to finance in a more convenient way, which benefits the transformation, innovation and expansion of their business. As a consequence of the growth of the listing companies, the local industries will expand, more job openings will be created which will in turn promote economic development. Furthermore, foreign issuers that list their stocks in Taiwan will provide investors with more investment options and contribute to the accumulation of funds within Taiwan.

This manual helps foreign enterprises to have an updated and complete understanding of the requirements and process of review regarding listing in Taiwan and facilitates the preparation of listing companies, intermediary institutions, such as securities firms, CPAs and attorneys, for the listing application. It is drafted from the viewpoint of issuers, specifying the advantages of listing, preparations prior to the listing, requirements for listing, the listing criteria, the process of listing application and review, follow-up post-listing compliance, and other related issues. We hope this manual provides foreign companies with more insight into the listing on the TWSE and benefits all parties involved.

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I

Advantages for Foreign Issuers to List in Taiwan

- A. Features of Taiwan's Capital Market
- B. Advantages for Issuers
- C. Advantages for Investors



I. Advantages for Foreign Issuers to List in Taiwan

I. Advantages for Foreign Issuers to List in Taiwan

A. Features of Taiwan's Capital Market

- (1) **Geographic Advantage:** Taiwan is located at the center of an archipelago in the western Pacific Ocean, which is close to Northeast Asia, mainland China, and Southeast Asia, with convenient access to transportation. After mainland China and Taiwan have entered into the ECFA, economic and trade exchanges have become more vigorously, which places Taiwan in the center of regional transportation and economic routes.
- (2) **Industry Clusters:** With a comprehensive industrial supply chain, a sizeable research-and-development talent pool and outstanding innovation, many companies in Taiwan have developed into world leaders.
- (3) **Diverse Industry Sectors:** The listed companies in Taiwan comprise of 29 industry categories which are considered copious and diversified. Except nine industries relating to technology, e.g., semi-conductor, photonics and optoelectronics, and biotechnology and medicine, the other twenty non-technology industries include banking, construction, shipping, etc.
- (4) **Market Performance:** Taiwan's capital market has outstanding performance in indices such as P/E ratio, turnover ratio, and yield rate. Furthermore, it provides a simpler way to finance through SPO.

B. Advantages for Issuers

(1) Collaboration with Local Industry

Taiwan possesses a wide range of businesses, a comprehensive industrial supply chain, a solid technical basis and a supply chain closely tied to the global production and marketing system. To list in Taiwan, foreign issuers could:

- ✓ enhance its popularity and competitiveness
- ✓ integrate with local enterprises to jointly develop the market in mainland China and the Asia-Pacific region
- ✓ establish a local presence and build high level skills regarding R&D, technology and management.

(2) Successful Financing

The excellent P/E ratio and reasonable cost of financing make Taiwan's capital market an ideal financial environment to finance.

(3) Flexibility in Financial Planning

SPOs are widely recognized by the local market. Foreign issuers may raise additional capital by utilizing different methods, such as cash capital increase, issuance of corporate bonds and private placement.

C. Advantages for Investors

- (1) Investors would have more investment options and would be able to share the profits of the overseas enterprises in good standing.
- (2) Ways to transact the listed shares is simple, which would be largely consistent with the dealings of local shares. In other words, no additional costs will be incurred.

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II

The Pre-Listing Preparation

- A. Retain a Lead Underwriter
- B. Sign a Consultancy Contract with The Underwriters in Preparation for Listing Application, or Register for Trading as an Emerging Stock on The GreTai Securities Market ("GTSM") for No Less Than Six Months Before Filing Application.
- C. Retain Professionals to Obtain the Professional Services and Prepare the Application Documents



I. The Pre-Listing Preparation

A. Retain a Lead Underwriter:

The foreign issuer should retain a lead underwriter¹ and sign a consultancy contract with it. The lead underwriter has to issue evaluation reports on matters such as whether the foreign issuer has met the requirements for listing and whether there are any circumstances that would render the foreign issuer inappropriate for listing. The lead underwriter has to issue a written undertaking stating that it has completed its due diligence investigative procedures, and the evaluation reports and other documents submitted as attachments are all factual and without either non-disclosures or omission of material financial and business information of the foreign issuer. The foreign issuer and its directors should assist the lead underwriter to proceed with due diligence investigative procedures, and provide required documents to the underwriter.

Then the foreign issuer should obtain written recommendation letters from two or more securities underwriters with one of them being the lead underwriter. The securities underwriters should be registered members of the Taiwan Securities Association and should have a fixed place of business in Taiwan.

The foreign issuer should continue to retain the lead underwriter to assist in compliance with the relevant securities regulations, listing

1. See List of the underwriters on Taiwan Securities Association website from the web link: Service> Contact Info of Headquarter and Branches of Securities Firms. (<http://www.csa.org.tw/csadef.asp>)

contracts and other rules of Taiwan for a period from the date of listing to the subsequent 2 fiscal years. If the foreign issuer is a technology company eligible for listing, the period for continuing retaining the lead underwriter should no less than 3 fiscal years.

B. Sign a Consultancy Contract with The Underwriters in Preparation for Listing Application, or Register for Trading as an Emerging Stock on The GreTai Securities Market ("GTSM") for No Less Than Six Months Before Filing Application.

The foreign issuer should receive counsel from the underwriters in preparation for the listing application for no less than six months, or register for trading as an emerging stock on the GTSM for no less than six months before filing the application. Nonetheless:

- (1) In the event that the foreign issuer has been listed on any major overseas securities exchange or securities market², the requirements for the six-month counsel or the six-month-period registration for trading as an emerging stock on the GTSM will be waived. Where the foreigner has been delisted from the main stock exchange or stock market of another country for more than six months, it must comply with this rule; and
- (2) For a foreign issuer who has been approved by any major overseas securities exchange or securities market for listing and who applies

2. See Appendix 1, for the list of foreign stock market authorized by the competent authority in accordance with Article 23 of the Supplementary Provisions to the TWSE Rules for Review of Securities Listings .

for listing in Taiwan within the effective period of the listing approval granted by a foreign stock exchange or stock market, the period of counsel or registration for trading as an emerging stock on the GTSM may be shortened to no less than 2 months.

C. Retain Professionals to Obtain the Professional Services and Prepare the Application Documents³

- (1) Certified Public Accountants⁴: The financial statements of the foreign issuer shall be audited by two ROC-licensed CPAs of a joint accounting firm approved by the competent authority in Taiwan, or be audited by an international CPA firm that has a cooperative relationship with the above-mentioned accounting firm accompanied by an audit report issued by the ROC-licensed CPAs without citing audit reports of other CPAs. In addition to the above audit reports, the CPAs need to issue a special audit report on the internal control system and also provide services such as reviewing the financial information as set forth in the prospectus. The foreign issuer shall retain CPAs to produce special audit reports on the internal control system for the year of listing through the subsequent two fiscal years.

- (2) ROC lawyers: Prepare the application documents, including the Checklist of Legal Items for Foreign Issuers Applying for Listing⁵ and the Checklist of Shareholders Right Protection Items at the Place of Registration of the Foreign Issuers⁶, and provide services with regard to legal issues, such as evaluation of the legal system in the foreign issuer's country, the level of shareholders protection, legal compliance and material contracts of the issuer, and issuance of legal opinions.
- (3) Other professional firms such as tax or appraisal institutions for any other necessary services.
- (4) Securities issuance plan and prospectus.
- (5) If the foreign issuer is a technology company eligible for listing, an opinion issued by the Industrial Development Bureau of the Ministry of Economic Affairs or a professional institution designated by the TWSE is required.

The division of work tasks among the professionals as described above may vary depending on their actual work scope.

3. See Appendix 2, Application Form for Primary Listing of Securities by Foreign Issuers.

4. See the List of the Certified Public Accountant on Securities and Futures Bureau, Financial Supervisory Commission, R.O.C. website from the web link: Finance Information > Securities and Futures Business > Criteria Governing Approval for Auditing and Certification of Financial Reports of Public Companies (<http://www.sfb.gov.tw/ch/home.jsp?id=43&parentpath=0,4>).

5. The Checklist of Legal Items for Foreign Issuers Applying for Primary Listing will be posted on TWSE website and may be downloaded from the web link: Front Page > Listed Company > Listed Company Documents Download.

6. The Checklist of Shareholders Right Protection Items at the Place of Registration of the Foreign Issuers will be posted on TWSE website and may be downloaded from the web link: Front Page > Listed Company > Listed Company Documents Download.

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The Listing Rules

- A. The Listing Types
- B. Restrictions on Qualification
- C. Utilization of Capital Raised
- D. Duration of Corporate Existence
- E. Company Size
- F. Profitability and Others
- G. Dispersion of Shareholding
- H. Listing Costs
- I. Other Rules



II. The Listing Rules

A. The Listing Types⁷:

Foreign issuers that have not listed their shares on any other foreign stock exchanges applying for listing shares on Taiwan Stock Exchange.

B. Restrictions on Qualification:

According to relevant provisions in the Act Governing Relations between the People of the Taiwan Area and the Mainland Area, a foreign issuer intending to list in Taiwan shall comply with the following provisions:

- (1) If the foreign issuer was incorporated in mainland China, it may not seek a primary listing in Taiwan. However, it may have an offshore holding company apply for the primary listing in Taiwan.
- (2) If 30% or more of the shares or capital of a foreign issuer incorporated in a third jurisdiction is directly or indirectly held by mainland Chinese persons or legal entities, organizations or any other institutions from mainland China, or any shareholder with significant influence over such foreign issuer is a mainland Chinese person, or legal entities, organizations or any other institutions from mainland China, this foreign issuer would be reviewed on a special project basis by the competent authority.

⁷ This manual only explains matters regarding primary listing.

C. Utilization of Capital Raised:

According to the "Regulations Governing the Offering and Issuance of Securities by Foreign Issuers", the capital raised by a foreign issuer may be used for direct or indirect investment in mainland China.

D. Duration of Corporate Existence:

General Enterprise	Technology Enterprise
The foreign issuer or any of its controlled companies shall have at least three years' business records.	The foreign issuer or its controlled company which is a technology company shall have the business records for one or more fiscal years.

Controlled company means any of the following :

- (1) A company in which the foreign issuer directly holds more than 50 percent of the issued voting shares or has contributed more than 50 percent of the capital.
- (2) A company in which the foreign issuer, indirectly through a subsidiary company, holds more than 50 percent of the issued voting shares or has contributed more than 50 percent of the capital.
- (3) A company in which the foreign issuer either directly, or indirectly through a subsidiary company, holds more than 50 percent of the issued voting shares or has contributed more than 50 percent of the capital.
- (4) A company of which a foreign issuer directly or indirectly elects or appoints more than half of the directors for the board of directors.

E. Company Size:

At least one of the following requirements shall be met:

	General Enterprise	Technology Enterprise
Paid-in Capital or Net worth	NT\$ 600,000,000 or more	NT\$ 300,000,000 or more
Market Capitalization	NT\$1,600,000,000 or more	NT\$ 800,000,000 or more

F. Profitability and Others:

General Enterprise	Technology Enterprise
The cumulative net income before tax for the most recent three fiscal years of the foreign issuer is NT\$250 million or higher, and the net income before tax for the most recent fiscal year is NT\$120 million or higher and the foreign issuer has no accumulated deficits.	At the time of listing application, the net worth on the most current financial report of the company shall not be lower than 2/3 of the capital and the working capital is sufficient to operate the business for 12 months after the listing. For a foreign issuer who issues stocks that have no par value or the par value is not NT\$10, net worth of the company shall not be lower than 2/3 of the sum of capital plus capital reserve - premiums over the par value.

G. Dispersion of Shareholding:

The requirement set forth in this category need not to be met at the time of submissions of the application, but shall be met before listing.

Regardless of the shareholding dispersion, the applicant shall, prior to the primary listing, appoint an underwriter to conduct the public offering

of at least 10% of the shares to be listed, to increase its capital by issuing new shares and preserve the shares to be subscribed by the employees as stipulated in the articles of incorporation, have the securities underwriters engage in the pre-listing public sale in accordance with Paragraph 1, Article 71 of the Securities and Exchange Act, regulating the underwriting of securities (on a firm commitment basis). However, in the event that the number of shares subject to the underwriting for public offering is more than 20 million, the issuer may conduct a public offering for not less than 20 million shares.

General Enterprise	Technology Enterprise
The number of holders of registered shares shall be 1,000 or more. Also, shareholders, other than insiders of the company and judicial entities whose shares are held by those insiders with more than 50% shareholding shall not be less than 500, and the total number of shares they hold shall be 20 percent or greater of the total outstanding shares, or at least 10 million.	The number of holders of registered shares shall be 500 or more. Also, shareholders, other than insiders of the company and judicial entities whose shares are held by those insiders with more than 50% shareholding shall hold 20 percent or greater of the total outstanding shares, or at least 5 million.

H. Listing Costs

1. Pre-Listing Costs

In addition to consultancy fees charged by underwriters, underwriting fees, and fees for retaining CPAs and lawyers, a foreign issuer shall pay NT\$500,000 listing review fee to the TWSE at the time of application.

2. Post-Listing Costs

(1) Listing Fee

Issuers shall 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 the rate of the number of the units of the listed securities. The maximum fee for each year is NT\$450,000 while the minimum fee is NT\$100,000.

(2) Select Professional Shareholder Services Agent to Handle Matters Relating to the Stock Affairs

Each issuer shall 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 shall appoint an agent in litigious and non-litigious matters as the responsible person in the territory of the ROC under the Securities and Exchange Act.

(4) Select a responsible agent for information disclosure.

(5) Select a responsible agent for paying taxes and duties.

I. Other Rules:

The following requirements shall be met:

1. Corporate Governance:

- (1) The foreign issuer shall not have less than five members on its board and shall not have less than two independent directors, at least one of whom shall be domiciled in Taiwan.

- (2) The foreign issuer shall install either an audit committee or supervisors. The audit committee shall comprise all the independent directors which shall not be less than three persons, one of whom will serve as the convener of the audit committee. The minimum number of supervisors is three. The professional qualifications, restrictions on shareholding and holding of concurrent positions and the determination of independence of an independent director shall follow the relevant securities regulations of Taiwan.
- (3) The foreign issuer shall establish a remuneration committee. The remuneration committee shall not have fewer than three members, and the provisions of the securities regulations of Taiwan shall apply mutatis mutandis with regard to the professional qualifications of the members, the exercise of their official powers, and related matters.
- (4) The foreign issuer shall submit a self-assessment report on its corporate governance, which the underwriter shall assess and provide an opinion there on.

2. No inappropriate circumstances for listing:

The foreign issuer or any of its controlled companies shall not have any of the circumstances listed below which would render the foreign issuer as inappropriate for listing:

- (1) Any circumstances that severely affect the finance and business affairs of the foreign issuer, or the foreign issuer has made any misrepresentation or false statement or conducted unlawful activities that may affect the price of its securities after listing



thereof, and will cause concern that the market order may be affected or the public interests may be harmed.

- (2) The financial or business affairs of the foreign issuer are not independent from other person(s).
- (3) Any material non-arms-length transaction of the foreign issuer has been discovered, but has not made improvement.
- (4) Where the foreign issuer applying for listing or any of its controlled companies has conducted any activities in violation of the principle of good faith in the most recent three years, or where its directors, supervisors, general manager or de facto responsible person has violated the same principle of good faith in the most recent three years.
- (5) Where the business operated by the foreign issuer applying for listing undergoes significant recession.
- (6) Where the board of directors or supervisors of the foreign issuer applying for listing is unable to perform its duties independently.
- (7) Other matters deemed inappropriate for listing.

3. Consortium:

A consortium shall comply with the following rules:

- (1) The principal business or products of the foreign issuer applying for listing do not mutually compete with that of any other companies within the same consortium. Nonetheless, if the applicant company is able to make independent business decisions, the above rule does not apply.

- (2) The product that the applicant company sells to same-consortium companies shall have independent sales development potential.
- (3) If the applicant company and a company in the same consortium have a business relationship, they shall each adopt concrete, written systems of operational guidelines for their mutual finances and business, and after having those guidelines approved by the board of directors, shall declare or undertake in writing that there are no non-arms-length transactions. If they do not have a business relationship, the applicant company shall undertake in writing that in the event of any subsequent business relationship, there will be no non-arms-length transactions.
- (4) The financial and business conditions of the foreign issuer and its above-cited operational guidelines shall not be materially different as compared to those of other enterprises in the same industry.
- (5) The amount of its purchases or operating revenue from companies within the consortium in the fiscal year in which it applies for listing, and in the most recent two fiscal years, does not exceed 50 percent of its total purchases or operating revenue., However, these restrictions shall not apply to the amount of purchases and operating revenues from the parent company or a subsidiary and need not be applied if there are special industry characteristics, conditions of supply and demand in the market, or other legitimate reasons.

4. Parent and Subsidiaries:

In the event that the applicant is a subsidiary of another company, the

following provisions shall be complied with:

- (1) The consolidated financial statements of the parent company and all its subsidiaries shall be prepared in accordance with the GAAP for respective industries issued by the Taiwan authorities administering securities-related matters, GAAP of the United States, or international accounting standards. If the financial statements are not made in accordance with the GAAP for respective industries issued by the Taiwan authorities administering securities-related matters, the foreign issuer shall disclose any items with material discrepancies and the amount of any monetary impact of those discrepancies and an opinion expressed by an ROC-licensed CPA regarding those items.
- (2) The net worth has reached NT\$1 billion or more in the consolidated financial statement of the most recent fiscal year. The ratio of net income before tax to net worth for the most recent two fiscal years are both 3 percent or greater. The aforesaid profitability percentages need not apply if the amount of purchases/sales transactions between the foreign issuer and its parent company in the fiscal year in which it applies for listing and the most recent fiscal year do not constitute 10 percent of the foreign issuer's total purchases/sales.
- (3) The total number of shares of the foreign issuer applying for listing held by its parent company, subsidiaries and its directors, supervisors, representatives, and any major shareholders who hold 10 percent or greater of the total number of its shares and its related parties shall not exceed 70 percent of the total number of

its issued shares. Otherwise, such shareholding should be reduced to not more than 70 percent through the public offering conducted prior to the primary listing. However, this requirement shall not apply in the event of any of the following:

- a. The foreign issuer applying for listing has audit committee or more than half of the directors of that foreign issuer are independent directors.
 - b. 300 million or more shares of the foreign issuer applying for listing are held by persons other than those prescribed in this paragraph; the net worth reaches NT\$6 billion or more in the foreign issuer, who issues stocks that have no par value or the par value is not NT\$10, are held by persons other than those prescribed in this paragraph.
- (4) The foreign issuer applying for listing must have at least 3 independent directors.
 - (5) Its operating revenue derived from its parent company in the fiscal year of the application for listing and in the most recent fiscal year shall not exceed 50 percent of its operating revenue; its principal raw materials or principal products or total amount of purchases obtained from its parent company during such periods shall not exceed 70 percent of its purchases. However, these restrictions shall not apply if due to special industry characteristics, conditions of supply and demand in the market, or other legitimate reasons.
 - (6) In the event that the parent company has been listed on the TWSE or the GTSM, at the time of applying for listing, the pro forma

operating revenue/incomes in the pro forma consolidated financial statements for the latest four quarters, excluding the data of the applicant and having been reviewed by CPAs, are not less than 50% or more compared with the consolidated financial statements of the corresponding period of time. Meanwhile, the parent company has not transferred any key customers to the applicant company in the latest two fiscal years.

5. Holding Company:

If a foreign issuer is a professional investor and its purpose is to directly or indirectly control business operation of controlled companies, more than 70% of the consolidated operating income shall come from the controlled companies.

6. Items of Undertaking:

The foreign issuer applying for listing shall, in writing, undertake the following:

- (1) The foreign issuer shall cooperate with the audit of its finance and business affairs or its cash flow, and also agree to be responsible for payment of investigation expenses.
- (2) The foreign issuer shall designate a professional shareholder services agent in Taiwan, and appoint the lead underwriter to assist the foreign issuer in complying with ROC securities laws and regulations, and the listing contract in the year in which it is listed and the two subsequent fiscal years, or more than 3

subsequent fiscal years while the foreign issuer is a technology company.

- (3) The foreign issuer shall include provisions protecting the shareholders' interests in its bylaws or organizational documents.
- (4) The shares under the listing application shall be delivered by the book-entry method.
- (5) The foreign issuer shall continue to comply with ROC securities laws and regulations, the listing contract, and the bylaws, rules, and public announcements of the TWSE.



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IV

Process of Application, Review and Listing

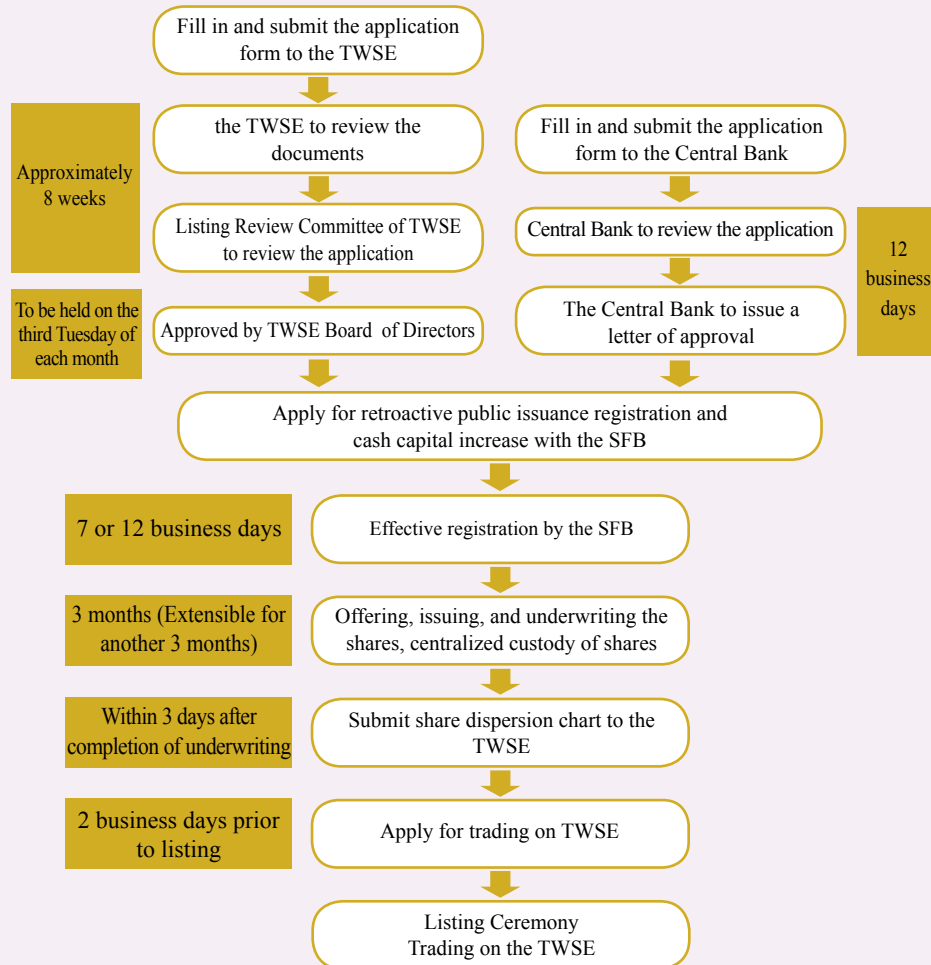
- A. Flowchart for the Application of Listing
- B. The Detailed Explanation is as Follows
 1. Fill out the Listing Application
 2. Examination and Investigation of the Documents Submitted
 3. Deliberation by the Listing Review Committee
 4. Consideration by the TWSE Board of Directors
 5. Apply for Retroactive Public Issuance Registration and Cash Capital Increase Prior to Primary Listing
 6. Applying for Listing



IV. Process of Application, Review and Listing

IV. Process of Application, Review and Listing:

A. Flowchart for the Application of Listing



Note: For public companies, the Application Form for cash capital increase shall take effect seven business days after it is submitted to the competent authority.

B. The Detailed Explanation is as Follows

1. Fill out the Listing Application:

Fill out the “Application for Primary Listing of Securities by Foreign Issuers” and submit the application and attachments to the TWSE.

2. Examination and investigation of the documents submitted:

After the officer of TWSE accepts the application, an examination of the application and its attachments will commence. Moreover, depending on the needs that arise during the examination, the TWSE may proceed with the following examination procedures:

- (1) Consult with the foreign issuer, the securities underwriter, the CPAs and lawyers and request them to provide the relevant information and materials and to furnish further explanation in details.
- (2) If necessary, ask the foreign issuer to retain TWSE-appointed CPAs, lawyers and other organizations to conduct an audit and review on the foreign issuer based on the scope of the audit and review as designated by the TWSE and to submit the audit and review result to the TWSE.

3. Deliberation by the Listing Review Committee:

Applications for listing shall be submitted for deliberation by the Listing Review Committee within eight weeks after their receipt. Under certain circumstances, however, the TWSE may, based



upon review requirements or at the request of the applicant, extend the deadline for submission to the Listing Review Committee. If extensions are granted at the request of the applicant company, the extension shall be limited to one month.

4. Consideration by the TWSE Board of Directors:

Where approval for listing has been granted by deliberation of the Listing Review Committee, the case shall be submitted to the Board of Directors of the TWSE for ratification.

5. Apply for Retroactive Public Issuance Registration and Cash Capital Increase Prior to Primary Listing:

For listing application cases in which the Board of Directors of the TWSE resolves to approve listing, the TWSE shall first notify the applicant company via mail to request for supplement of relevant materials and shall examine the reasonableness of the applicant's responses to the Listing Review Committee's questions, after which

IV. Process of Application, Review and Listing

it shall request the lead underwriter to supplement its assessment or request an opinion from a certified public accountant. The applicant company should apply for retroactive public issuance registration with the Competent Authority and shall fill in and submit an application form with relevant documents which include the letter of approval from the Central Bank to the Competent Authority for effective registration of the Cash Capital Increase prior to the primary listing.

6. Applying for Listing

After the completion of offering, issuance, and underwriting the shares, and also the completion of the centralized custody for shares, the share dispersion chart and relevant documents shall be submitted to the TWSE so as to determine the date of listing, to proceed with public announcement of listing, and hold a listing ceremony at the TWSE on the date of listing.



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Compliance of Foreign Issuers with the
Relevant Post-Listing Regulations



Trading



V. Compliance of Foreign Issuers with the Relevant Post-Listing Regulations

Disclosure of Information

Spokesperson	A foreign issuer must designate a manager who is a Taiwan resident to act as an emergency contact person with TWSE and to serve as the main contact with TWSE and others in Taiwan. A foreign issuer must provide the telephone number and fax number of the manager. In the event that the manager leaves the country, or transfers or leaves his/her position, the foreign issuer shall inform TWSE of the details of the successor.
Press Conference	The Spokesperson of the foreign issuer has to hold a press conference (either by video conferencing or personal attendance at TWSE) to explain to the press on the business day next following the day the foreign issuer learns of the occurrence or media reportage of the event.
Material Information	(1) All material information and announcements should be published regularly or as needed on the internet information reporting system designated by TWSE. (Legal basis: Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities) (2) Information shall be provided in Chinese, although English may also be included.
Information Reporting	(1) The foreign issuer shall announce and report information in connection with its financial, business and corporate governance at the designated websites. (Legal basis: Information reporting by the foreign issuer shall be handled

V. Compliance of Foreign Issuers with the Relevant Post-Listing Regulations

Information Reporting	according to 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) (2) Information announced or reported by the foreign issuer shall be made in Chinese, although English may also be included.
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Routine Business

Shareholder Services Agent	The foreign issuer shall retain a professional shareholder services agent in Taiwan to handle matters relating to the stock affairs.
Litigious and Non-litigious Agent	Designate a litigious and non-litigious agent in Taiwan as the responsible person in the territory of the ROC under the Securities and Exchange Act.
Routine and Material Event	If any material event occurs to a primary listing foreign issuer or the TWSE finds it necessary in the course of reviewing the announced or reported financial reports, the TWSE may request the foreign issuer, its auditor (CPA), its lead underwriter, its litigious or non-litigious agent or its independent directors in Taiwan to explain relevant matters, or require the foreign issuer to report the underlying responses via the internet information reporting system designated by the TWSE or hold a press conference when it deems necessary.

VI. Trading

Market Participant	The market participants can be either juristic persons or natural persons.
Trading Method	The trading system of the foreign issuer is the same as the current trading system.
Classification of Industries	A primary listing company will be categorized according to the type of industry it belongs to and will be classified under one of the industry categories that define domestic companies. Generally, the industry categories are based on the rules applicable to domestic companies and listing companies are categorized in accordance with the Key Points for Classifying and Adjusting Categories of Industries of Listed Companies stipulated by the TWSE, totaling 29 categories. The TWSE may take into consideration the functions and purposes of the major products of the company which applies for primary listing, the operating income (loss) ratio of its business departments, the proportions of which its assets that are allocated to its business departments, and other relevant evidentiary information.
Increase the Visibility	To enhance the visibility and to build name recognition of foreign issuers, the TWSE will hold listing ceremony and performance meeting for each issuer just like domestic listing companies. In addition, the TWSE will strengthen the contact between institutional investors and issuers so as to enhance the familiarity of the companies. For general investor, the TWSE will implement education for investors and strengthen the risk prediction and access to information.



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VII

Frequent Q&A

- A. Taxation
- B. Use of Capital
- C. Restrictions on Cross-Strait Securities Investment
- D. Listing Requirements
- E. Post-listing Requirements



VI. Frequent Q&A

A. Taxation

Q1 What is the applicable securities transaction tax rate on the sale of shares of a foreign issuer listed on the TWSE or GreTai Securities Market ("GTSM")?

Ans. According to the Letter dated September 23, 2008 from the Taxation Agency, Ministry of Finance to the Securities and Futures Bureau ("SFB"), generally, all transactions involving shares of a company is subject to a 0.3% securities transaction tax in accordance with Article 2 of the Regulations Governing the Securities Transaction Tax ("RGSTT"). Given that Article 1 of the RGSTT does not clearly define the term "company" as a company limited by shares and incorporated under our Company Law as what Article 4 of the Securities and Exchange Act has defined, the sale of shares of a foreign issuer shall still be subject to a 0.3% securities transactions tax.

Q2 Are the dividends paid by a foreign issuer considered as an ROC-sourced income?

Ans. 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 are exempted from profit-seeking enterprise income tax.

2. Individual income tax:

stock dividends from a foreign enterprise are exempted from

individual income tax. However, the Income Basic Tax Act is applicable.

Q3 What is the capital gain tax on the sale of shares of a foreign issuer?

Ans. According to the Income Tax Act, amended on August 8, 2012:

1. Any gain or loss from the sale of shares of a foreign issuer by an individual shall be subject to the capital gain tax prescribed by the proviso of Article 4-1 of the Income Tax Act since 2013.
2. The capital gain of a profit-seeking enterprise is still subject to alternative minimum tax under the Income Basic Tax Act.

Q4 How to calculate the shareholders' capital gains arising from the disposal of shares of a foreign issuer before listing?

Ans. According to the Letter dated September 23, 2008 from the Taxation Agency, Ministry of Finance to the SFB:

1. Before a foreign issuer makes a public offering, any capital gains from the disposal of shares by the shareholders is not an ROC-sourced income, and hence individual shareholders and profit-seeking enterprise shareholders having its head office outside our territory do not need to pay income tax in this regard. Only shareholders of those profit-seeking enterprise whose headquarters are located within our territory shall include their gain and loss from such transactions when calculating the amount of taxable income; and
2. In addition, from January 1, 2010, an individual's overseas income may be included as a portion of his taxable income to calculate the Income Basic Tax. For the detailed regulations, please refer to the "Directions for the Filing and Investigation of Income Derived from Sources outside the ROC and from Sources in Hong Kong and Macau to be Included in the Amount of Individual Basic Income" published at the website of the Taxation Administration of the Ministry of Finance.



Q5 In what circumstances will a foreign issuer be regarded to have a fixed place of business or a business agent in the territory of the ROC and thus subject to the Income Basic Tax Act?

Ans. According to the Letter dated September 23, 2008 from the Taxation Agency, Ministry of Finance to the SFB, if a foreign issuer listed on the TWSE (or GTSM) establishes a fixed place of business under Article 10 of the Income Tax Law to handle its equity investment or the matters concerning listing on TWSE or GTSM, the foreign issuer is considered as having a fixed place of business in Taiwan; if a foreign issuer does not establish a fixed business place in Taiwan but conducts any business activities to implement matters concerning its equity investment, the agent handling such matters on its behalf is considered as a business agent under Article 10 of the Income Tax Law. The relevant provisions in the Income Basic Tax Act will become applicable in all of the above circumstances.

Q6 Are the shares of a foreign issuer properties within or outside the ROC?

Ans. According to the Letter dated September 23, 2008 from the Taxation Agency, Ministry of Finance to the SFB, Article 9 of the Estate and Gift Tax Law stipulates that for a property that is a national debt, corporate debt, shareholding or equity investment, the principal business place of the issuer or invested enterprise will govern. Therefore, the shares of a foreign issuer are not properties in the ROC according to the Estate and Gift Tax Law.

B. Use of Capital

Q1 Have any of the regulations on foreign investors' inward or outward remittance been relaxed?

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

C. Restrictions on Cross-Strait Securities Investment

Q1 Can a mainland Chinese employee sell the shares of a foreign issuer that he received as bonuses?

Ans. According to FSC Ruling Ref. No. 0980067784 issued on January 13, 2010, when a primary listing company ("primary listing company") as regulated under the Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers issues securities to its employees, including those having residences in mainland China, it may handle the issued securities on behalf of its employees according to Paragraph 1, Article 10 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals and Articles 3 and 23 of the Regulations Governing Securities Investment and Futures Trading in Taiwan by Mainland Area Investors and apply to the TWSE for the registration of employee collective investment account as a qualified institutional investor.

(1) Matters in relation to the above employee collective investment account shall be managed pursuant to the following:

A. The employee collective account can be used only for the sale of securities acquired by overseas employees due to exercise of the subscription right or shares transfer or issuance and cannot be used for other securities transaction.

B. When employees included in the employee collective investment account become shareholders of the company, the exercise of the voting right should be similar to where a foreign institutional investor invests in domestic securities, i.e., it shall be the domestic agent as designated by the employee of the primary listing company that attends the



shareholders' meetings as well as exercises the voting right in accordance with the custody agreement.

- C. After the employees exercise their rights to subscribe for the securities, the primary listing company should issue certificates of payment for securities under the name of the employee collective investment account and deliver the same to the employee collective investment account, and should also handle the registration of the company shareholders roster in accordance with relevant stock affair regulations.
- (2) If the primary listing company does not handle the shares through the employee collective investment account, the employees should follow the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals to dispose of their shares. The employees should respectively as foreign nationals apply for the registration of individual investment accounts. Additionally, in the event that the employees obtained the shares prior to the listing, such shares can be handled according to Item 4, Paragraph 1, Article 77 and Paragraph 1, Article 77-8 of the TWSE Operating Rules.
- (3) The employees of the primary listing company mentioned in this paragraph do not include the insiders such as a shareholder who holds more than 10% of the shares of the primary listing company.

D. Listing Requirements

- Q1** May a foreign issuer apply for listing in Taiwan if the country where the foreign issuer is registered restricts the profit distribution by a business, or imposes foreign exchange control, to such an extent that no dividends can be distributed to Taiwan investors?
- Ans.** If the country where the foreign company is registered restricts the outward remittance of profit, such restriction shall be specified in the listing application. If profits cannot be outwardly remitted and no dividends can be distributed to the investors, the

price of the stock listed in Taiwan will be affected, and hence, this factor shall be carefully considered. Even if only a portion of the profit distribution or remittance is subject to restriction, such factor shall be explicitly disclosed in the prospectus for investors' determination.

Q2 What are the requirements for central custody of shares for primary listing?

Ans. The requirements will be the same as those for Taiwan issuers. For a foreign issuer to apply for initial primary listing, its directors, supervisors, and shareholders holding 10% or more of the issued shares shall submit their shares for central custody. For a foreign issuer applying for listing as a technology-based enterprise, the following persons shall submit their shares for central custody: its directors, supervisors, shareholders holding 5% or more of the issued shares, and any of its shareholders who contributed patent right or know-how as its equity capital, holds a position at the company, and owns 0.5% or more of the issued shares of the issuer as of the time of filing of the listing application or 100,000 or more issued shares. However, the above requirement shall not apply to the circumstance where, the recommending securities firm holds 5% or more shares of the issuer, because it subscribed to or bought and sold the shares of the issuer during the period when the issuer's stock was traded as emerging stock on the GTSM. Additionally, one half of the shares under central custody may be withdrawn only after the expiration of the 6-month period following the date when the stocks become listed and trading commences, and the remaining shares may be withdrawn in full only after the expiration of the 1-year period following the date when the stocks become listed and trading commences.

Q3 Given that each underwriter has different specialty concerning assistance and distribution, is it permitted to have one or more lead underwriters to share the underwriting commitments by agreement and then sign consultancy contracts with such underwriters?

Ans. Adopting the practices in Taiwan or foreign countries, there shall be only one lead underwriter to conduct consultancy and distribution.

Q4 What are the GAAP issued by the authorities administering securities-related matters for respective industries (incorporating the IFRS) ("Regulations") which will be fully implemented in 2013?

- Ans. 1. For foreign issuers who have not adopted the US GAAP or the IFRS:
- (1) If the listing application is filed in 2013, the financial reports of fiscal years 2010 to 2012 may be prepared in accordance with either the ROC GAAP or the Regulations, provided that the same accounting standards are applied in the last three fiscal years.
 - (2) Given that the Regulations will be fully implemented in Taiwan in 2013, foreign issuers who file the listing application after 2013 should submit the consolidated financial reports of the last three fiscal years prepared in accordance with the Regulations.
 - (3) The interim financial report and figures of the current and prior accounting periods in fiscal year 2013 should be prepared in accordance with the Regulations.
2. For foreign issuers who have adopted the US GAAP or the IFRS, such foreign issuers should observe the current regulations to disclose the discrepancies between the adopted accounting standards and the Regulations. In addition, the figures given in the financial reports prepared in accordance with the Regulations should be used as a basis for evaluating the profitability of the foreign issuer.

Q5 If the foreign issuer is a holding company incorporated for less than 3 years, how shall the internal control recommendations for the most recent 3 years, one of the application documents, be submitted? Is it required to submit the internal control

recommendations of the entities conducting main business?

- Ans. 1. According to the Application Form of Primary Listing for Foreign Issuers, the internal control recommendations for the most recent 3 years issued by the CPAs should be submitted as an attachment. (This requirement may be waived if there is no such document.)
2. To better understand the overall internal control system so as to implement the review, when applying for the listing, the company shall specially retain CPAs to review the internal control system, present a review report on the project to the TWSE, and file the CPA special review reports for the preceding year, during the year being listed and the two following fiscal years.
 3. The underwriters and CPAs shall carry out their professional duties during the counseling or assessment, assist the company in building a comprehensive internal control system, evaluate the effectiveness of the implementation of the internal control, and disclose such information in the prospectus and the evaluation reports of the underwriters in accordance with the regulations.
 4. The TWSE will request internal-control recommendations or other relevant information regarding internal control of the entities conducting main business when necessary.

Q6 What are the requirements of the independent directors of the board? If all directors of a foreign issuer have completed certain corporate governance courses when the issuer applied for listing on other stock exchanges, can the hours spent on those courses be used to offset against the required course hours for the listing application in Taiwan?

- Ans. 1. In order to apply for primary listing, a foreign issuer must have two or more independent directors, at least one of whom should be a finance/accounting professional and at least one of whom should be domiciled in Taiwan.
2. Since the directors and supervisors of a foreign issuer

applying for primary listing should still understand the corporate governance regulations of Taiwan, the course hour requirement should be handled as if it were a local primary listing application. As to the offset of foreign course hours, it should be determined based on whether the foreign institute providing the courses is considered an education institute stipulated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies.

Q7 Are there any rules on the qualifications of a foreign issuer's litigious and non-litigious agent in the ROC?

Ans. During the consultancy period, the underwriter must ensure that 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.

Q8 What are the regulations that a foreign issuer should observe when it issues stock option to its employees?

- Ans. 1. On the condition that there is no violation of any laws and regulations of the foreign issuer's home country or the place of registration, the regulations governing the issuance of stock option to employees by the foreign issuer should be consistent with those applicable to the local listed companies.
2. The number of the issued and outstanding employee stock option should in principle not exceed the statutory maximum number of stock option that can be issued by local public reporting companies (i.e., currently, 15% of the total number of its issued

- shares). If the outstanding balance of the issued employee stock option has reached 30% of the total issued shares, the TWSE in principle will not accept the listing application.
3. If the issuer intends to issue stock option to employees after listing, it should first register with the authorities administering securities-related matters.

E. Post-listing Requirements

Q1 Where should the shareholders' meeting be held?

Ans. The shareholders' meeting should be held in Taiwan. If the laws of the home jurisdiction of the foreign issuer prohibit it from holding the shareholders' meeting overseas, the shareholders meeting may be held via videoconference and provided with postal voting instead and the foreign issuer shall revise its Articles of Incorporation or organization documents to include material matters regarding the protection of the shareholders' rights.

Q2 Is the number of shares held by the directors and supervisors of a foreign issuer subject to the minimum shareholding requirement?

Ans. The existing laws concerning the minimum shareholding requirements for directors or supervisors are not applicable to foreign issuers. However, the Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds as stipulated by the TWSE concerning the filing and disclosure requirements in case of transfer or pledge of shares should be complied with after the listing.

This manual may be downloaded from the web link of Taiwan Stock Exchange Corporation (<http://www.twse.com.tw>) as follows:
Front Page > Listed Companies > Listing in Taiwan by Foreign Issuers

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Self-Assessment Checklists for the Preparation by Primary Listing Applicants

- A. General Enterprise
- B. Technology-based Enterprise



VIII. Self-Assessment Checklists for the Preparation by Primary Listing Applicants

VIII. Self-Assessment Checklists for the Preparation by Primary Listing Applicants

The following checklists are provided as a reference for foreign issuers applying for primary listing to evaluate whether its preparation has met the relevant requirements:

[Checklist for Foreign Issuers applying for Primary Listing in Taiwan \(General Enterprise\)](#)

Items	Completed or has met requirement
I. The foreign issuer should inspect and verify whether it has met the following requirements for listing: A. Duration of Existence: The foreign issuer or any of its subsidiaries shall have at least three years of business records.	
B. Company Size: The foreign issuer's company size should meet one of the following requirements: 1. Paid-in capital or net worth: The amount of the Paid-in Capital or net worth is NT\$600 million or more at the time of application for listing. 2. Market Capitalization: The market capitalization is NT\$1.6 billion or more at the time of listing.	
C. Profitability: 1. The cumulative net income before tax of the foreign issuer for the most recent three fiscal years has reached NT\$250 million.	
2. And the net income before tax of the foreign issuer for the most recent fiscal year has reached NT\$120 million and the foreign issuer has no accumulated deficits.	
II. Any circumstances that would render the foreign issuer applicant as inappropriate for listing: A. Any circumstances of the foreign issuer that severely affect its finances and business status or any circumstances that will lead the company to dissolution or change its organization or capital, or any misrepresentation, false statement, or unlawful conduct of a foreign issuer that may affect the price of its securities after listing thereof, and therefore affecting the market order or harming the public interests.	
B. The foreign issuer's financial or business affairs are not independent from other person(s).	
C. Any material non-arms-length transaction of the foreign issuer has been discovered but has not made improvement.	
D. Where the foreign issuer applying for its listing or that of any of its controlled companies has conducted any activities in violation of the principle of good faith in the most recent three years, or where its directors, supervisors, general manager or de facto responsible person has violated the same principle of good faith in the most recent three years.	

E. Where the business operated by foreign issuer applying for listing undergoes significant recession.	
F. Where the board of directors or supervisors of the foreign issuer applying for listing is unable to perform its duties independently.	
III. Whether corporate governance meets the following requirements: A. The foreign issuer shall not have less than five members on the board of directors.	
B. The foreign issuer shall not have less than two independent directors, at least one of whom should have his/her household registration in Taiwan.	
C. The foreign issuer shall install either an audit committee or supervisors. The audit committee should comprise all the independent directors which shall not be less than three persons, one of whom will serve as the convener of the audit committee. The minimum number of supervisors is three.	
D. A compensation committee shall be established.	
E. The foreign issuer should submit a self-evaluation report on its corporate governance which the underwriter will evaluate and provide an opinion.	
IV. The financial statement of the foreign issuer should be audited and certified by two certified public accountants of an accounting firm approved by the competent authority in Taiwan.	
V. The foreign issuer should obtain recommendation in writing from two securities underwriters, select a lead underwriter (which should be member of Taiwan Securities Association, and has also established a business location in Taiwan), and sign an Consultancy Contract with the lead underwriter.	
VI. Obtain a "Checklist of Legal Items for Issuers Applying for Listing" and a "Checklist of Shareholders Right Protection Items at the Place of Registration of the Foreign Issuers" from an attorney licensed in Taiwan.	
VII. The foreign issuer shall either have received advisement on listing from the lead underwriter or have registered for trading as an emerging stock on the GTSM market for not less than six months. (In the event that the foreign issuer has applied for listing or has been listed on the main stock exchange or stock market of a foreign country, other regulations shall be observed.)	
VIII. The foreign issuer shall establish a professional shareholder services agent in Taiwan, and designate a litigious and non-litigious agent as the responsible person in the territory of the ROC under the Securities and Exchange Act.	
IX. The foreign issuer shall consult with the underwriter to jointly set the underwriting price.	
X. The foreign issuer shall prepare application forms and related attachments for submission to the Taiwan Stock Exchange Corporation (TWSE)	

VIII. Self-Assessment Checklists for the Preparation by Primary Listing Applicants

Checklist for Foreign Issuers applying for Primary Listing in Taiwan (Technology-based Enterprise)

Items	Completed or has met requirement
I. A clear opinion issued by the Industrial Development Bureau, Ministry of Economic Affairs or a professional institution authorized by the TWSE evidencing the foreign issuer is a technology-based enterprise and its products had been developed successfully and can be marketable.	
II. The foreign issuer should inspect and verify whether it has met the following requirements for listing: A. Duration of Existence: The foreign issuer or any of its subsidiaries which engaged technical business shall have at least one fiscal year of business records.	
B. Company Size: The foreign issuer's company size should meet one of the following requirements: 1. Paid-in capital or net worth: The amount of the Paid-in Capital or net worth is NT\$300 million or more at the time of application for listing. 2. Market Capitalization: The market capitalization is worth NT\$800 million or more at the time of listing.	
C. Profitability: 1. The net worth of the foreign issuer when applying for listing has reached two-thirds of its share capital according to the latest financial statement audited and certified by an accountant.	
2. The applicant shall prove that it has sufficient working capital for 12 months after being listed.	
3. For a foreign issuer who issues stocks that have no par value or the par value is not NT\$10, net worth of the company shall not be lower than 2/3 of the sum of capital plus capital reserve - premiums over the par value.	
III. Any circumstances that would render the foreign issuer applicant as inappropriate for listing: A. Any circumstances of the foreign issuer that severely affect its finances and business status or any circumstances that will lead the company to dissolve or change the organization or capital, or any misrepresentation, false statement, or unlawful conduct of a foreign issuer that may affect the price of the securities after listing thereof, and therefore affecting the market order or harming the public interests.	
B. The foreign issuer's financial or business affairs are not independent from other person(s).	
C. Any material non-arms-length transaction of the foreign issuer has been discovered but has not made improvement.	
D. Where the foreign issuer applying for its listing or that of any of its controlled companies has conducted any activities in violation of the principle of good faith in the most recent three years, or where its directors, supervisors, general manager or de facto responsible person has violated the same principle of good faith in the most recent three years.	

E. Where the business operated by foreign issuer applying for listing undergoes significant recession.	
F. Where the board of directors or supervisors of the foreign issuer applying for listing is unable to perform its duties independently.	
IV. Whether corporate governance meets the following requirements: A. The foreign issuer shall not have less than five members on the board of directors.	
B. The foreign issuer shall not have less than two independent directors, at least one of whom should have his/her household registration in Taiwan.	
C. The foreign issuer shall install either an audit committee or supervisors. The audit committee should comprise all the independent directors which shall not be less than three persons, one of whom will serve as the convener of the audit committee. The minimum number of supervisors is three.	
D. A compensation committee shall be established.	
E. The foreign issuer should submit a self-evaluation report on its corporate governance which the underwriter will evaluate and provide an opinion.	
V. The financial statement of the foreign issuer should be audited and certified by two certified public accountants of an accounting firm approved by the competent authority in Taiwan.	
VI. The foreign issuer should obtain recommendation in writing from two securities underwriters, select a lead underwriter (which should be member of Taiwan Securities Association, and has also established a business location in Taiwan), and sign an Consultancy Contract with the lead underwriter.	
VII. Obtain a "Checklist of Legal Items for Issuers Applying for Listing" and a "Checklist of Shareholders Right Protection Items at the Place of Registration of the Foreign Issuers" from an attorney licensed in Taiwan.	
VIII. The foreign issuer shall either have received advisement on listing from the lead underwriter or have registered for trading as an emerging stock on the GTSM market for not less than six months. (In the event that the foreign issuer has applied for listing or has been listed on the main stock exchange or stock market of a foreign country, other regulations shall be observed.)	
IX. The foreign issuer shall establish a professional shareholder services agent in Taiwan, and designate a litigious and non-litigious agent as the responsible person in the territory of the ROC under the Securities and Exchange Act.	
X. The foreign issuer shall consult with the underwriter to jointly set the underwriting price.	
XI. The foreign issuer shall prepare application forms and related attachments for submission to the Taiwan Stock Exchange Corporation (TWSE).	



Appendix

Appendix 1:

The List of Foreign 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, the Frankfurter Wertpapierbörse (FWB)
5. TMX Group Inc. Toronto Stock Exchange
6. Australian Securities Exchanges
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 Limited
14. Korea Exchange
15. Other overseas securities markets as approved by the competent authority

Appendix 2:

Application Form for Primary Listing of Securities by Foreign Issuers

To: Taiwan Stock Exchange Corporation

Subject: In accordance to Article 28-1 of the TWSE Rules Governing Review of Securities Listings, the undersigned is applying to TWSE for listing. Pursuant to the Securities and Exchange Act and other relevant rules and regulations, the undersigned Applicant hereby enclose the “Securities Listing Contract” together with other required documents for TWSE’s review and process.

Sep 9, 2011 version

Applicant Co.'s	Co., Ltd.	Nationality of Issuer	
Date of Co.'s Registration		Amount of Paid-in Capital	
Type of Shares applying for Listing	NT\$ per Share	Number of Issued Shares	Total NT\$ Amount for Issuance of Shares
Common Stock			
Preferred Stock			
Total			
Name/Address of Responsible Agency for Info Disclosure		Name/Address of Responsible Agent for Tax Payment	
Name/Address of Service Agency		Name/Address of Litigious & Non-Litigious Agent	
Source of Shares for Pre-Listing Public Offering	Total Amount of Cash Increase through New Issuance of Shares.		
Application Date	Year: _____	Month: _____	Date: _____
Remarks			
A T T A C H M E N T S	<ol style="list-style-type: none"> Three copies of proof of registration of the Juristic Person by Foreign Issuer in accordance with the laws of its home country. In the event that mainland Chinese investors hold 30% or more of the total number of shares or has control over the applicant, the applicant shall submit a proof of the special approval issued by the competent authority and a declaration regarding no substantial change in the mainland Chinese investor's shareholding after obtaining such approval. A copy of Resolution by the meetings of the Board or Shareholders of the Foreign Issuer authorizing its Application for Listing (submitted in accordance with the laws of the Foreign Issuer's home country). Five copies of the Securities Listing Contract. A copy of the Securities Issuance Plan. A copy of the draft Securities Depository Contract executed between the foreign securities depository and the Taiwan Depository and Clearing Corporation (the centralized securities depository enterprise incorporated in Taiwan) that holds custody of domestic securities. A copy of proof of the foreign issuer's engagement or appointment of the professional firms in Taiwan, which includes: <ol style="list-style-type: none"> (1) the agreement entered into with the professional shareholder services agent; (2) the POA(s) issued by the litigious and non-litigious agent; (3) the agreement entered into with the responsible agent for information disclosure; and (4) the agreement entered into with the responsible agent for paying taxes and duties. Six copies of the foreign issuer's consolidated financial reports for the most recent two fiscal years certified and audited by a joint accounting firm. Where the application date has exceeded 45 days after each quarter, the foreign issuer would have to submit its consolidated financial report reviewed by certified public accountants for the latest quarter in the year of filing the application, and the above-mentioned consolidated financial reports shall be signed or stamped with the seal of the chairman of the board, managerial officers and accounting officers of the foreign issuer as prescribed by Paragraph 3 of Article 14 of the Securities and Exchange Act, and a declaration shall be issued by the foreign issuer certifying that the consolidated financial report contains neither misrepresentation nor non-disclosures. The working papers, permanent files, and a copy of the (Certified Public Accountant 		

A T T A C H M E N T S	<p>Auditing Procedure Checklist) as filled out by the above-mentioned certified public accountants would have to be submitted as well. (The six copies of the consolidated financial reports for the third fiscal year prior to application certified and audited by certified public accountants and relevant working papers will be requested by the TWSE for review when necessary.)</p> <ol style="list-style-type: none"> Financial forecast of the foreign issuer covering the current and up to the subsequent quarter immediately after the quarter where the foreign issuer applies for listing (subject to the TWSE's requirement case-by-case). A copy of the recommendations for the internal control system for the most recent three years issued by the certified public accountants of the foreign issuer (this requirement may be waived if there is no such document), and two copies of the audit report on internal control issued by certified public accountants of the foreign issuer on a special project basis. Fifteen copies of the “Stock Listing Due Diligence Report” from the securities underwriters, the working papers, an index chart of the due diligence items, and a declaration by the securities underwriter certifying that the stock listing due diligence report contains neither misrepresentation nor non-disclosures, a list of the persons who drafted the legal due diligence report, and any relevant penalty records. A copy of the checklist form of items under Article 28-8 of the TWSE Rules Governing Review of Securities Listings that is filled out by the Securities Underwriter. Fifteen copies of the draft copy of the Public Prospectus and a documentary proof that the electronic file of the above-mentioned draft of the Public Prospectus has been uploaded to the information reporting website (http://sii.tse.com.tw) designated by the Competent Authority. A copy of the “Legal Checklist for Foreign Issuers Applying for Securities Listing” as filled out by a lawyer of the foreign issuer, its working papers, and a declaration jointly issued by the lawyer and the foreign issuer certifying that there exists no issues as listed under Item 4 of the above-mentioned Legal Checklist. A copy of the Dispersion of Shareholding and together with a written Guarantee from the foreign issuer that the dispersion of shareholding shall meet the stipulated requirement. A copy of explanation of the basis and approach adopted by the foreign issuer and the securities underwriters in jointly setting the underwriting price. A copy of the declaration by the foreign issuer certifying that all the information provided in the submitted Securities Listing Application contains neither misrepresentation nor non-disclosures. A copy of the Guarantee from the foreign issuer for the centralized custody of the securities. An audit chart of the industry category of the foreign issuer's initial listing. A copy of agreements and related information, when the foreign issuer is applying for listing, where the directors, supervisors and shareholders that holds 10% or more of the foreign issuer's shares have entered with any third party shares buy-back agreements, if any. A copy of the foreign issuer's self-evaluation report on its corporate governance. The underwriter shall evaluate and issue a copy of the underwriter's written opinion regarding the above self-evaluation report of the foreign issuer. A copy of the guarantee issued by the securities underwriters attesting that the securities underwriters have completed their due diligence investigative procedures, and the due diligence report and other documents submitted as attachments are all factual and without either non-disclosures or omission of material financial business information of the foreign issuer. A copy of a Guarantee issued by the foreign issuer which warrants and covenants that the foreign issuer shall abide by Article 28-7 of the TWSE Rules Governing Review of Securities Listings, and that whenever any capital increase is being held at its home country, the foreign issuer shall inform TWSE in writing of such capital increase. The declaration issued by the Taiwan Depository and Clearing Corporation that service personnel and equipment of professional shareholder services agents or entities have met the requirements under the “Criteria Governing Handling of Stock Affairs by Public Companies” for the most recent three fiscal years and no circumstance having not been improved overtime exists. A documentary proof attesting that the advisement personnel of the securities underwriters have completed three hours of continuing education in courses of corporate governance. Statements of credibility issued by the applicant, securities underwriters, a lawyer and a certified public accountant respectively. Statements that the applicant is not subject to any statutory investigation issued by the applicant (including directors, supervisors, and managers), and opinion to the same effect from securities underwriters and lawyer. Other requisite documents or information material that necessitates proof.
	<p>Foreign Issuer: Statutory Representative: Signature/Seal Chop: Address: Contact Person: Telephone:</p>

Contact TWSE

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Published in August 2013
02-102205

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