

Q & A for Listing in Taiwan by Foreign Issuers

Compiled by Taiwan Stock Exchange



Instructions

1. The contents of this document (Q & A for Listing in Taiwan by Foreign Issuers) can be searched and downloaded from the "Taiwan Stock Exchange Homepage (<http://www.tse.com.tw/ch/index.php>)" by clicking on either of the following links: (1) Homepage > Important Topics > Listing in Taiwan by Foreign Issuers; and (2) Homepage > Listed Companies > Listing in Taiwan by Foreign Issuers.
2. The latest version of this document is the December 21, 2015 version. Please refer to the red parts marked with gray shadow for the important updated information.

Disclaimer

1. Although Taiwan Stock Exchange ("TWSE") adopts reasonable measures to ensure the accuracy and completeness of this document, it cannot guarantee that there is no omission or errors in the information provided.
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.
4. The English translation of this document is provided by Lee and Li Attorneys-at-Law, and **Baker & McKenzie**. In the event of any discrepancies between the Chinese version and the English version, the Chinese manual should prevail.



I. Primary and Secondary Listing

Category	No.	Questions	Explanations
Taxation	1	What is the applicable securities transaction tax rate on the sale of shares in a foreign issuer?	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 in 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 Law has defined, the sale of shares in a foreign issuer shall still be subject to a 0.3% securities transactions tax.
	2	Are the dividends paid by a foreign issuer considered as an ROC-sourced income?	<p>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:</p> <p>1. Profit-seeking enterprise income tax:</p> <p>(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.</p> <p>(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.</p> <p>(3) Calculation of stock dividends: The income shall be the ratio of the number of stocks received to the total number of the increased shares, multiplied by the amount of capital increase by undistributed profit.</p> <p>2. Individual income tax:</p> <p>(1) Individual: stock dividends from a foreign enterprise are exempted from individual income tax. However, the Income Basic Tax Act is applicable.</p> <p>(2) Calculation of stock dividends: Same as above - the income shall be the ratio of the number of stocks received to the total number of the increased shares, multiplied by the amount of capital</p>



Category	No.	Questions	Explanations
			increase by undistributed profit.
	3	What is the capital gain tax on the sale of shares in a foreign issuer?	An individual's gains or losses derived from foreign securities trading shall be subject to income tax, pursuant to the Income Tax Act. The gains or losses derived from securities trading of a profit-seeking enterprise shall be subject to income basic tax, pursuant to the Income Basic Tax Act.
Taxation	4	How to calculate the shareholders' capital gains arising from the disposal of shares in a foreign issuer before listing?	<ol style="list-style-type: none"> 1. Before the public issuance of a foreign issuer, 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 those profit-seeking enterprise shareholders whose headquarters are located within our territory should include their gain and loss from such transactions when calculating the amount of taxable income; and 2. In addition, an individual's capital gain from disposing overseas shares is deemed as such individual's overseas income, and starting from January 1, 2010, such income shall be included as a portion of the individual's taxable income to calculate the AMT. With respect to the relevant taxation regulations, please refer to "Rules Governing the Tax Return and Review on the Inclusion of Overseas Income and Income from Hong Kong/Macau for the Calculation of the AMT", as published on the website of Taxation Agency, the Ministry of Finance. .
	5	In what circumstances will a foreign issuer be subject to the AMT?	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 to have 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

Category	No.	Questions	Explanations
			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.
Taxation	6	Are the shares in a foreign issuer properties within or outside the ROC?	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 in a foreign issuer are not properties in the ROC according to the Estate and Gift Tax Law.
	7	If a holding company conducts a capital increase through capitalization of capital reserves and then conducts a consolidation of shares, for the purpose of its listing on TWSE, would there be any taxes imposed on the ROC corporate shareholder for the new shares offered to it out of said capital increase?	<ol style="list-style-type: none"> 1. If the capital reserves for the increase in its capital are capitalized from premiums over the par value of the new share listed on another stock exchange or from a share swap with other companies, such capital reserves will be deemed as capital contribution from the shareholders. Given this, an ROC corporate shareholder will not have to pay any income tax on the shares received out of the capitalization as the shares are not considered as its income. 2. If the capital reserves for the increase in its capital are the premiums over the transactions of treasury stocks, the difference between the buyback price and the issuing price of preferred shares, the balance carried from unexecuted stock options, the non-refundable payments from shareholders for failing to make payments of capital contribution in full, or any income received as gifts, such capital reserves will be not deemed as capital contribution from the shareholders. Given this, an ROC corporate shareholder will be subject to income tax for the shares distributed out of the capitalization because these shares are considered as offshore capital gains or investment gains. 3. With respect to the consolidation of shares, it is the adjustment of the par value of shares and the total value of the shares held by each shareholder will remain unchanged. Thus, there will be no income tax issues as no income will be generated out of the consolidation.



Category	No.	Questions	Explanations
			For the possible tax issues arising from a change in the shareholding structure, the applying company is advised to consult relevant tax authorities on each given case as soon as possible
Use of Capital	1	Are the foreign issuers allowed to use the capital raised in Taiwan for direct or indirect investment in mainland China? Any restriction on the amount of investment?	According to the Article 7 of the Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers amended on August 14, 2008, the prohibition where the capital raised by a foreign issuer in Taiwan by issuance of securities cannot be used for direct or indirect investment in mainland China has been deleted. In addition, there is no restriction on the amount that can be directly or indirectly invested in mainland China by foreign issuers. Form A and Form B for TDR application have been abolished on September 25, 2008.
	2	Have any of the regulations on foreign investors' inward or outward remittance been relaxed?	<ol style="list-style-type: none"> 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.
	3	How long does it take for the Central Bank to review a primary or secondary listing application?	Based on the discussion between the Financial Supervisory Commission ("FSC") and relevant administration agencies, the Central Bank agreed to adopt the parallel review in order to shorten the time required for reviewing the capital raising application. Thus, in the future, for a foreign issuer to apply for listing, it may submit the required documents to the Central Bank and the TWSE at the same time without obtaining the listing approval issued by the TWSE first. The Central Bank will finish the review within 12 business days if all required documents for the capital raising application are duly submitted.

Category	No.	Questions	Explanations
Restrictions on Cross-Strait Securities Investment	1	Will the foreign applicants for listing be limited to businesses controlled by Taiwanese businesses (Taiwan Merchants)? Would a foreign issuer with shares held by mainland Chinese be eligible to apply?	<p>According to the proposal dated July 31, 2008 made by the 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 and Article 58-1 of the Regulations Governing the Offering and Issuance of Securities by Foreign Issuers, a foreign issuer with shares held by mainland Chinese intending to be listed in Taiwan must meet the following requirements:</p> <p>1. Primary Listing:</p> <p>(1) If the foreign issuer was incorporated in mainland China, it may not apply for a primary listing in Taiwan.</p> <p>(2) If 30% or more of the shares or capital in a foreign issuer are directly or indirectly held by mainland Chinese, legal entities, organizations or any other institute from mainland China, or any shareholder with influential power over such foreign issuer are mainland Chinese, legal entities, organizations or any other institute from mainland China, the application for primary listing filed by this foreign issuer should be reviewed on a special project basis. The applicant for this special project review should be an entity with a higher percentage of shares held by Taiwanese Merchants than mainland Chinese and that is controlled by Taiwanese Merchants.</p> <p>2. Secondary Listing:</p> <p>(1) If the foreign issuer was incorporated in mainland China, it may not apply for a secondary listing in Taiwan.</p> <p>(2) The restrictions on 30% mainland Chinese shareholding or any mainland Chinese shareholder with influential power was lifted.</p> <p>Please refer to the "Explanation Regarding a Third-Area Holding Company Established by the Mainland Area Enterprise for Primary Listing in Taiwan" issued by TWSE dated August 13, 2014 for the calculation of the Mainland Area investor's shareholding.</p>
	2	Is a mainland Chinese shareholder of a	1. Pursuant to Article 3 of the "Regulations Governing Mainland Chinese Investments in

Category	No.	Questions	Explanations
Restrictions on Cross-Strait Securities Investment		foreign issuer allowed to trade his/her shares in that foreign issuer?	<p>Securities and Futures in Taiwan published by the FSC on April 30, 2009("Securities and Futures Regulations"), an investor that is recognized by the Chinese securities regulation authorities as a qualified institutional investor (a Qualified Domestic Institutional Investor, hereinafter referred to as "QDII") has been permitted to invest in securities and trade futures in Taiwan .</p> <p>2. As to the sales of shares by an existing mainland Chinese shareholder of a foreign issuer, Article 23 of the Securities and Futures Regulations and Articles 77-7 and 77-8 of the Operating Rules of the TWSE ("Operating Rules") stipulate that</p> <p>(1) A mainland Chinese investor should designate a domestic agent or representative to open an securities account for selling securities. However, such an account is permitted to handle only the sale of stock issued by such foreign issuer, and may not be used for trading other securities.</p> <p>(2)When the domestic agent or representative opens an account at a security broker, he/she should submit the required documents for accounting opening and also the documentation issued by the foreign issuer's shareholder services agent evidencing that the mainland Chinese shareholder has held the stock (or evidentiary certificate representing the stock) issued by that foreign issuer prior to its listing in Taiwan.</p>



Category	No.	Questions	Explanations
Restrictions on Cross-Strait Securities Investment	3	Can a foreign employee (including mainland Chinese employee) sell the shares in a foreign issuer that he received as bonuses?	<p>1. 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.</p> <p>(1) Matters in relation to the above employee collective investment account shall be managed pursuant to the following:</p> <p>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.</p> <p>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.</p> <p>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</p>

Category	No.	Questions	Explanations
			<p>stock affair regulations.</p> <p>(2) When a primary listing company issues securities to its employees, the relevant rights and obligations of both parties should be stated in relevant agreements, which should include the following:</p> <p>A. Employees may elect to dispose of their shares through the employee collective investment account. If they choose not to, the employee should, as foreign nationals, apply for the registration of individual investment accounts according to the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals. Also, in the event that the employees obtained the shares prior to the primary 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.</p> <p>B. When employees elect to dispose of the shares through the employee collective investment account stated above, the procedures of disposal of shares, and other rights and obligations related to the employee collective investment account between the primary listing company and the employees should also be stated in relevant agreements.</p> <p>(3) 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.</p> <p>(4) 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 in the primary listing company.</p> <p>2. As to a listed domestic company, Article 22 of the Securities and Futures Regulations and Article 77-8</p>

Category	No.	Questions	Explanations
			<p>of the Operating Rules stipulate that:</p> <ol style="list-style-type: none"> (1) A listed company may issue securities (treasure stocks, stock warrants, corporate bonds with stock warrants, shareholder bonus, and preemptive subscription right to newly issued stocks) to a mainland Chinese employee of its offshore subsidiary or branch according to relevant regulations (2) After the mainland Chinese employee subscribes or received the issued shares, he/she should register with the TWSE in the name of "Aggregate Trading Account of Mainland Chinese Employees" of the offshore subsidiary or branch, and to designate a domestic agent or representative to open an account to sell securities. (3) Such account is open to handle only the sale of stock received from the exercise of subscription right by the employee and the stock received by the employee through issuance of new shares by such foreign issuer, and may not be used for other securities trading.
Restrictions on Cross-Strait Securities Investment	4	What is the penalty if a company remits funds out of Taiwan for investing in mainland China without first obtaining the approval for such investment?	<p>The issue is addressed in Points 3 and 11 of the "Penalty Standards for Unapproved Investments or Technological Cooperation in Mainland China" ("Penalty Standards") amended and issued by the Ministry of Economic Affairs ("MOEA") on July 24, 2012. Details are as follows:</p> <ol style="list-style-type: none"> 1. For any Taiwanese business that made investment in mainland China without first being approved by the competent authority, if the products or business under the investment or technological cooperation fall into the general category as publicly announced by the authorities, the amount of fine imposed is the sum of the following as determined by the amount of the investment or value of the technological cooperation, as below: <ol style="list-style-type: none"> (1) NT\$50,000, where the investment amount or value of technological cooperation does not exceed NT\$100 million. (2) 0.1% of the investment amount or value of technological cooperation, where the investment amount or value of technological cooperation

Category	No.	Questions	Explanations
			<p>exceeds NT\$100 million and does not exceed NT\$500 million.</p> <p>(3) 0.5% of the investment amount or value of technological cooperation, where the investment amount or value of technological cooperation exceeds NT\$500 million and does not exceed NT\$1.5 billion.</p> <p>(4) 1% of the investment amount or value of technological cooperation, where the investment amount or value of technological cooperation exceeds NT\$1.5 billion.</p> <p>2. For any unapproved investment made in mainland China and voluntarily reported to the competent authority by a Taiwanese business with the corresponding investment made in Taiwan, the amount of fine imposed is the sum of the following as determined by the amount of the investment or value of the technological cooperation:</p> <p>(1) NT\$50,000, where the investment amount or value of technological cooperation does not exceed US\$50 million.</p> <p>(2) 0.05% of the investment amount or value of technological cooperation, where the investment amount or value of technological cooperation exceeds US\$50 million and does not exceed US\$100 million.</p> <p>(3) 0.1% of the investment amount or value of technological cooperation, where the investment amount or value of technological cooperation exceeds US\$100 million.</p>
Restrictions on Cross-Strait Securities Investment	5	For Taiwanese businesses that invest in mainland China without first obtaining the approval for such investment but later conduct the necessary procedure for approval and paid fines in full amount, how will the TWSE treat the case?	In principle, the company shall complete the rectification procedures with the Investment Commission to obtain approval and then pay full amount of fine. While applying for listing, they shall submit their legal counsel's opinions and the relevant legal counsel checklists as supporting document for the TWSE's review.
	6	If an investor acquires shares which are listed	According to Paragraph 3, Article 4 of the Regulations

Category	No.	Questions	Explanations
		<p>on the TWSE, or traded on the OTC market or on the emerging market, and are issued by a foreign issuer investing in mainland China, and is thus possibly deemed to have invested indirectly in mainland China, does that investor need to apply for or file for approval from the Investment Commission?</p>	<p>Governing the Approval of Investment or Technical Cooperation in Mainland China ("Regulation") as amended on January 16, 2013 by the Investment Commission, Ministry of Economic Affairs, in the event that the citizens, legal persons, associations, or other institutions of the Taiwan area acquire stocks listed on the TWSE, traded over the counter or traded as emerging stocks on the GTSM, as long as the acquirer is not the director, supervisor or manager of such company and the shares held by such acquirer do not exceed 10% of the total shareholding, it shall not be deemed as investing in Mainland China under the said Regulations and may be exempt from the requirement for reporting or approval in Paragraph 1, Article 7 of the Regulations. Accordingly, pursuant to Paragraph 1, Section 3 of the Rules Governing the Review of Investment or Cooperation in Mainland China, the annual personal investments in mainland China of an investor that is a director, supervisor or manager or holds at least 10% of the shares may not exceed US\$5 million.</p>



II. Primary Listing

Category	No.	Questions	Explanations
Listing Requirements	1	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? Should the foreign issuer set aside legal reserves? If the capital reserves resulting from a foreign issuer's investment restructure and share swap are from undistributed profits of a company before the swap, should the capital reserve be used for distributing profits?	<ol style="list-style-type: none"> 1. 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. 2. Since the distribution of cash dividends or stock dividends should be handled in accordance with the laws and regulations of the country where the foreign issuer is registered and is regarded as an internal corporate matter, the foreign issuer is not compulsorily required to set aside legal reserves in accordance with the ROC Company Act. However, the policy concerning distribution of dividends should be disclosed fully in its Articles of Incorporation and prospectus. 3. Since profits distribution is a corporate autonomy matter, it should be handled by the foreign issuer in accordance with the laws and regulations of the country where the foreign issuer is registered and its articles of incorporation.
	2	Concerning primary listing, shall a foreign issuer apply for listing of 100% shares in Taiwan?	The stocks applied for the primary listing shall be the total issued and outstanding shares, while the stocks for trading are not necessarily so. The primary listing application will still be processed even if a small number of shares of the foreign issuer cannot be bought back in the offshore delisting process. After the shareholder holding such shares completes the account opening process, such shares will be traded as shares listed in Taiwan.
	3	What are the	1. In order to apply for primary listing, a foreign

Category	No.	Questions	Explanations
		<p>requirements of the independent directors of the board? Should they be elected through nomination mechanism?</p> <p>What is the scope of continuing education requirements for a director and supervisor?</p> <p>If all directors of a foreign issuer have completed certain corporate governance courses while the issuer applied for listing in 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?</p> <p>Can an independent director elected in accordance with the ROC legal provisions for election of individual directors before the listing in Taiwan still serve as an independent director after the foreign issuer applies for public issuance in Taiwan? What are the restrictions on an independent director's holding concurrent positions?</p>	<p>issuer must have two or more independent directors, which cannot constitute less than one-fifth of the total numbers of the board, while one of them should be finance/accounting profession and one of them should be domiciled in Taiwan.</p> <p>2. According to Article 165-1 of the Securities and Exchange Act ("Act"), Paragraph 2, Article 14-2 of the Act shall apply mutatis mutandis to a foreign company, i.e. regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters of compliance with respect to the independent directors of a foreign company shall be prescribed by the regulations promulgated by the FSC. Therefore, the foreign company shall modify its articles of incorporation accordingly; however, its independent directors may serve their term of office until the expiration of their term if they had been elected before the application for the listing of securities and before a candidates-nomination system was adopted by the company.</p> <p>3. The contents and hours of courses of continuing education which a director or supervisor shall complete before listing are governed by the letter of August 27, 2015 No. [redacted] Taiwan-Stock-Listing-II- 1041704550 of the Taiwan Stock Exchange Corporation. In addition to all 12 modules listed in the Securities Regulations Course, the director and supervisor shall complete three hours of corporate governance module at a required education institute within a year from the application day, which hours may be offset by the hours of corporate governance module attended as part of the aforementioned Securities Regulations Course. A required education institute is as defined in Section 3, Articles 4(1), (2) and (4) of the Guidelines on the Continuing Education of Directors and</p>

Category	No.	Questions	Explanations
			<p>Supervisors of a Listed or OTC Company ("Continuing Education Guidelines").</p> <p>4. As to the recognition of foreign course hours, it depends on whether the foreign institute providing the courses is an education institute covered in Section 4, Articles 4(1), (2) and (4) of the Continuing Education Guidelines.</p> <p>5. In the event that the independence, professional skills, and multiple-post restrictions of an independent director which the foreign issuer elects in accordance with the laws and regulations of the country where it is registered are in a level no lower than the requirements under ROC laws and regulations, such independent director can continue to serve as an independent director after the listing of the foreign issuer.</p> <p>6. According to the multiple-post restrictions and relevant regulations applicable to an independent director of a local company, an independent director, in addition to his/her position in the foreign issuer, can concurrently serve as an independent director in no more than three domestic public companies.</p>
Listing Requirements	4	What are the regulations for retaining an underwriter?	<p>1. The applicant should retain a lead underwriter and sign a consultancy contract with it. The applicant 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 lead underwriter should issue a written commitment stating that it has duly conducted its investigation, all evaluation reports and other documents together with their attachments are genuine, and no material financial or business information on the foreign issuer is concealed or omitted. The foreign issuer and its directors should assist the underwriter in conducting the investigation and should provide necessary information. The foreign issuer should continue to retain the lead</p>

Category	No.	Questions	Explanations
			<p>underwriter to assist in matters such as compliance with the relevant securities laws of Taiwan, the regulations and public announcements of the TWSE and the listing contract for a period from the date of listing to the subsequent 2 fiscal years (no less than 3 fiscal years for an issuer as a technology-based enterprise).</p> <p>2. The underwriter will receive disciplinary actions according to the regulations of the TWSE and shall also be held liable in accordance with the relevant provisions under the Securities and Exchange Law, if the underwriter commits any malpractices in preparing the evaluation report on the foreign issuer's proposed listing or assisting the foreign issuer in complying with the relevant laws and regulations.</p>
Listing Requirements	5	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?	Adopting the practices in Taiwan or foreign countries, there should be only one lead underwriter to conduct consultancy and distribution.
	6	What are the requirements concerning retaining CPAs?	1. The financial statements of the foreign issuer shall be audited (or reviewed) by two Taiwan-licensed CPAs of a joint accounting firm approved by the competent authority in Taiwan for auditing and certifying the financial statements of public reporting companies, or be audited by an international CPA firm that has a cooperative relationship with the above-mentioned accounting firm. The audit reports produced by an international CPA firm must then be further audited (or reviewed) by Taiwan-licensed CPAs without citing audit reports of other CPAs.



Category	No.	Questions	Explanations
			<p>2. If a CPA commits any impropriety, or violates or neglects any professional duties when conducting the above audit on financial statements, the TWSE will impose disciplinary actions and the CPA shall be penalized in accordance with the Securities and Exchange Law and the Certified Public Accountant Law.</p>
Listing Requirements	7	<p>Which GAAP shall be adopted by the foreign issuers? In case the foreign issuers adopted IFRS for their financial reports in the previous year, can the mid-term financial reports adopt the GAAP issued by the authorities for respective industries? How can the profitability of a foreign issuer which does not adopt the GAAP issued by the authorities for respective industries be evaluated?</p>	<p>1. The GAAP issued by the authorities for respective industries, US GAAP, and IFRS are all applicable. However, if the financial reports are not prepared in accordance with the GAAP issued by the authorities for respective industries, the CPAs shall disclose in its opinion section of the audit (or review) report the accounting principles adopted, any discrepancies between the ROC GAAP and the adopted accounting principles, and the notes index. We suggest that the following items be disclosed in the financial reports not prepared in accordance with the GAAP issued by the authorities for respective industries :</p> <ol style="list-style-type: none"> (1) The CPA's audit (or review) report and the notes to the financial reports should disclose the GAAP adopted ; (2) The material discrepancies between the foreign accounting principles and the GAAP issued by the authorities for respective industries should be explained in the notes of the financial reports. (3) Prepare a table accounting for the reasons and amounts of the discrepancies in the consolidated income statements. (4) Prepare a table accounting for the reasons and amounts of the discrepancies in the items listed in balance sheets and it is permitted to show such discrepancies by re-producing the balance sheets. (5) Disclose information regarding the basic earnings per share ("EPS") and the diluted EPS calculated in accordance with the GAAP issued by the authorities for respective industries. (6) Disclose information regarding the

Category	No.	Questions	Explanations
			<p>summary cash flow statement prepared in accordance with the GAAP issued by the authorities for respective industries.</p> <p>2. Generally, the accounting principles adopted in the financial reports of the year of application and its previous year may be different. However, the standards of comparison should be the same for the two periods. The foreign issuer should always adopt the same GAAP after it is listed on the TWSE or the GTSM.</p> <p>3. When a foreign issuer applies for primary listing in Taiwan, the basis of an evaluation of the foreign issuer's profitability should be the same as that for a local company. Therefore, a financial statement prepared according to the GAAP issued by the authorities for respective industries should be used as a basis for evaluating the profitability of the foreign issuer.</p>
Listing Requirements	8	<p>Issues pertaining to loaning of funds and making of endorsement/guarantees:</p> <p>1. Whether the borrower, endorsee, debtor and the terms required by the practice in the country where the foreign issuer is incorporated or operates are in line with ROC law.</p> <p>2. Whether the short term loan and endorsements/guarantees extended between the subsidiaries of the same holding company conforms to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public</p>	<p>1. According to Article 165-1 of the Securities and Exchange Act ("SEA"), which applies, mutatis mutandis, to Paragraph 2, Article 14-1 of the same Act, a foreign issuer shall establish financial and operational control systems. As such, when submitting an application, the foreign issuer shall, in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies," establish relevant control systems and regulations (e.g., regulations governing loaning of funds and making of endorsements/guarantees, acquisition and disposal of assets, and the board of directors' and shareholders' meetings) and obtain the internal control recommendations for the most recent three years issued by the CPAs (this requirement may be waived if there is no such document) and a special review report on the internal control system for TWSE's listing review.</p> <p>2. Furthermore, according to Article 165-1 of the SEA, which applies, mutatis mutandis, to Article 36-1 of the same Act, a foreign issuer shall comply with the "Regulations Governing</p>

Category	No.	Questions	Explanations
		Companies."	<p>Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" when loaning funds to others or providing endorsements or guarantees to a third party. In cases where the foreign issuer fails to observe the aforesaid regulations, the foreign issuer shall adopt the following actions:</p> <p>(1) Before operational procedures governing the internal control system are enacted, the foreign issuer shall have the loan repaid or the endorsement or guarantee discharged prior to the application's submission, if the loan, endorsement or guarantee is extended or provided in accordance with the laws of the country where the foreign issuer is incorporated or operates; however, if the aforesaid remedial action(s) cannot be completed before the application is submitted, the foreign issuer shall submit an improvement plan and undertake that the remedial action(s) shall be completed no later than the time the foreign issuer is listed.</p> <p>(2) After regulations governing the internal control system are enacted, the foreign issuer may submit a listing application when the foreign issuer has the loan repaid or the endorsement or guarantee discharged if such loan, endorsement or guarantee is extended or provided against relevant regulations.</p>
Listing Requirements	9	What is the interval between the filing of a listing application and the date of listing?	<p>1. If all conditions are satisfied, a foreign issuer can expect to obtain the competent authorities' approval within 2.5 to 3.5 months after submitting an application to the TWSE. However, the foreign issuer must either have received counsel in preparation of listing from the lead underwriter or be registered for trading as an emerging stock on the GTSM for not less than six months prior to the submission of application.</p> <p>2. For a foreign issuer applying for primary listing whose stocks have been listed on a major foreign stock exchange or stock market, the above period of counsel is not applicable.</p>

Category	No.	Questions	Explanations
			<p>However, if the foreign issuer has been de-listed for more than six months, this clause is not applicable.</p> <p>3. For a foreign issuer who has been approved by a major foreign stock exchange or stock market for listing and who applies for primary listing in Taiwan within the effective period of the listing approval granted by a foreign stock exchange or stock market, the above period of counsel may be shortened to no less than 2 months if approved by TWSE, provided that the lead securities underwriter and lead recommending securities firm may not be changed during the period of counsel.</p>
	10	If a holding company applies for listing of only the companies that are profitable within its corporate group, and the other companies that are not profitable in its corporate group are not included, will it constitute competition within the corporate group?	Whether competition within a corporate group exists would depend on the actual circumstances and be determined by various factors and such a competition is not absolutely prohibited. The application shall disclose information in accordance with the relevant regulations, and perform the commitments made when applying for the listing.
Listing Requirements	11	What are the requirements concerning corporate governance?	The requirements concerning corporate governance prescribed by the Securities and Exchange Act and relevant legal orders and administrative rules should apply, mutatis mutandis, to the foreign issuer and should be stipulated in the Articles of Incorporation of the foreign issuer.
	12	What violation that an applicant shall avoid when submitting the listing application in Taiwan?	<p>The following situations are inappropriate:</p> <ol style="list-style-type: none"> 1. The financial or business conditions are seriously undermined or there are any frauds or illegal actions that have affected the price of the securities, the market's order or prejudice the interests of the public. 2. The finance or business operation is not independent from others.



Category	No.	Questions	Explanations
			<ol style="list-style-type: none"> 3. There is material non-arm's-length transaction and such transaction has not been corrected. 4. The company applying for listing, its affiliate, or the directors, supervisors, general managers or de facto responsible person of any of such companies have committed acts against the good faith in the most recent three years. (According to the letter issued by TWSE dated January 27, 2011, Ref No. Tai-Jan-Shun-Ji-1001700388, the company applying for the listing, the underwriters, lawyers or CPAs each have to submit a declaration of integrity, and the declarations have to be included as the specifically listed items in the company's prospectus.) 5. The businesses of the company applying for listing suffer significant recession. 6. The meeting of the board of directors or the supervisor of the company applying for listing fails to perform its/his/her duty independently. 7. The major businesses or products of the companies in the same corporate group are competing with each other and the applicant does not have the potential for independent development or marketing.
Listing Requirements	13	Would a foreign company that has issued DRs or DSs in foreign countries meet the criteria for primary listing? Are there any regulations?	<ol style="list-style-type: none"> 1. The existing laws and regulations do not explicitly prohibit such application. TWSE in principle agrees that such foreign companies issuing DRs or DSs in foreign countries may apply for primary listing. However, if the issuing companies are registered and incorporated in the mainland China, such companies are not eligible to apply for primary listing in Taiwan. 2. When a foreign company applies for listing on TWSE, it should apply for listing of all its issued shares, including the DRs and DSs listed in foreign countries. The total number of DRs and DSs listed in foreign countries cannot exceed 50% of the total outstanding shares listed (issued shares), and the foreign company has to issue a letter of commitment regarding the above matters and disclose the issuance of

Category	No.	Questions	Explanations
			<p>the DRs and DSs listed in foreign countries in the prospectus and the letter of commitment.</p> <p>3. After being listed on the TWSE, if a foreign company intends to issue DRs or DSs in foreign countries, the foreign company has to follow the Regulations Governing the Offering and Issuance of Securities by Foreign Issuers and register with the competent authority, and the total number of DRs and DSs to be issued shall not exceed 50% of the total number of outstanding shares listed (issued shares).</p>
Listing Requirements	14	<p>Company A is an offshore holding company that was incorporated X years ago. Company A has a controlling stake in Company B which is an operating company and was incorporated in Taiwan Y years ago. If company A applies for primary listing, would it raise the concern of listing in a circuitous way?</p>	<p>Whether a domestic company is listed in Taiwan circuitously in the form of a foreign company will be determined on a case-by-case basis in accordance with the following matters. When in doubt, TWSE suggest that the domestic company apply for listing in Taiwan itself:</p> <ol style="list-style-type: none"> 1. The time of the restructure of shareholding; 2. The ratio of business that the Taiwan entity accounts for; 3. If the applicant meets the requirements for obtaining the certificate evidencing being approved to be listed on a foreign stock exchange, such securities exchange shall be one of those approved by the competent authorities, as listed in Article 23 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.
	15	<p>How should the consolidated financial reports audited by a joint accounting firm, as one of the application documents, be submitted?</p>	<ol style="list-style-type: none"> 1. In addition to submitting the consolidated financial reports of the applying company audited by CPAs for the most recent 2 fiscal years (two financial reports containing audited financial data for three years), for the purpose of review, the financial reports of the entities conducting main business audited by CPAs for the most recent 2 fiscal years (two financial reports containing audited financial data for three years) shall be provided to the TWSE. If the applying company is newly incorporated, the pro forma financial reports before



Category	No.	Questions	Explanations
			<p>incorporation reviewed by CPAs shall be provided, which refers to the pro forma consolidated financial reports based on the entities conducting main business for the most recent two financial years (two financial reports containing audited financial data for three years). The above reports shall include the data in the previous period. For example, if the application is filed in 2009 and the entity applying for listing was incorporated in 2008, the consolidated financial reports of the holding company in 2008 (from the date of establishment of the applicant), the pro forma reports of 2007, 2008 and 2006, 2007 (two financial reports containing audited financial data for three years), and the financial reports of 2007, 2008 and 2006, 2007 audited by CPAs of the entities conducting main business (two financial reports containing audited financial data for three years) shall be submitted.</p> <ol style="list-style-type: none"> 2. If the application is submitted 45 days after the close of the quarter, in addition to the consolidated financial reports for the most recent quarter, the financial reports for the current year audited or reviewed by the CPAs of the entities conducting the main business shall also be submitted to the TWSE for its reference (the terms covered by the financial reports shall be the same as the ones for the entity applying for listing). 3. The consolidated financial reports audited by the CPAs for the third years prior to the application may be requested by the TWSE when it deems necessary. 4. In summary, the financial statements of the applicant should be prepared as follows: <ol style="list-style-type: none"> (1) Financial information for the year of establishment: should include consolidated financial information starting from the applicants' date of establishment, but not to backdate to the first date of that year. The pro forma financial reports for the entire period of

Category	No.	Questions	Explanations
			<p>the current year should also be included.</p> <p>(2) Financial information for the year before the year of establishment: the pro forma financial reports of the applicant for each year</p> <p>(3) Financial information for the year after the year of establishment: preparing the actual financial reports based on the applicant's information.</p> <p>Where the consolidated financial report for the third years prior to the application is submitted 45 days after the close of the quarter , in addition to submitting the consolidated financial report for the most recent quarter, the foreign issuer should prepare the financial reports based on above principles as well. As to the further explanations in this regard, please refer to the letter issued by TWSE dated June 2, 2010 with Ref No. Tai-Jan-Shun-Ji-0991702019.</p> <p>5. In general, it is not required to produce the lists of important account titles when the applicant prepare for the foreign consolidated financial reports, which is the same for the preparation of domestic consolidated financial reported. However, the TWSE may request the applicant to prepare for the lists of important account titles for the purpose of reviewing the special case.</p> <p>6. Generally the pro forma reports mentioned in the above Item 1 can be prepared in a short form. In addition to the opinion of CPAs, four statements (balance sheet, consolidated income statement, shareholders' equity statement and the statement of cash flows), and the notes thereof shall be provided. The TWSE will request the applicant to provide relevant information in long-form reports when necessary.</p> <p>7. To determine whether the entities under the applying holding company are the entities conducting main business, the underwriters and</p>



Category	No.	Questions	Explanations
			<p>CPAs should review the restructuring of shareholding, the change of the organization, the adjustment of business during the auditing or counseling, and shall evaluate whether there are any non-arm's-length transactions or other material irregularities during the process. Where the ratio of business which the entity accounts for is high, for example, where high revenue, operating profit, and net profit are attributable to the applying holding company, the financial statements mentioned in the above Item 1 of such entity shall be provided.</p> <p>8. The figures in the financial reports shall be given in New Taiwan dollars. The foreign exchange rate between the foreign currency and New Taiwan dollars may be based on the exchange rate as of the date of the balance sheet for each year. The methods of calculation and the basis for determining the exchange rate above need to be explained in the footnotes of the financial reports.</p> <p>9. The notes of the financial reports shall disclose the material accounting assessment and contingent matters, e.g., the estimated income tax, pending tax and duties and lawsuits.</p> <p>10. If the GAAP issued by the authorities for respective industries are followed, the requirement to prepare individual financial reports in Chapter 4 and that to prepare consolidated financial statements of affiliates in Chapter 5 of such principles may be waived.</p>
Listing Requirements	16	How shall the working paper of the CPAs, which is one of the application documents, be submitted if the foreign issuer has received approval for listing by a securities exchange in country A, and the foreign issuer plans to apply for	Generally, according to the Checklist Regarding Offering and Issuance of Securities by Foreign Securities Issuers as stipulated by the FSC, to apply for primary listing, the financial reports of a company shall be audited by Taiwan-licensed CPAs or by an international accounting firm that has a cooperative relationship with the Taiwanese accounting firm which the Taiwan-licensed CPAs are associated with. In the latter case, the Taiwan-licensed CPAs should issue an audit report without citing the part audited by other CPAs.

Category	No.	Questions	Explanations
		primary listing in Taiwan?	Therefore, the complete working paper for a period of two years shall be submitted by the Taiwan-licensed CPAs of the applicant. The working paper in the third year prior to the application shall be provided when the TWSE deems necessary.
Listing Requirements	17	<p>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? When a foreign issuer applies for primary listing within one year of its listing on GTSM, can the required internal control report be substituted with the internal control report used for the application for public issuance? When a foreign issuer retains a CPA to issue an internal control review report, should there be a separate paragraph addressing the acquisition or disposal of assets and derivatives transactions?</p>	<ol style="list-style-type: none"> 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, the company shall still retain CPAs to review the internal control system on a special project basis and to produce a special review report when applying for the listing and the company shall, during the year being listed, and the two following fiscal years, file CPA special review report for the preceding year. 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 whether the internal control system has been effectively implemented, 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. 5. When a foreign issuer applies for primary listing within one year of its listing on GTSM, an internal control report for a special project issued by a CPA will suffice. When the TWSE reviews the application, it would focus on whether the internal control system has been functioning effectively during the period



Category	No.	Questions	Explanations
			<p>from when the special project of public issuance commenced to the filing of the listing application.</p> <p>6. According to Article 37 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, when a foreign issuer retains a CPA to issue an internal control review report, the CPA should express opinions on the company's operational procedures such as for acquiring or disposing of assets and engaging in derivatives transactions and give an appropriate explanation in a separate paragraph in the review report.</p>
Listing Requirements	18	Is it necessary to set up a management organization structure for a holding company (e.g., Cayman company) applying for primary listing?	A holding company shall set up a management organization structure to manage and maintain the reasonable operations of the corporate group and to implement corporate governance. It is advisable for a holding company to appoint managers and disclose the general information of the company including information regarding introduction to the company and the group, group structure, risk matters, and nationalities or places of registration of directors, supervisors, managers and major shareholders in the prospectus, in accordance with Article 17 of the Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers.
	19	As to the corporate certificate of foreign issuers as required in the application documents, would the document evidencing the registration of the company at the place of the company suffice? How would the authenticity of the	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.

Category	No.	Questions	Explanations
		documents and the existence of the company be verified?	
Listing Requirements	20	If a holding company applying for primary listing has only a chairman without any general manager, would it be required to establish the position of a general manager? Shall entities conducting main business, which are subsidiaries of the holding company, follow the standards applicable to the holding company?	A holding company shall have a general manager and in the event that the chairman and the general manager are the same person, it is advisable for the company to appoint an independent director pursuant to the precedents. Such a requirement is applicable to the listing application by a domestic company as well. The holding company applying for listing is the main entity being reviewed by the TWSE. Therefore, the applicant company shall observe the regulations governing corporate registration and corporate governance indeed. Even though the entities conducting main business are not bound by the statutory formality requirements, the lawyers and underwriters shall exercise their professional duties during the investigation to make a professional judgment. When determining whether a specific case is inappropriate for listing, the TWSE may request the lawyers and underwriters to explain why the position of a manager was not created.
	21	Shall the ultimate holder be disclosed at the time of applying for listing and after listing?	Currently, it is required to disclose the major shareholders (top 10) and the shareholders of the corporate shareholders (up to 2 layers) in the prospectus. In addition, the TWSE may request the applicant to disclose the ultimate shareholders in order to understand the interested persons, when necessary. However, such information will not be disclosed to the public.
Listing Requirements	22	What matters need to be noted when restructuring the shareholding before applying for listing?	The foreign company shall plan the restructuring of shareholding before it applies for listing to comply with the requirements of listing. While the amount of the equity may affect the liquidity of the shares, certain tax issues may arise from the restructuring of shareholding. It is advisable for the foreign company to consult the tax authorities



Category	No.	Questions	Explanations
			as soon as possible. In addition, the relevant information regarding the restructuring shall also be kept for the TWSE's review. The underwriters and CPAs need to understand the restructuring of shareholding, the change of organization, the adjustment of business and evaluate whether there are any non-arm's-length transactions or other material irregularities during the restructuring.
	23	What is the entity being disclosed in the prospectus and the evaluation reports?	Generally, the entities of all items disclosed in the prospectus and the evaluation reports shall be the entities covered in the consolidated financial reports of the applying company. If the holding company is newly incorporated, the pro forma consolidated data prior to the incorporation shall also be included. If the applying entity is a holding company, the prospectus and evaluation reports, including the management team (ex: manager), corporate governance, and the internal control system, shall cover the entities conducting main business.
	24	If Company A, a foreign company that plans to apply for listing in May 2010, acquired more than 50% of the shares in Company B via share exchange on March, 31, 2009, the shareholding composition of the two companies is different, and Company A adopts the purchase method to book the acquisition of shares in Company B, what are the profit earning standards and the standard for preparing the pro forma consolidated	With respect to the profit earning - standards and the standards for determining which entity to be included in the pro forma consolidated financial reports when Company A applies for listing in Taiwan, it should be considered by taking into account the spirit of No. 25 of the Financial and Accounting Standards, and be determined based on whether Company A has any substantial economic control over its subsidiaries and on the actual results of the subsidiaries' operations in the previous years. Therefore, it seems improper to include the profit and management performance of Company B prior to the acquisition when undertaking the calculation. In addition, the TWSE will determine the reasonability of including the profit and loss of Company B and the concern of fraudulent listing by considering the management stability of Company B and the necessity of the



Category	No.	Questions	Explanations
		financial reports and the standards for determining which entity to be included in the financial reports when Company A applies for listing in Taiwan?	merger.
Listing Requirements	25	The principles governing issuance of preferred shares by a foreign issuer.	<ol style="list-style-type: none"> 1. Article 8 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings is not applicable mutatis mutandis to a foreign company. Article 8 permits (i) issuance of common shares or other preferred shares by the company applying for listing or (ii) issuance of common shares and other preferred shares by the company applying for listing. In other words, the preferred shares issued by a foreign company shall be converted into common shares before the listing application is submitted. 2. For a foreign company that issued preferred shares and has not converted or cannot convert such shares into common shares because of the conditions of issuance or for any other reasons, the TWSE may reject the listing application. 3. As for the period prescribed for completing the shares conversion, as a rule, a foreign company shall complete the conversion before the listing application is submitted; however, where necessary, a foreign company may refer to the practice of Hong Kong, and convert the preferred shares immediately after TWSE's board of directors approves the listing. After the preferred shares are converted into common shares, the foreign company may apply for listing its shares on the central exchange for trading. 4. Nonetheless, to protect the rights of common stock holders and the completeness of information disclosure, the applicant should disclose the current conditions and the pro forma data for converting the entire preferred shares to common shares in the prospectus and



Category	No.	Questions	Explanations
			<p>relevant application documents.</p> <p>5. Please also note that the rights and obligations pertaining to the preferred shares shall not affect the interests of the holders of the common shares. Moreover, the foreign issuer and the holders of the preferred shares shall commit that they will not exercise rights other than converting the preferred shares into the common shares of the company in the course of TWSE's review.</p>
Listing Requirements	26	The principles governing provision of stock option warrants, restricted stocks and other forms of equity compensation (e.g., employee stock option plan) by a foreign company to its employees as incentives.	<p>1. The issuance of stock option warrants, restricted stocks and other forms of equity compensation (e.g., employee stock option plan) by a foreign company before signing the consultancy contract shall comply with the laws and regulations of the mother country. In addition, the underwriter shall verify whether the plan of issuance, approvals, purchase price, qualified subscribers and number of shares actually subscribed under the employee incentive plan are reasonable. For the stock option plans containing shares that have not been fully exercised, the underwriter shall assess the effects on stock dilution, consult a CPA for his/her opinion and factor it into the offering price. The aforesaid information shall be fully disclosed in the prospectus.</p> <p>2. The total number of shares exercisable according to the outstanding employee stock option warrants, plus the outstanding restricted stocks and other forms of equity compensation, shall not exceed 15% of the total issued shares at the time when the listing application is submitted; otherwise, the TWSE may reject the listing application.</p> <p>3. After entering into a consultancy contract, if the applicant intends to issue employee stock option warrants or restricted stocks, the applicant shall observe Article 60 of the Regulations Governing the Offering and Issuance of Securities by Foreign Issuers, which applies, mutatis mutandis, to Chapter 4</p>

Category	No.	Questions	Explanations
			of the Regulations Governing the Offering and Issuance of Securities by Issuers. Failure to observe the relevant provisions (e.g., the subscriber or purchase price is evidently unreasonable), the applicant shall adopt necessary remedial actions until it can submit the listing application.
Listing Requirements	27	If the regulations governing the exercising and protection of shareholder's rights and interests in the territory where the foreign company is registered, such as Cayman Islands, Bermuda, or BVI vary widely from Taiwan's, how does the TWSE deal with this situation?	<ol style="list-style-type: none"> 1. According to Subparagraph 3, Article 28-7 of the Rules Governing Review of Securities Listings issued by the TWSE, subject to the laws and regulations in the country where the foreign issuer is incorporated, the foreign issuer shall stipulate material matters in respect of the shareholders' rights protection into its Articles of Incorporation or Memorandum of Association. 2. The applicant shall state the differences between the laws and regulations in the country where the foreign issuer is registered and those of Taiwan regarding the exercise and protection of shareholders' rights in the prospectus. Websites containing detailed information should also be provided in the prospectus for the investors' reference. In addition, the applicant shall have an attorney carefully fill out the checklist of shareholders' rights protection in the registration country of the applicant.
	28	What if the foreign issuer, by the laws and regulations of the country where it is registered, fails to stipulate in its Articles of Incorporation certain provisions under "the Chart of Shareholder's Rights Protection in the Major Registration Countries of Foreign Issuers"?	<ol style="list-style-type: none"> 1. With respect to the prohibition that the capitalization of legal reserves or income derived from issuance of new shares at a premium or from endowments cannot be approved by a resolution adopted by an extemporary motion in a shareholders' meeting, the foreign issuer should consult the ROC Company Act to stipulate the legal reserves provision in its Articles of Incorporation under the condition that such stipulation does not violate the laws and regulations of the country where the foreign issuer is registered. As to the content of such stipulation, the definition and purposes of the legal reserves should be specified



Category	No.	Questions	Explanations
			<p>2. With respect to the right to propose an extemporary motion in a shareholders' meeting, such right should be granted to the shareholders in the Articles of Incorporation with the restriction that an extemporary motion can be proposed only when it is directly related to the purpose of the shareholders' meeting.</p> <p>3. Provided that the laws and regulations of the country where the foreign issuer is registered will not be violated, the right to convene a special shareholders' meeting by a minority shareholder should be stipulated in the Articles of Incorporation. However, the stipulation that the competent authority may convene a shareholders' meeting can be deleted.</p> <p>4. The provision stipulating that the ROC Rules Governing the Use of Proxies for Attendance of Shareholders' Meetings of Public Companies is applicable can be included in the Articles of Incorporation of a foreign issuer.</p> <p>5. With respect to the quorum and voting requirement for a material motion, such material motion should be adopted in a shareholders meeting attended by shareholders representing more than one half of the total outstanding capital stock of the company with the approval of two-thirds of the votes held by the shareholders present at the meeting , so as to comply with the laws and regulations of the Cayman Islands and the ROC Company Act with regard to the voting requirement for a public company.</p>
Listing Requirements	29	Should the procedure for convening a board meeting or shareholders' meeting as well as the voting methods adopted in such meetings be stipulated in detail in accordance with the laws and regulations of the	Provided that the laws and regulations of the country where the foreign issuer is registered will not be violated, the procedure for convening a board meeting or shareholders' meeting as well as the voting methods adopted in such meetings should be stipulated in accordance with the laws and regulations of the ROC, where a written resolution is not permitted in order to protect the rights of investors.

Category	No.	Questions	Explanations
	30	<p>ROC?</p> <p>In the event that the types of business the foreign issuer engages in are those prohibited investment items in mainland China by the ROC competent authority, will the capital offering in Taiwan be restricted if the foreign issuer applies for primary listing? Will the competent authority not permit the IPO or SPO because the foreign issuer engages in prohibited business law, or will the authority request the foreign issuer to warrant that its capital raised in Taiwan will not be invested in mainland China?</p>	<p>1. The Investment Commission states that according to the Rules Governing the Review of Investment or Cooperation in Mainland China, based on Section 1, Article 35 of the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area, such investment prohibition is applicable only to any individual, juristic person, organization, or other institution of the Taiwan Area, and hence a foreign issuer applying for primary listing in Taiwan will not be subject to such prohibition under the Rules.</p> <p>2. According to Paragraph 3, Article 4 of the "Regulations Governing the Approval of Investment or Cooperation in Mainland China," in the event that the citizens, legal persons, associations, or other institutions of the Taiwan area acquire stocks listed on the TWSE, traded over the counter or traded as emerging stocks on the GTSM, as long as the acquirer is not the director, supervisor or manager of such company and the shares held by such acquirer do not exceed 10% of the total shareholding, it shall not be deemed as investing in Mainland China under the said Regulations.</p>
	31	<p>In the event the review period crosses over to another fiscal year, if the net income before tax in the fiscal year in which the foreign issuer applies for listing, as indicated in the self-assessed financial reports submitted by the foreign issuer, does not reach NT\$120 million, should it be construed as a violation of the "profitability"</p>	<p>According to Paragraph 1, Article 28-1 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, the review of listing requirements for a primary listing application should be in principle conducted by referencing a certain period of time or a certain full fiscal year prior to the date the receipt of the application is acknowledged by the TWSE. If the company's business performance significantly declines causing the shareholders' equity or profitability to fall short of the criteria, it is a matter subsequent to the receipt that takes place in the review period. Whether the application should be granted should be determined by the provisions prohibiting listing in Paragraph 5,</p>



Category	No.	Questions	Explanations
		requirement for listing as prescribed in Subparagraph 4, Paragraph 1, Article 28-1 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings?	Article 28-8 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings.
Listing Requirements	32	In light of the new version of the TIFRS (i.e., 2013 version) which shall apply in 2015, which accounting principle should be adopted in preparing the financial reports by a foreign issuer applying for primary listing after 2015?	<p>1. The financial reports of fiscal years 2012, 2013 and 2014 shall be submitted along with the application for listing if such an application is filed in 2015. If the financial reports for the said periods were prepared in accordance with the prior version of the IFRS and the foreign issuer had issued the public notice and made the filing as required by law, it is advisable for the foreign issuer to submit such financial reports without making any changes. If the financial reports during the said periods have not been publicly announced or filed, the financial reports shall adopt either the prior version or the new version of the IFRS, in accordance with the same accounting principles. The quarterly financial reports in 2015, in which the application is filed, shall adopt the new version of the IFRS.</p> <p>2. The financial reports of fiscal years 2013, 2014 and 2015 and the quarterly reports of 2016 shall be submitted along with the application for listing if such an application is filed in 2016. In general, such financial reports shall be prepared in accordance with the new version of the IFRS. However, the financial report of fiscal year 2013 which is prepared in accordance with the prior version of the IFRS and has been publicly announced and filed can be submitted as is without the need to compile another financial report according to the new version of the IFRS.</p>
Listing Requirements	33	Are the requirements governing investment in	The incumbent directors, supervisors, managers and major shareholders of a foreign issuer having



Category	No.	Questions	Explanations
		mainland China observed?	ROC citizenship shall not violate the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area and the Rules Governing the Review of Investment or Cooperation in Mainland China or other prescriptions.
	34	Change of legal entity (including its name) during the consultancy period: 1. Name change of the Applicant. 2. Where the subsidiary that is actually in operation is the applicant, its holding company, which is established during the consultancy period, applies for a change of legal entity.	1. Name change which does not involve any change of legal entity can be approved. The applicant should be subject to the same consultancy period. 2. Reorganization by setting up a holding company should not affect the implementation of consultancy plan and could be approved. The applicant should be subject to the same consultancy period. 3. The underwriter shall issue its assessment and submit the reorganization plan of the applicant when applying for a change of legal entity.
	35	The principles governing "Insurances and Funds" (i.e., endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund in Mainland China)	1. All dues shall be settled in accordance with the laws before the application is filed. 2. The applicant shall conduct comprehensive evaluation on the payment obligations, reasons of default, potential overdue payments and fines, and the financial and business risks incurred from failure to observe social insurance-related laws and housing provident scheme associated with its main office located in or subsidiary incorporated in Mainland China. The applicant shall explain whether any remedial approach (e.g., undertaking issued by the responsible person or major shareholder) or internal control measures have been adopted to ensure compliance with PRC laws. 3. Applicant shall seek an intermediary agency to provide the following assessments: (1) The retained attorney shall evaluate whether the applicant's main office located in or subsidiary incorporated in Mainland China

Category	No.	Questions	Explanations
			<p>is in violation of social insurance-related laws and housing provident scheme, specifically address legal compliance with Insurances and Funds-related laws, and issue a concrete opinion in this regard. As to whether the certificates issued by the local government authority are necessary, it should be subject to the sole discretion of the attorney after conducting a legal due diligence. The TWSE is entitled to review the work papers prepared by the attorney.</p> <p>(2) The certifying CPA shall assess whether the accounts and financial reports of the applicant have been adjusted in accordance with the GAAP.</p> <p>(3) In the legal compliance and risks section of the evaluation reports, the underwriter shall not only address whether the aforesaid matter is considered reasonable, but also state its evaluation on the legal compliance by the applicant's main office located in or subsidiary incorporated in Mainland China with the Insurances and Funds-related laws and relevant risks.</p>
	36	Measures to strengthen corporate governance, i.e., the functions of the board of directors and supervisors, required by the TWSE.	<p>In order to strengthen corporate governance in relation to the functions of the board of directors and supervisors, the TWSE may request the foreign issuer under the following circumstances to undertake to adopt certain remedial measures as the case may require:</p> <ol style="list-style-type: none"> 1. Where the independent director fails to maintain his/her independence or any of the supervisors is the spouse or is a relative within the second degree of the general manager, which has been determined would have the concern of failing to perform the duty of the director and supervisor, the applicant shall undertake to add or re-elect an independent director, director or supervisor before listing. 2. Where the chairman also acts as the general manager (chief operating officer or chief strategy officer, etc.) or the chairman is the

Category	No.	Questions	Explanations
			<p>spouse or is a relative within the first degree of the general manager, which has resulted in conflicts of his/her roles and function, the chairman shall undertake to choose either of the positions before listing, or the applicant shall undertake to elect one additional independent director in the next shareholders' meeting.</p> <p>3. Where the chairman is the spouse or is a relative within the second degree of the financial and accounting officer, the applicant shall undertake to replace such financial and accounting officer before listing.</p> <p>4. Where half or more than half of the directors are inside directors, the applicant shall undertake to lower before listing their number to less than half of the total number of the directors. The inside director referred to in the preceding paragraph shall mean:</p> <p>A. an employee of the applicant or its affiliate; B. an affiliate or a director or supervisor of the affiliate; or C. an invested company controlled by the chairman, his/her spouse or a relative within the first degree.</p>
Post-Listing Requirements	1	How can the capital be increased via issuing new shares after the primary listing?	This matter must be handled in accordance with the Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers under Article 28-12 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings and Article 4-2 of the Operational Procedures for the Review of Foreign Securities for Listing by the Taiwan Stock Exchange Corporation.
Post-Listing Requirements	2	What is the supervisory mechanism after foreign issuers are listed in Taiwan?	<p>1. Principle of National Treatment: While accommodation may be made given the special concerns on foreign issuers, in general, the existing relevant regulations governing Taiwan listing companies will be applied.</p> <p>2. Implementation of Laws: The Securities and Exchange Act ("SEA"), some of which were amended and published on January 4, 2012, stipulates the definition of a foreign company</p>



Category	No.	Questions	Explanations
			<p>and adds a Chapter 5-1 "Foreign Companies" to apply, mutatis mutandis, the supervision and management rules governing the raising, issuance, private placement, and dealing of securities of domestic issuers to foreign issuers, unless otherwise prescribed by the competent authority. The SEA also requires foreign issuers to appoint an agent in litigious and non-litigious matters in the ROC. In addition, the SEA provides legal grounds for imposing administrative penalties, and civil and criminal liabilities on foreign issuer and its responsible persons for violating the securities regulations.</p> <p>3. Current relevant supervision scheme:</p> <p>(1) Continue to Enhance Corporate Governance:</p> <p>A. Independent Director and Audit Committee</p> <p>The members of the board shall not be less than 5 and shall include at least 2 independent directors, among whom at least one independent director must be domiciled in Taiwan. The company must either set up an audit committee or have supervisors. The audit committee shall be composed of all the independent directors with at least three members, and one of them shall be the chair of the committee. The number of supervisors shall not be less than 3.</p> <p>B. Protection of Shareholders' Rights</p> <p>A foreign issuer shall issue a statement addressing the following matters and shall obtain a legal opinion on such matters:</p> <p>a. It has stipulated the method to exercise the rights of its shareholders in its Articles of Incorporation.</p> <p>b. The laws of the country where the foreign issuer is registered do not prohibit it from holding a shareholders' meeting overseas or</p>

Category	No.	Questions	Explanations
			<p>prohibit the shareholders from voting by proxy or voting via communications channels. If there are such laws which prohibit the foreign issuer from holding a shareholders' meeting overseas or prohibit the shareholders from voting by proxy or voting via communications channels, the foreign issuer shall explain how it will protect the rights of the shareholders in Taiwan, and the protective arrangement shall be evaluated by an attorney.</p> <p>c. It has stipulated provisions regarding protection of the rights of shareholders in its Articles of Incorporation and the protection meets, if not exceeds, the standards in Taiwan.</p> <p>(2) Duties of Experts:</p> <p>A. Duties of CPAs Please refer to "Retaining CPAs" under Point 6 of "Listing Requirements."</p> <p>B. Duties of Underwriters Please refer to "Retaining an Underwriter" under Point 4 of "Listing Requirements."</p> <p>C. External Expert Audit The TWSE requires that when applying for primary listing, a foreign issuer shall undertake that it will retain CPAs, attorney or other professional institution delegated by the TWSE to conduct special audit in accordance with the scope of audit as specified by the TWSE if necessary, and submit the result to the authorities and bear the audit costs.</p> <p>(3) Strengthen Information Disclosure:</p> <p>A. Periodical Information Disclosure Generally, the laws and regulations governing the public notice and filing concerning the financial statements,</p>

Category	No.	Questions	Explanations
			<p>monthly revenues, acquisition or disposal of assets, loan, guaranty or endorsement of the domestic listing companies shall also be applicable to foreign issuers; however, the information regarding the itemized operating revenues for all goods and business shall not be subject to such laws and regulations.</p> <p>B. Non-Periodical Information Disclosure In addition to following the same requirements for the domestic listing companies to publicly announce and make filing for their material information, a foreign issuer shall make public announcement for material information, concerning any changes to the issuer's independent directors and litigation and non-litigation agent who are not domiciled in Taiwan, or the difference and impact resulted from the company's failure to prepare the consolidated financial statements in accordance with the ROC GAAP.. The deadline of the above filing shall be determined in accordance with Taiwan time. The filing shall be made in Chinese; English text may be attached to the filing. The filing may be made by the litigation or non-litigation agent.</p>
Post-Listing Requirements			<p>(4) Regular and Non-Regular Management Audit:</p> <p>A. Reviewing Financial Reports The TWSE will review both the form and the substance of the financial reports of all primary listing foreign issuers so as to be fully aware of the financial status.</p> <p>B. Non-Regular Management Audit If any material event happens to a primary listing foreign issuer, the TWSE will implement non-regular</p>

Category	No.	Questions	Explanations
			management. In addition to conducting verification on the material information, the TWSE will collect and analyze the relevant information concerning the material event, compile an analysis report, and, depending on the situation, require the foreign issuer, its auditor (CPA), its lead underwriter, its litigation or non-litigation agent, or its independent directors to explain the relevant matters, or require the foreign issuer to make a public announcement for material information or hold a press conference for explanation, or retain an expert to conduct a special audit when necessary.
	3	Where should the shareholders' meeting be held?	In principle, 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 outside of the country, the foreign issuer should allow Taiwanese investors to vote in writing or via electronic means and engage a Taiwan professional shareholder services agent to assist it in handling the voting process.
	4	Is the number of shares held by the directors and supervisors of a foreign issuer subject to the minimum shareholding requirement?	The existing laws concerning the minimum shareholding requirements for directors or supervisors are not applicable to foreign issuers. However, transfer or pledge of shares after they have been listed should comply with Article 165-1 of the Securities and Exchange Law which applies Article 25 thereof mutatis mutandis and be reported to the competent authorities and published.
	5	What is the filing procedure by which an ADS holder applies for redemption of the ADS for shares after the ADS has achieved primary listing in Taiwan?	1. If the foreign issuer issues ADS with issued shares, it is advisable for the issuer to apply for the consent of TWSE prior to the issuance. In addition, for the purposes of supervision, it is advisable for the issuer to follow the regulations governing the filing procedures of redemption of overseas depository receipt (DR) of a domestic company into listed shares.



Category	No.	Questions	Explanations
			2. In the situation where the foreign issuer issues ADS with the new shares issued due to capital increase, and the holder intends to trade the shares redeemed from the ADSs in the listing market of Taiwan, it is advisable for the company to follow the regulations governing reporting of listing procedures for SPO of foreign companies.
Others	1	Will the primary listing be considered an independent category or classified as "foreign board"? What will the industry category of the company be after it is listed?	<p>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. When determining the industry category of a company which applies for initial listing, the TWSE may take into consideration the functions and purposes of its major products, the loss and profit ratio of its business departments, the proportions of which its assets that are allocated to its business departments, and other relevant evidentiary information.</p> <p>For the avoidance of doubt, the ticker number of a primary listing company shall start with an F (which represents foreign issuers). Among them, the ticker number of a primary listing company, the par value of whose shares is NT\$10, shall start with "F-" and a primary listing company whose shares do not have any par value or the par value of whose shares is not NT\$10 shall start with "F*".</p>
	2	How can the capital gains received by the foreign shareholders of primary listing companies from the underwriter's exercise of the over-allotment option or from disposal of shares on the securities	According to FSC Ruling Ref. No. 10000429131, issued on October 20, 2011, the capital gains received by the foreign shareholders of primary listing companies, which are regulated by the Criteria Governing the Offering and Issuance of Securities by Foreign Issuers, from the underwriter's exercise of the over-allotment option or from disposal of shares on the securities exchange market in Taiwan may be kept in the



Category	No.	Questions	Explanations
		exchange market in Taiwan be used?	settlement account for future investments after being registered as foreign capital pursuant to Paragraph 1, Article 10 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals. The funds kept in the settlement account should be used solely for settlement to conform with the specified purpose.
	3	Are there any rules on the qualifications of a foreign issuer's litigious and non-litigious agent in the ROC?	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.
	4	Article 235 of the ROC Company Act stipulates that a company's articles of incorporation may state that the employees of the company's subsidiaries may be included when the company distributes stock dividends to employees; such provision does not apply to cash dividends. Most of the foreign primary listing companies are holding companies. Can they distribute stock dividends to the employees of a subsidiary?	With regard to local issuers, according to Article 235 of the Company Act and an MOEA ruling (Jing-Shang-Ji-09502005860) dated January 18, 2006, a company may distribute stock dividends, but not cash dividends, to the employees of its subsidiaries. As to foreign primary listing companies, the ROC Company Act does not apply. Whether a foreign primary listing company may distribute cash dividends to the employees of its subsidiaries is subject to the laws of its place of incorporation and its articles of incorporation.
	5	According to the	With regard to local issuers, pursuant to Article



Category	No.	Questions	Explanations
		competent authorities' Q&A on the Issuance of New Shares with Restrictions on Employees' Rights, the shares may only be issued to the employees of the issuer. As most of the foreign issuers are holding companies, can the shares be distributed to the employees of their subsidiaries?	267 of the Company Act and the competent authorities' Q&A on the Issuance of New Shares with Restrictions on Employees' Rights, the shares may only be issued to the employees of a local issuer. As for the recipients of those new shares with restrictions on employees' rights issued by a foreign primary listing company, it is subject to the laws of its place of incorporation and its articles of incorporation.
	6	How is a foreign issuer to offer and issue securities after listing?	<p>1. The Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers; Chapter IV, Listing of Securities, and Chapter IV-1, Listed Company Mergers And Acquisitions, of the Operating Rules; Articles 28-12 and 28-13 of the Rules for Review of Securities Listings; and Article 4-2 of the Operational Procedures for the Review of Foreign Securities for Listing shall apply.</p> <p>2. Depending on the type of offering and issuance of securities, a financial and business events checklist of the listed company shall be filed with the TWSE within the prescribed time, as below:</p> <p>(1) General cases: governed by the letter of the Taiwan Securities Association dated November 16, 2015 No. Zhong Zheng Shang Dian Zi 1040007461 and Article 4-16 of the Self-Regulatory Rules for Counseling of Issuers by Underwriter Members in the Offering and Issuance of Securities.</p> <p>(2) Retroactive public offering for the private placement of securities, and issuance of new shares for a merger, acquisition and assignment of shares, that are subject to the prior written consent of the TWSE: governed by the TWSE letter of November 17, 2015 No. Tai Zheng Shang 1 Zi 1041805232.</p> <p>(3) Capital reduction to cover losses: governed by the TWSE letter of November 17, 2015 Tai Zheng Shang 1 Zi 1041805232.</p> <p>For details of the procedures, please refer to the</p>

Category	No.	Questions	Explanations
			Financial and Business Information Events Checklist for the Offering and Issuance of Securities by Foreign Securities Issuers on the following page.



Explanatory Notes on the Financial and Business Events Checklist Required for the Offering and Issuance of Securities by Foreign Securities Issuers

<p>Type of Offering and Issuance of Securities</p>	<p>Financial and Business Events Checklist to be Filed by a Listed Company:</p> <p>A. Preparer</p> <p>B. Filing deadline</p> <p>C. Applicable checklist</p>
<p>General cases:</p> <ol style="list-style-type: none"> 1. Issuance of new shares for cash capital increase (save in the event of an IPO report) 2. Domestic (overseas) convertible bonds 3. Overseas depositary receipts 4. Issuance of new shares for a merger (*) 5. Issuance of new shares for an acquisition (*) 6. Issuance of new shares for an assignment of shares (*) 7. Issuance of new shares for a spinoff 8. Share swap 9. Others <p>* Not subject to TWSE's prior written consent</p>	<p>A. Underwriter</p> <p>B. Five business days prior to the reporting of the case to the competent authority</p> <p>C. Checklist Filed by TWSE- or GTSM-listed Companies for the Offering and Issuance of Securities http://www.csa.org.tw/B00/B1/1041116_2.htm; Taiwansecurities association>news>updates >2015/11/16</p>
<p>Cases subject to TWSE's prior written consent:</p> <ol style="list-style-type: none"> 1. Retroactive public offering for the private placement of securities 2. Issuance of new shares for a merger 3. Issuance of new shares for an acquisition 4. Issuance of new shares for share assignment 	<p>A. Underwriter</p> <p>B. To be presented upon the submission of the case application to the TWSE http://www.twse.com.tw/ch/listed/manual.php; TWSE>listed> download>primary listed> <ol style="list-style-type: none"> 1. C024: Primary listed company application for the listing of privately placed securities 2. C018: Primary listed company application for the listing of securities issued for capital increase for a merger with a (non-)TWSE- or GTSM-listed company 3. C019: Primary listed company application for the listing of securities issued for capital increase for an acquisition of a (non-)TWSE- or GTSM-listed company 4. C021: Listing application of a newly incorporated company or primary listed company for share assignment </p> <p>C. Listed company financial and business events checklist (applicable to retroactive public offering for the private placement of securities, merger, and acquisition etc.) http://www.twse.com.tw/ch/listed/manual.php; TWSE>listed>download>regulations and references>A036</p>
<p>Capital reduction to cover losses</p>	<p>A. Issuer</p> <p>B. Five business days prior to the reporting of the</p>

	<p>case to the competent authority</p> <p>C. Listed company financial and business events checklist (applicable to capital reduction to cover losses)</p> <p>listed>download>regulations and references>A037">http://www.twse.com.tw/ch/listed/manual.php;TWSE>listed>download>regulations and references>A037</p>
--	--

Notes: In the event a suspension by the competent authority of the case report becomes effective after this checklist is completed, a report shall be submitted again along with this checklist (describing each of the new material events occurring to the issuer between the last filing and the current filing that are specified in this checklist) once the suspension is revoked upon an application filed by the company accompanied by an explanation of corrections made. Any material change that occurs to any content of this checklist before the effective date of the case report shall be notified to the TWSE immediately.



III. Secondary Listing

Category	No.	Questions	Explanations
Use of Capita	1	What are the requirements governing the liquidity and redemption of TDR?	A TDR holder may request the depositary institution to redeem the TDR into shares or request the depositary institution to sell TDR on the market where the TDR is being listed. However, shareholders are not permitted to apply for converting the shares into TDR and sell the TDR in Taiwan. The depositary institution may re-issue TDR within the original redemption amount or issue new TDR if the capital increases.
Listing Requirements	1	Must the shares of the foreign issuer applying for TDR be issued shares or new shares? Will the review process take a long time and affect the pricing? What are the limitation on the issuing amount and the regulations concerning margin transaction?	<ol style="list-style-type: none"> 1. The shares of foreign issuers applying for TDR must be registered shares and have been listed on a foreign securities exchange or securities market approved by the competent authority. 2. Currently, the review will be completed within four weeks after the application is received. 3. The number of TDR units to be issued shall be 20 million units or more of TDR or shall have a market value of not less than NT\$300 million. 4. The underlying shares of TDR may be either issued shares or new shares; there is no upper limit on the quantity issued. 5. With respect to margin transactions, margin transactions are permissible for TDR that have been listed on the TWSE for 6 months which satisfy the requirements of the Standards Governing Eligibility of Securities for Margin Purchase and Short Sale and have been announced to be eligible for margin transactions.
	2	What are the stock exchanges or stock markets authorized by the competent authority for secondary listing for TDR? Is the foreign issuer required to be listed on the main board of the stock exchange or stock market to be eligible for a listing?	<ol style="list-style-type: none"> 1. The stock exchanges or stock markets authorized by the competent authority comprise: The NYSE (NYSE Euronext Group); NYSE Euronext (NYSE Euronext Group); the NYSE Amex (NYSE Euronext Group); the NASDAQ (US); the London Stock Exchange (London Stock Exchange Group); Borsa Italiana (London Stock Exchange Group); Frankfurter Wertpapierbörse (Deutsche Börse AG); the Toronto Stock Exchange (TMX

			<p>Group Inc.); the Australian Securities Exchanges (Australia); the Tokyo Stock Exchange (Japan); the Osaka Securities Exchange (Japan), the Stock Exchange of Singapore (Singapore); the Bursa Malaysia Securities Bhd (Malaysia); the Stock Exchange of Thailand (Thailand); the Johannesburg Stock Exchange (South Africa); the Hong Kong Exchanges and Clearing Limited (HK); and the Korea Exchange (Korea), totaling 17 securities exchanges.</p> <p>2. The foreign issuer must be listed on the main board of the 17 aforementioned stock exchanges or stock markets before applying for a listing for TDR.</p>
Listing Requirements	3	What are the regulations concerning the financial reports of the foreign issuers to be submitted along with the TDR listing application?	<p>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.)</p> <p>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 2008, financial reports of 2006 (indicating the comparison of 2006 and 2005) and 2007 (indicating the comparison of 2007 and 2006) 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.</p> <p>3. The financial reports for the first half-fiscal year</p>



			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.
Listing Requirements	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?	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.
	5	Can TDR adopt the green shoe (over-allotment) system ?	As TDR is not an IPO, the quota for over-allotment cannot be fixed at the time of application, which may impede the TDR application process. Therefore, there is no plan to adopt the system for the time being.
	6	Can the underwriting price of TDR be higher than the market price of the underlying shares?	The underwriting price is agreed to by and between the depository institution and the underwriter and [the TDR is] sold to the public in the price range accepted by the market.
	7	Can overseas listing companies apply for issuance of convertible bonds at the same time it submits its first application for issuance of TDRs?	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. 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.
	8	Proof of the foreign issuer's name, nationality, place of major operations is required to be included in the application. Would registration documents issued by the authorities where the applicant is registered suffice? How should	Documents issued by public authorities should be certified by the diplomatic missions of the Republic of China. Others should be notarized by a third party notary.

		the genuineness of those documents and existence of the applicant be proved?	
9		What should the legal due diligence cover?	It need not cover the six criteria for determining "major place of business operations or subsidiary" mentioned in the Legal Matter Checklist contained in the Primary Listing Application Form. However, if any item in the Legal Matter Checklist specifically states that the scope of legal due diligence should cover the "major place of business operations or subsidiary", the above-mentioned criteria should apply in determining the due diligence scope.
10		What should an underwriter do to evaluate and audit the foreign issuer's dividend policy?	An underwriter should issue an evaluation opinion on the specificity and reasonableness of the company's dividend policy.
11		What should be the control mechanism when applying to issue TDRs with issued shares as the underlying securities?	<p>The following documents should be submitted for this type of TDR offering:</p> <ol style="list-style-type: none"> 1. Statements from the shareholders participating in the offering, the issuer and the underwriter: The statement should indicate that the relevant issued shares have been delivered to the custodian bank and that such shares will not be sold, pledged or otherwise transferred during the period between the filing of the listing application and the date of listing. 2. Statement from the applicant: The applicant should undertake that if, in any circumstance, any of the shares originally proposed to be the underlying shares of the TDRs cannot participate in the offering, the application will be withdrawn automatically or the TSE may reject the listing application or revoke the listing agreement. 3. The lead underwriter should submit an evaluation opinion on whether there are specific and effective security measures and control mechanism for those issued shares when the application is filed. The relevant contracts and documents must also be provided for verification.

Listing Requirements	12	What is the application procedure if an issuer that has already obtained approval to issue TDRs plans to revise its offering plan?	<p>An issuer should draft its offering plan prudently. However, if owing to subsequent changes in objective factors, implementation of the original plan has become difficult or will yield no results and the issuer plans to apply for revising the offering plan, the issuer should submit an application to the competent authority and the TWSE. The following documents should be attached to the application submitted to the TWSE:</p> <ol style="list-style-type: none"> 1. Documents proving that the revised offering plan has been approved at a shareholders' meeting or board meeting or via other statutory approval procedure. 2. The revised listing agreement, depositary agreement and offering plan for the TDR. 3. The latest published financial report. 4. The underwriter's evaluation report. <p>The underwriter should evaluate whether the changes to the offering plan are within the purview of the Central Bank. If necessary, the issuer should submit a separate application to the Central Bank with a copy to the TWSE.</p> <p>If the revision of the offering plan involves increase or decrease of existing shares, the following documents should also be attached to the application:</p> <ol style="list-style-type: none"> 1. Supporting documents from the custodian bank. 2. The relevant commitments and statements issued by the issuer, participating shareholders and underwriters. <p>With regard to the underwriter's evaluation report listed as attachment 4 in paragraph 1, underwriters should, after taking into account the changes in objective factors and the impact on shareholders' rights, fulfill its role as an advisor to evaluate the following matters and create a comparison table underscoring the revisions made:</p> <ol style="list-style-type: none"> 1. The assessment of Article 26 of the TWSE Rules Governing Review of Securities Listings. 2. The necessity, feasibility and reasonableness of revising the offering plan.
----------------------	----	--	--



			<p>3. Whether there is any irregularity and its cause(s) between the application date for the TDR offering and the application date for revising the offering plan.</p> <p>4. Any significant subsequent event.</p> <p>If, after the review, the TWSE does not find any material and unreasonable event, it should approve the revised offering plan and submit it to the competent authority for approval; if, however, any irregularity is found and the approval is not granted, the TWSE should report its review to the competent authority.</p>
Listing Requirements	13	Should the relevant materials be submitted for the Taiwan Stock Exchange's reference before the application is filed?	<p>The underwriter should submit the following materials to the Taiwan Stock Exchange for discussion before the filing:</p> <ol style="list-style-type: none"> 1. industry information, including the development of the industry, the applicant's position in the industry, a comparison with companies in the same industry and the benefit of the TDR listing to the development of the industry in Taiwan; 2. financial and business information of the applicant; 3. evaluation of the performance of the applicant's stocks at the stock exchange of its primary listing during the past three years; 4. analysis and evaluation of the fluctuation of the applicant's stock prices during the past year up to present; 5. the applicant's dividend policy and the dividends declared in the past year; 6. analysis and evaluation reports on the applicant issued by institutional investors at the place of the primary listing; 7. the reasons for the underwriter's recommendations for listing.
Post-Listing Requirements	1	What are the regulations governing the information disclosure concerning TDRs?	<p>1. With respect to the obligations to report material information, regulations are provided under the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies :</p> <p>(1) If any of the situations in Article 2-2 of the Procedures applies to the foreign issuer , it should, within the time period under Article</p>



			<p>3, report the information. However, if such circumstance falls within the purview of the laws or regulations of the company's home country or country of primary listing, it shall within the time limit prescribed by such laws or regulations, simultaneously use the Chinese language to input information into the information reporting website designated by the TWSE indicating the reason for the occurrence of the given circumstance, its impact on the company's finances and operations, the estimated monetary amount of such impact, and measures adopted in response.</p> <p>(2) The foreign issuer should simultaneously send the TWSE, via facsimile or e-mail, copies of the materials or information that they submit to the stock exchange or regulator of its primary listing.</p> <p>(3) In the event that the foreign issuer violates the foregoing Procedures, announces information that is still unconfirmed or that is not factual, or fails to submit sampling check information within the time period specified by the TWSE, the TWSE may impose a default penalty on the foreign issuer. If the foreign issuer has been fined two or more times in the most recent year or if it has violated the rules out of deliberation or gross negligence or if the violation has a material impact on the rights and interests of shareholders and stock prices, the TWSE may impose a default penalty of up to NT\$1,000,000 on the foreign issuer. If the violation is significant, the TWSE may, pursuant to its Operating Rules, change the original trading method or suspend trading of those securities or terminate the company's listing status.</p> <p>(4) If any of the situations in Subparagraph 2, Paragraph 1, Article 2-2 of the Procedures applies to the foreign issuer and the foreign issuer fails to input information into the information reporting website designated by</p>
--	--	--	---



			<p>the TWSE simultaneously, or submit the materials or information to the TWSE simultaneously as required by Paragraph 2, Article 2-2 of the Procedures, the TWSE may impose a default penalty of NT\$1,000,000 or more but no more than NT\$5,000,000.</p> <p>However, if the foreign issuer has been fined two or more times in the most recent year, the default penalty may be increased to NT\$5,000,000.</p> <p>2. The disclosure of other information is regulated by the TWSE Rules Governing Information Reporting by Companies with Listed Securities and Offshore Fund Institutions with Listed Offshore Exchange-Traded Funds. Information that should be reported includes periodically disclosed information (e.g., financial statements and information of directors and supervisors designated by institutional shareholders and shareholder holding 10% or more of the shares) and non-periodically disclosed information (e.g., declaration of dividends and convention of shareholders' meetings).</p>
Post-Listing Requirements	2	How to re-issue a TDR within the original redeemed amount?	<p>1. All of new shares, issued shares, or a combination of both can be the underlying shares for an increase in the issuance of TDR. While the issuance of TDR is a re-issuance within the redeemed amount by the depositary institution, the foreign issuer can apply for listing on the TWSE directly without a prior effective registration.</p> <p>2. The types of underlying shares (issued shares, new shares, or a combination of both) for the increase in the issuance of TDR within the redeemed amount will not be limited to the types of the underlying shares for the previous issuance.</p>
	3	What are the rules on the preparation and filing of financial statements and annual reports?	<p>1. The List of Information to be Published and Reported to the Financial Supervisory Commission by Foreign Issuers Offering and Issuing Securities promulgated by the FSC should be observed: (1) Annual financial statements should be prepared in accordance</p>



		<p>with the rules of the foreign issuer's home country or country of primary listing. However, in no event shall the financial statements be published and reported later than six months after the end of the business year.</p> <p>(2) Semi-annual financial statements and the financial statements of the first and third quarters shall be prepared in accordance with the rules of the foreign issuer's home country or country of primary listing. (3) Annual reports shall be published and filed with competent authorities, stock exchanges or stock markets in accordance with the rules of and within the time period set by the foreign issuer's home country or country of listing, no later than the commencement of the general shareholders' meeting. Annual reports should be uploaded within 20 days of the general shareholders' meeting.</p> <p>2. Financial statements should be prepared in accordance with the laws and regulations of the foreign issuer's home country or country of listing. However, if the TDR issuer publishes its financial statements within the time period prescribed in the rules of the place of its primary listing or on its own initiative, it should post the Chinese and English versions of such financial statements on the Market Observation Post System simultaneously. Meanwhile, in the event that the accounting principles adopted are not ROC GAAP, US GAAP or IFRS, the issuer should publish a statement explaining the differences between the accounting principles adopted and any of the principles above. Such statement should be verified by two Taiwan-licensed CPAs who have approval from the FSC to audit financial statements of public companies. The post should include explanations of whether the disclosure is made because of requirements by the place of primary listing or is made voluntarily, whether the financial statements have been audited or reviewed by CPAs of the place of primary listing, and the accounting principles adopted,</p>
--	--	---



			and a legend indicating that the accounting principles adopted may be different from Taiwan GAAP.
Post-Listing Requirements	4	If the number of the TDRs issued by a foreign issuer exceeds 50% of the number of its issued shares but the issuer has not been required by the place of primary listing to delist, what are the applicable information disclosure and supervision mechanisms for the TDRs?	<p>1. Subject to the laws of the country of primary listing, the information disclosure and supervision mechanisms applicable to primary listing companies in Taiwan should apply.</p> <p>2. However, as the foreign issuer has not been required to delist in its country of primary listing is therefore obligated to also comply with the rules of the stock exchange of its primary listing and competent securities agencies, application of rules of information disclosure and supervision systems applicable to primary listing companies in Taiwan would result in a conflict between different sets of rules. The TWSE will exercise control over the total number of TDRs issued (including participatory and non-participatory). The TWSE will also request that the issuer make a statement that it will comply with relevant primary listing rules when the total number of issued TDRs exceeds 50% of its issued shares.</p>
Others	1	What is the approach to stimulate the TDR market in Taiwan?	The TWSE has permitted margin transactions of TDR in 2006 and such a measure should have positive impact to stimulate the TDR market. The government will continue to research and amend the relevant laws and regulations and improve the content and format of the information disclosure system while being mindful of the cost and benefit; encourage the TDR issuer to provide complete and timely information so as to enhance the investors' understanding and acceptance to the TDR market; and assist the TDR issuer in fostering stronger ties with investors.
	2	Can TDR be the securities underlying the stock option warrant issued by a foreign issuer to its employees?	In principle, it is permissible for a TDR to be the securities underlying the stock option warrants issued by a foreign issuer to its employees. The measures for issuance of and subscription for the stock option warrants should be subject to the regulations of the foreign country, but the effects of the measures on the shareholders' rights and interests should be taken into account.
	3	When applying for listing	The standards for abnormal fluctuation of stock



	<p>of TDR for the first time, according to Item 8, Paragraph 1, Article 26 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, there has to be no abnormal fluctuation in the price of the stock represented by the TDR during the three months before the TDR listing agreement takes effect. What constitutes abnormal fluctuation?</p>	<p>price and the underwriter's checklist can be found on the Taiwan Stock Exchange's website, under "A List of Generally-Applicable Rulings for Encouraging Listing in Taiwan by Foreign Issuers" of "Q&A on Listing in Taiwan by Foreign Issuers" of "Listing in Taiwan by Foreign Issuers." The link to the webpage: http://www.twse.com.tw/ch/listed/alien_business/qanda.php</p>
4	<p>Are there any rules on the qualifications of a foreign issuer's litigious and non-litigious agent in the ROC?</p>	<p>Before applying for listing, a foreign issuer shall appoint a litigious and non-litigious agent in the ROC who satisfies the following qualifications:</p> <ol style="list-style-type: none"> (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 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.

