

# Regulations Governing Information to be Published in Financial Institution Prospectuses for Offering and Issuance of Securities

## Chapter 1 General Principles

- Article 1 These Regulations are prescribed according to Article 30, paragraph 2 of the Securities and Exchange Act.
- Article 2 A prospectus shall be prepared in accordance with the following basic principles:
1. The content of the prospectus must be truthful and precise. The wordings and descriptions shall be easy to understand. No false information or omission is allowed therein.
  2. The content of the prospectus must be timely and up to date. Trades or other events occurring before the publication of the prospectus that are sufficient to affect the judgment of interested parties' shall be disclosed.
- Article 3 The common stock code shall be printed in the upper right corner of the front cover of the prospectus, and the following items shall be printed on the front cover in sequential order:
1. The name and seal of the company or preparatory office.
  2. A statement that the reason for preparation of the prospectus is the issuance of securities, as follows:
    - A. Issuance of new shares: the source of the new issue, types of new shares, number of shares, amount, terms and conditions of issuance, the public underwriting ratio, and manners of underwriting and allocation; if there are specially agreed conditions for preferred shares, the referenced page number shall be separately noted.
    - B. Issuance of financial bonds: type, amount, interest rate, terms and conditions of issuance, the public underwriting ratio, and manners of underwriting and allocation. If there are conversions, exchange, or warrant exercise rules, the referenced page number shall be separately noted.
    - C. Issuance of corporate bonds: type, amount, interest rate, terms and conditions of issuance, the public underwriting ratio, and manners of underwriting and allocation. If there are conversions, exchange, or warrant exercise rules, the referenced page number shall be separately noted.
    - D. Issuance of employee stock warrants: the number of units to be issued, the number of shares that can be purchased per stock warrant, warrant exercise conditions, and method of exercise. For the warrant exercise conditions, readers may be referred simply to the page number in the prospectus where

the conditions are listed in full.

E. Issuance of new restricted employee shares: type of issue, number of shares, value, and conditions of issue. For the conditions of issue, readers may be referred simply to the page number in the prospectus where the conditions are listed in full.

F. Incorporation by public offering: Authorized capital, the source, type, and number of the current issue of new shares, dollar amount of the issue, terms and conditions of issuance, and the number of shares subscribed by promoters.

G. Other matters.

3. Summary of the purpose of the funds allocation plan and the projected possible effect thus created. Referenced page number shall also be noted.

4. Fees related to the current issue:

A. Underwriting fees.

B. Other fees and charges, including such other fees and charges as related to certified public accountants and attorneys (no itemization is required).

5. The following wordings shall be printed in a conspicuous manner:

A. The effective registration (or approval) of the securities may not be cited in publicity as proof of the veracity of the particulars set forth in the filing (or application), or as guarantee of the value of the securities.

B. If the prospectus contains false or omitted information, the issuer and its responsible person and all other persons who sign or place their seal on the prospectus shall be held liable under the law.

C. Investors are strongly advised to visit the information reporting website designated by the Financial Supervisory Commission (referred to as the "FSC" hereunder) to read this prospectus carefully and take note of the risks associated with this company before making any investment. In addition, the reader shall be referred to page numbers in the text where related information can be found.

D. Web addresses for inquiries regarding this prospectus, including the web address of the information reporting website designated by the FSC, and the web address where the company discloses the relevant prospectus data.

6. Publication date.

A prospectus prepared in order to register (or apply for) the offering and issuance of securities shall bear a note on the front cover indicating that it is a preliminary prospectus for the purpose of registration (or application).

If any of the following situations arises with respect to the company, that fact shall also be noted in bold lettering on the front cover:

1. When there is a change in the common stock code, the original stock code shall also be printed during the year of the change and for two succeeding years afterwards.

2. When there is a change in the company name, the original name and the new name shall be printed together in juxtaposition during the year of the change and for two succeeding years afterwards.

3. If, in connection with a cash capital increase, there are plans to engage in stabilization operations in accordance with requirements, the following statement shall also be printed: "To deal with any securities market price fluctuation that may result from this cash capital increase, the underwriter may as necessary engage in stabilization operations in accordance with requirements."

4. Where an issuer is registering (or applying) to issue shares at below par value, it shall note that the company is issuing the new shares at a discount.

5. Par value of shares.

6. Where the target investors of ordinary corporate bonds and financial bonds registered or applied by an issuer for issuance are restricted, such restriction shall be noted.

7. Where new shares are to be issued in connection with merger or acquisition (including merger, acquisition, or demerger) or acquisition of another company's shares, if there are any restrictions on transfer or pledge of the issued shares, such restrictions shall be noted.

8. In a case involving incorporation by public offering, or in a case involving public issuance to outside parties by a company whose shares are neither listed on a stock exchange (hereinafter referred to as "not exchange-listed") nor traded on an over-the-counter (OTC) market, the following statement shall also be printed: "The shares are not listed on a stock exchange or traded on an OTC market."

Article 4 The inside front cover of the prospectus shall be printed with the following items relevant to the current issue in sequential order:

1. Sources of paid-in capital before the current issue, including cash capital increase, recapitalization of retained earnings, recapitalization of capital reserve, capital increase in connection with merger, and other sources of funds, and the respective ratio thereof compared with the paid-in capital amount.

2. The prospectus distribution plan: describing the places for displaying the prospectus, ways of distribution, and methods for requesting and obtaining the prospectus.

3. Name, address, website URL, and telephone number of the securities underwriter.
4. Name, address, website URL, and telephone number of the financial bond or corporate bond guarantor institution.
5. Name, address, website URL, and telephone number of the financial bond or corporate bond trustee.
6. Name, address, website URL, and telephone number of the stock, financial bond or corporate bond certification institution.
7. Name, address, website URL, and telephone number of the institution handling share transfer.
8. Name, address, website URL, and telephone number of the credit rating institution.
9. Firm names, addresses, website URLs, telephone numbers, and the names of the certifying lawyer and certified public accountant (CPA) for the financial or corporate bonds.
10. Firm name, address, website URL, telephone number, and the name of the certifying CPA for the most recent year's financial report.
11. The name of the reviewing attorney, and the name, address, web address, and telephone number of his/her firm.
12. Name, title, contact telephone number and e-mail address of the spokesperson and the deputy spokesperson.
13. Company's web address.

Article 5 The back cover of the prospectus shall be stamped with the company seal and signed or sealed by the responsible person.  
The securities underwriter and its responsible person, CPA, attorney, and other experts shall sign or seal the part in the prospectus for which they are responsible.

Article 6 When a company registers to offer and issue securities in accordance with Paragraph 2, Article 6 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers or registers the initial public offering of stocks in accordance with Paragraph 1, Article 66 of the same Regulations, unless otherwise provided in Chapter 4 herein (Prospectus for Incorporation by Public Offering), the content of the prospectus shall include items provided in Chapter 2 herein.  
When a company that is not listed on a stock exchange or traded on an OTC market issues new shares in connection with a cash capital increase (in which case it is exempted from public offering), corporate bonds or financial bonds with warrant, convertible corporate bonds or financial bonds, or merger

and acquisition or acquisition of another company's shares, or when a public company issues employee stock warrants, new restricted employee shares, or again registers public offering and issuance of securities in the same fiscal year, its prospectus shall contain the following information:

1. Front cover, inside cover and back cover: Providing information according to the provisions of Articles 3 ~ 5 herein.
2. Company overview: Providing information according to the provisions of Articles 8 and 9, Subparagraph 2 and 4, Paragraph 1 of Article 10, Subparagraph 2, Items 3 and 4 of Subparagraph 3, Subparagraphs 4 and 7 of Article 11.
3. Overview of operations: Providing information according to the provisions of Items 1 ~ 3, Subparagraph 1, and Items 1 and 2, Subparagraph 2 of Article 20, Subparagraphs 1 and 3 of Article 22 and Article 23.
4. Issuance plan and the status of its implementation: Providing information according to the provisions of Article 25, Article 26, and Subparagraphs 1 ~ 5 of Article 27 herein.
5. Financial overview: Providing information according to the provisions of Subparagraph 4 of Article 28, and Article 29 (excluding the notes and attachments to the financial reports and statements of major accounting items).
6. Matters of special note. Providing information according to the provisions of Item 2 of Subparagraph 1, Subparagraphs 2 ~ 5, Subparagraphs 7 ~ 9, Subparagraphs 13 and 14, Paragraph 1 of Article 32, and Article 33.

When a company registers or applies for issuance of ordinary corporate bonds or financial bonds, its prospectus shall contain the following information:

1. If the target investors are not restricted to professional investors as defined in the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (referred to as "Taipei Exchange Rules Governing International Bonds" hereunder):
  - A. Information required for front cover, inside cover and back cover according to the provisions of Articles 3 ~ 5 herein;
  - B. Issuer's basic company information, issuance rules and planned utilization of funds;
  - C. Condensed balance sheet and statement of comprehensive income for the most recent three years and for the most recent period;
  - D. Credit related risks;
  - E. Securities underwriter's evaluation report; and

F. A statement issued by the securities underwriter, stating that the underwriting fees charged will not be reimbursed or returned to the issuer or its related/affiliated parties or any person designated by either of the preceding two by other means or in other names.

2. If the target investors are restricted to professional investors as defined in the Taipei Exchange Rules Governing International Bonds, information is required according to Items 1, 2, 5 and 6 of the preceding subparagraph.

Article 7 A prospectus shall include all content specified in the preceding paragraph and be published with a paginated table of contents and summary (Attachment 1). Where the company has nothing to report with respect to a particular item or the FSC has exempted it from including a particular item, the prospectus may carry a note indicating that the item in question is "not applicable" or "omitted." A financial holding company shall additionally include a summary table for each subsidiary, to include the company name, address, telephone number, principle products, market structure, the proportion of shares in the company held by the holding company, revenues for the most recent two years, profitability, and the proportion of its revenues relative to the revenues of the holding company.

If any required information would be repeated, it is permissible to note such information in just one place and simply provide a page number in other places as reference.

## **Chapter 2 Content**

### **Section 1 Company Overview**

Article 8 The "brief company profile" shall include the following items:

1. Date of incorporation.
2. Addresses and telephone numbers of the head office and branches.
3. Company history: This section shall, with respect to the most recent five fiscal years as well as the current fiscal year up to the date of publication of the prospectus, include information on any merger and acquisition activities, purchase of important real properties, launch of new financial products, instances where a significant number of shares belonging to a director, supervisor, or 1 percent or greater major shareholder has been transferred or has otherwise changed hands, any change in managerial control, and any other important matters that could affect investors' interests. This section shall further explain how the above matters will affect the company. If there is information related to earlier fiscal years that can help provide a significantly clearer understanding of the company's situation, such information shall also

be included in the prospectus.

Article 9 The section on risks shall set forth the following information:

1. Drivers of risk: The prospectus shall analyze and evaluate the following matters during the preceding fiscal year and in the current fiscal year up to the date of the publication of the prospectus:

A. External drivers of risk:

a. Effect upon the company's financial and business affairs of changes in important government policies, laws, and financial accounting standards at home and abroad, as well as response measures being or to be taken.

b. Effect of changes in the financial and business climate at home and abroad upon the company's financial and business affairs, as well as response measures being or to be taken.

c. Effect of changes in market competition at home and abroad upon the company's financial and business affairs, as well as response measures being or to be taken.

d. Effect of changes in real estate market price levels upon the value of mortgage collateral and the quality of credit assets, as well as response measures being or to be taken.

e. Effect of differences between laws and regulations at home and abroad upon the current offering and issuance of securities.

B. Drivers of operational risk:

a. Organizational framework and policies for risk management.

b. Methods for measuring and controlling risks, and exposure quantification information.

c. Asset quality: With respect to the most recent two fiscal years, provide the dollar amount of non-performing credit, credit risk concentrations, a maturity analysis of assets and liabilities, and sensitivity to market risk. (Attachments 2 to 5)

d. Research and development plans for the future, and expenditures expected for research and development work.

e. Effect of the company's investment activities on its financial and business affairs.

f. Expected benefits and risks associated with any expansion of business locations, and any response measures being or to be taken.

g. Risks associated with any concentration of business, and response measures being or to be taken.

h. Effect of possible material changes expected in the company's principal businesses (including types of business, transaction volume, and revenues),

and mitigation measures being or to be taken.

i. Effect upon and risk to the company associated with any change in managerial control, and response measures being or to be taken.

j. Effect upon and risk to the company if a large quantity of shareholding of a director, supervisor, or 1 percent or greater shareholder in the company were to be transferred or otherwise change hands, and measures to be adopted in response.

k. Expected benefits of any mergers or acquisitions, as well as possible risks and any response measures being or to be taken.

l. Effect of employee infidelity or errors upon the company's financial and business affairs, as well as response measures being or to be taken.

m. Effect of damage to information systems upon the company's financial and business affairs, as well as response measures being or to be taken.

n. Effect of financial holding company group business operations upon the company's financial and business affairs, as well as response measures being or to be taken.

C. Other drivers of risk:

a. Current credit rating and changes therein over the preceding two fiscal years.

b. Effect of any change to corporate image upon the company, as well as response measures being or to be taken.

c. Other important risks and any response measures being or to be taken.

2. Litigious and non-litigious matters:

A. For litigious or non-litigious proceedings or administrative disputes involving the company with respect to which a judgment has become final and unappealable in the most recent two fiscal years or in the current year up to the date of publication of the prospectus, and for any such matter still pending, if the outcome could materially impact shareholders' equity or the prices of the company's securities, the prospectus shall list the facts of the dispute, amount of money at stake in the dispute, the date of commencement of proceedings, the main parties to the dispute, and current status of the dispute's handling.

B. For litigious or non-litigious proceedings or administrative disputes involving a company director, supervisor, the general manager, a de facto responsible person, a 1 percent or greater major shareholder, or a controlled company, if a judgment has become final and unappealable in the most recent two fiscal years or in the current year up to the date of publication of the prospectus, or if such a matter is still pending, if the outcome could

materially impact shareholders' equity or the prices of the company's securities, the information to be disclosed shall be the same as that set forth in the preceding item.

C. Where any of the situations set out under Article 157 of the Securities and Exchange Act has occurred with respect to a company director, supervisor, managerial officer, or 10 percent or greater major shareholder within the preceding two fiscal years, or in the current year up to the date of publication of the prospectus, the prospectus shall indicate that fact and describe the current status of the company's handling of the matter.

3. If a company director, supervisor, managerial officer, or 1 percent or greater major shareholder or more has experienced financial difficulties or loss of creditworthiness in the most recent two fiscal years, or in the current year up to the date of publication of the prospectus, the prospectus shall indicate the impact on the company's financial status.

4. Other matters of important significance.

Article 10 The section on company organization shall set forth the following information:

1. Organizational system: Show the company's structure and the tasks of its principal departments.

2. Diagram of affiliated enterprises: Show the relationships between the company and its affiliated enterprises, their mutual shareholding, and share amounts, and their actual investment amounts.

3. The following information on the general manager, assistant general managers, deputy assistant general managers, and the supervisors of departments and branches: (Attachment 6)

A. Name, gender, nationality, work experience (academic qualifications), and any shareholdings and the nature thereof: Set forth each person's name, principal work experience (academic qualifications), any positions concurrently held in other companies, job commencement date, the number of shares held by the person, his or her spouse, or minor children, shares held under the name of another party, and any holdings of employee stock warrants.

B. For any such person who is the spouse of, or related within the second degree of kinship to, the general manager, an assistant general manager, or a deputy assistant general manager, set forth the job title and name of the general manager, assistant general manager, or deputy assistant general manager to whom he or she is related, and further indicate the nature of the relationship.

4. Directors and supervisors: (Attachment 7, Attachment 8)

A. Name, gender, nationality or place of registration, work experience (academic qualifications), any shareholdings and the nature thereof: Set forth each person's name, principal work experience (academic qualifications), any position(s) concurrently held in this and/or other companies, appointment date, term of appointment, date of first appointment, number of shares held at the time of appointment and presently by the person, his or her spouse, and minor children, shares held under the name of another party, and the person's professional expertise. If the person is the representative of a corporate shareholder, indicate the name of the corporate shareholder, and the names of the 10 largest shareholders in terms of their shares, and their shareholding ratio. If any of those 10 largest shareholders is a corporate shareholder, indicate the name of the corporate shareholder and the names of its 10 largest shareholders and their shareholding ratio.

B. If the person is the spouse of, or related within the second degree of kinship to, another officer, director, or supervisor, set forth the job title and name of the other person and specify the relationship.

5. Promoters:

A. For companies established for less than one year, relevant information on promoters who are among the top fifty of the company shareholders shall be disclosed in accordance with the previous subparagraph.

B. For companies established for less than three years, disclosure shall be made, where all the important transactions (including property transactions and financing of funds, but excluding business transactions) between the promoters or their related/affiliated persons and the company since incorporation shall be disclosed. For property transactions, the nature and location of the transacted item and the method for determining the transaction price shall also be disclosed. For properties purchased from a promoter or his/her related person, if the promoter or the related person bought the properties less than two years before selling them, the promoter or the related person's purchasing costs shall also be explained.

6. Remuneration paid to directors, supervisors, general manager, assistant general managers, and deputy assistant general managers for the most recent fiscal year: (Attachment 9, Attachment 10)

A. The company may opt either to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range, or to disclose the name of each individual and the corresponding remuneration amount.

B. If any of the following applies to the company, it shall disclose the

remuneration paid to each individual director, supervisor, and general manager:

- a. The bank's average non-performing loan ratio in the fourth quarter of the most recent year exceeds 5 percent; the bills finance company's average non-performing credit ratio in the fourth quarter of the most recent year exceeds 5 percent.
- b. The bank, bills finance company, or financial holding company's most recent capital adequacy ratio, whether unaudited, CPA-reviewed, or adjusted following FSC examination, is lower than the minimum requirement provided by relevant laws and regulations governing capital adequacy for each industry.
- c. There has been an after-tax deficit shown in the parent company only or individual financial reports for the most recent two years. The preceding provision does not apply if the parent company only or individual financial reports for the most recent year reports after-tax net profit, which is sufficient to make up the accumulated deficit.
- d. The company is required by the FSC to increase capital, but has not completed the capital increase according to the capital increase plan.
- C. If the director and supervisor shareholding percentage is insufficient for 3 consecutive months or longer during the most recent year, the remuneration paid to each of the directors and supervisors shall be disclosed.
- D. If the average ratio of share pledging by directors and supervisors is in excess of 50 percent in any 3 months during the most recent year, the remuneration paid to each of the directors and supervisors having a ratio of pledged shares in excess of 50 percent for each such month shall be disclosed.
- E. If the remuneration to directors and supervisors paid by all companies included in the financial report to directors and supervisors exceeds 2 percent of net income after tax, and the remuneration received by individual directors or supervisors exceeds NT\$15,000,000, the remuneration paid to such individual directors or supervisors shall be disclosed.
- F. Separately compare and describe total remuneration as a percentage of net income after tax in the parent company only or individual financial reports as paid by this company, and by each other company included in the consolidated financial statements, during the past two fiscal years to its directors, supervisors, the general manager, assistant general managers, and deputy assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for setting

remuneration, and linkage to performance.

The term "affiliated enterprises" in subparagraph 2 of the preceding paragraph refers to those conforming with Article 369-1 of the Company Act.

Article 11 The section on capital and shares shall set forth the following information:

1.Classes of shares: Indicate the classes of the company's issued shares.

(Attachment 11)

2.Formation of capital:

A.Indicate how the company's capital has changed over the most recent five

fiscal years and during the current year up to the date of publication of the

prospectus. If paid-in capital has increased, note the source(s) of capital, the

approval (registration) date for the current capital increase, the reference

number of the approval or registration document, and the dollar amount. If

shares have been issued at less than par value, such information shall be

prominently indicated. Where equity contributions have been made by

conversion of monetary claims against the company, or by the contribution of

technical know-how required by the company, indicate this fact, and note the

class and dollar amount of the shares paid for in this manner.

B.Prominently indicate any instance of private placement, and for any private

placement made during the most recent three years or in the current year up

to the date of publication of the prospectus further disclose the date on which

the private placement was approved at a shareholders meeting and the

amount thus approved; the basis for and reasonableness of the pricing; the

manner in which the specified persons were selected (where the offerees

have already been arranged, the names of the offerees and relationship

between the offerees and the company shall also be described); the reasons

why the private placement was necessary; the targets of the private

placement, their qualifications, subscription amounts, subscription price,

relationship with the company, participation in the operations of the company,

actual subscription price, the difference between the actual subscription price

and the reference price; the effect of the private placement on shareholders'

equity; and for the period from receipt of payment in full to the completion of

the related capital allocation plan, the status of use of the capital raised

through the private placement of common shares, the implementation

progress of the plan, and the status of realization of the benefits of the

plan.(Attachment 12)

3.Recent dispersion of equity ownership:

A.Shareholder structure: Provide statistics on the ratios between the various

types of shareholders. (Attachment 13)

B. Dispersion of equity ownership: Provide a table that groups shareholders according to the number of shares held, and that further indicates the percentage of shares held by each different group. (Attachment 14)

C. List of principal shareholders: List all shareholders with a shareholding ratio of 1 percent or greater, or the names of the top 10 shareholders, specifying the number of shares held and shareholding ratio of each shareholder on the list. (Attachment 15)

D. Indicate any instance in which a director, supervisor, or principal shareholder has waived pre-emptive rights to new shares in a cash capital increase during the past two fiscal years or in the current year. If a specific related party is contacted for subscription to cash capital increase shares to which pre-emptive rights have been waived, further disclose the related party's name, relationship with the company and its directors, supervisors, and 1 percent or greater shareholders, and the number of shares subscribed. (Attachment 16).

E. Indicate any transfer, pledge, or other change of hands involving the equity interests of a director, supervisor, managerial officer, or 1 percent or greater shareholder during the past two fiscal years or during the current fiscal year up to the date of publication of the prospectus. If the counterparty of a share transfer or share pledge is a related party, further disclose the counterparty's name, relationship with the company and its directors, supervisors, and 1 percent or greater shareholders, and the number of shares obtained or pledged. (Attachment 17).

F. Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another (Attachment 18).

4. Provide share prices for the past two fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information: (Attachment 19)

A. Highest, lowest, and average market price per share: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

B. Net worth per share: Use the number of issued shares at year end as the basis for calculating two separate figures for net worth per share, one each for pre-distribution and post-distribution shareholder's equity.

C. Earnings per share.

D. Dividends per share: Set forth the cash dividend and stock dividend for

each year. If there is any accumulated unpaid dividend, disclose the accumulated unpaid amount.

E.Price-to-earnings ratio. F.Price-to-dividend ratio. G.Cash dividend yield.

5.Company's dividend policy and implementation thereof: Disclose the dividend policy set forth in the company's articles of incorporation and what the company plans to distribute (or has distributed) in the current fiscal year.

6.The effect of dividend distributions contemplated for the current fiscal year on the company's operating performance and earnings per share.

7.Compensation of employees, directors and supervisors:

A.Indicate the percentages that the company's articles of incorporation require/allow it to distribute as compensation of employees, directors and supervisors, and the range of allowable distributions of this nature.

B.The basis for estimating the amount of compensation of employees, directors and supervisors, for calculating the number of shares to be distributed as compensation of employees in the form of stock, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

C.Status of compensation distribution as approved by the board of directors:

a.The value of compensation given to employees in the form of cash or stock, and the value of compensation given to directors and supervisors. If there is any discrepancy between such value and the estimated figure for the year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

b.The value of compensation given to employees in the form of stock as a percentage of after-tax net income and total employee compensation for the current period.

D.Status and result of compensation distribution reported to the shareholders' meeting.

E.The actual distribution of compensation of employees, directors and supervisors for the previous fiscal year (including the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized compensation of employees, directors and supervisors, additionally the discrepancy, cause, and how it is treated.

8.Repurchase by the company of its own shares: State the purpose of any application that the company has submitted during the past three fiscal years or during the current fiscal year up to the date of publication of the prospectus to repurchase its own shares, and with respect thereto indicate the share

repurchase period, repurchase price range, the classes, volumes, and dollar amount of shares already repurchased, capital adequacy ratio before and after share repurchase, volume of shares retired and transferred, accumulated holdings of the company's own shares, the share of the accumulated holdings of the company's own stock as a percentage of total issued shares, progress in implementing transfer of repurchased shares to employees and specific steps taken toward that purpose, and any instance in which the company has failed to complete transfer within three years after repurchase and thereby caused the FSC to adopt restrictions. (Attachment 20)

- Article 12 The section on the handling of financial bonds (including offshore financial bonds) shall disclose the following information:
1. For financial bonds already issued but not yet redeemed, indicate the approval date and approval document number of the central competent authority, par value, place of issue, currency, price, total amount, interest rate, term, underwriter, certifying financial institution, the fundraising plan for financial bond redemption, and the method for custody of the funds raised, unpaid balance, paid-in capital, and net worth after final report for the preceding year, whether there is breach of contract or default in the payment of principal/interest, and the ratio of the reported issue amount plus the balance of already issued and outstanding bonds to the net worth after final report of the preceding year. If a rating is made by the credit rating institution approved or recognized by the FSC, the name of such institution, date of rating and rating grade shall also be disclosed. If they are attached with conversion, exchange, or subscription rights, the issuance and conversion, exchange, or subscription rules, the possible dilution conditions and influence on shareholders' equity caused by the terms of issuance, and the monetary amount already converted, exchanged, or subscribed up to the publication date of the prospectus shall also be disclosed. (Attachment 21)
  2. For bonds to mature within one year, the amount of the bonds to mature within the coming one year and the redemption method shall be disclosed.
  3. For any issued convertible financial bonds which are convertible to common shares, overseas depositary receipts or any other securities, the issuance date, the conversion price at the time of issue and the method for exercise of the conversion obligation, and the highest and lowest market price and conversion price for the past 2 fiscal years and up to the prospectus publication date of each convertible financial bond, shall be disclosed respectively. (Attachment 22)

4. For any issued exchangeable financial bonds, the issue date, the exchangeable underlyings, the exchange price at the time of issue, the highest and lowest market price and exchange price and the number of the exchanged underlyings held by the company for the past 2 fiscal years and up to the prospectus publication date of each exchangeable financial bond, shall be disclosed respectively. (Attachment 23)

5. For any issued financial bonds with warrants, the issuance date of each financial bond with warrants, the type and number of bonds issued with warrants, the restricted subscription time period, the exercise method, the share subscription price, the number that have not been subscribed, and the ratio of the number that have not been subscribed to the total number of issued shares, up to the prospectus publication date, shall be disclosed respectively. (Attachment 24)

6. Status of any private placement of financial bonds during the 3 most recent fiscal years up to the prospectus publication date: Shall disclose the type of financial bonds; the date on which the private placement was approved at a shareholders or board of directors meeting and the amount approved; the basis for and reasonableness of the pricing; the manner in which the specified persons were selected (if offerees have already been arranged, the names of the offerees and the relationship between the offerees and the company shall also be described); the reasons why the private placement was necessary; the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price; the effect of the private placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of financial bonds, the implementation progress of the plan, and the status of realization of the benefits of the plan. (Attachment 25)

Article 13 The section on corporate bonds (including offshore corporate bonds) shall include the following items:

1. For all unredeemed corporate bonds and corporate bonds undergoing private placement, items to be disclosed shall be in accordance with Article 248 of the Company Act. If an FSC-approved or -recognized credit rating institution has been engaged to conduct credit rating thereof, the name of the credit rating institution, the date of the rating and the credit rating result on the

corporate bonds shall also be disclosed. If they are attached with conversion, exchange, or warrant rights, the relevant matters required to be disclosed shall be as set out in subparagraph 1 of the preceding article. (Attachment 26)

2. Corporate bonds maturing within in one year: The redemption rules and the monetary amount for the corporate bonds to mature in one year shall be disclosed.

3. For any issued convertible corporate bonds which are convertible to common shares, overseas depositary receipts, or any other securities, exchangeable corporate bonds, and corporate bonds with warrants, the relevant matters required to be disclosed shall be as set out in subparagraph 1 of the preceding article. (Attachments 27 to 29)

4. If the company adopts the shelf registration method for the offering and issuance of ordinary corporate bonds, disclose relevant information concerning the projected total issue amount, the already issued total amount, and the balance amount for the shelf registration. (Attachment 30)

5. Status of private placements of corporate bonds in the three most recent years, and in the current fiscal year up to the date of publication of the prospectus: Disclose the types of corporate bonds; dates and quantities passed at a board of directors meeting or shareholders meeting; basis for and reasonableness of the pricing; means of selecting the specified persons (where the placees have already been arranged, the names of the placees and the relationship between the placees and the company shall also be described); the reasons necessitating the private placement; the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price; the effect of the private placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of corporate shares, the implementation progress of the plan, and the status of realization of the benefits of the plan. (Attachment 31)

Article 14 The section on preferred shares shall include the following information:

1. For any preferred shares that are either outstanding or currently being issued, disclose par value per share, issue price, number of shares, purpose, allocation of the proceeds, any possible dilution of equity or impact of shareholders' equity due to the terms and conditions of issuance, impact

upon shareholders' equity, impact of the redemption of preferred shares upon the ratio of regulatory capital to risk-weighted assets, and each of the items set out under Article 157 of the Company Act. Where the shares come attached with conversion, exchange, or warrant rights, disclose the issuance and conversion rules or warrant exercise rules (noting with whom any rights and obligations, such as preferred share dividends not distributed prior to conversion, will vest in the event of forced conversion) as well as the dollar amount of any conversions or warrant exercises made up to the date of publication of the prospectus. (Attachment 32)

2. For previously issued preferred shares with warrants, disclose the issue dates for each issue of preferred shares with warrants, the class and quantity of shares that may be subscribed, the warrant exercise method, exercise price, period of restrictions on warrant exercise, the number of unexercised warrants as of the date of publication of the prospectus, and the ratio at that time of unexercised warrants to total number of issued shares. (Attachment 33)

3. For preferred shares already listed on a stock exchange or traded on an over-the-counter (OTC) market, disclose the highest and lowest market prices during the past two fiscal years or during the current fiscal year up to the date of publication of the prospectus.

4. Where an exchange-listed or OTC-listed company issues preferred shares that are not listed on an exchange or OTC market, disclose the purpose of issuance, the reason why the shares are not listed on an exchange or OTC market, impact upon the interests of current and potential investors, and whether there are any plans to list the shares in the future on an exchange or OTC market.

5. For any preferred shares privately placed during the past three fiscal years, and in the current fiscal year up to the prospectus publication date, disclose the class of the preferred shares, the date of approval by the board of directors and the quantity approved, the basis for and reasonableness of the pricing, the manner in which specified persons were selected (where the specified persons have already been arranged, further indicate the company or personal names of placees and their relationship with the company), the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription price, the difference between the actual subscription price and the reference price; the effect of the private placement

on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of preferred shares, the implementation progress of the plan, and the status of realization of the benefits of the plan.(Attachment 34)

- Article 15 The section on sponsoring of the issuance of overseas depositary receipts shall include the following information:
- 1.Where the company has sponsored the issuance of overseas depositary receipts that have not yet been redeemed in full, or where the company is currently sponsoring an issue of overseas depositary receipts, include the following information: (Attachment 35)
    - A.Date of issue, place of issue and trading.
    - B.Total dollar amount of issue, dollar amount per unit issued, and total number of issued units.
    - C.The securities represented by the overseas depositary receipts, the source, and the volume.
    - D.Rights and obligations of holders of the overseas depositary receipts.
    - E.Trustee, depositary institution, and custodian institution.
    - F.Balance of overseas depositary receipts not yet redeemed.
    - G.Method of allocating relevant expenses during issue period and the of the overseas depositary receipts.
    - H.Material covenants of the depositary agreement and custody agreement.
  - 2.A company that has sponsored the issuance of overseas depositary receipts shall disclose the highest and lowest market prices of the overseas depositary receipts in the most recent two fiscal years or in the current fiscal year up to the date of publication of the prospectus.
  - 3.Where the company has carried out a private placement of overseas depositary receipts in the three most recent years, and in the current fiscal year up to the date of publication of the prospectus, indicate the date on which the placement was approved by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected (where the placees have already been arranged, indicate the company or personal names of the placees and their relationship with the company), the reasons necessitating the private placement, the targets of the private placement, their qualifications, subscription amounts, relationship with the company, participation in the operations of the company, actual subscription price, the difference between the actual subscription price and the reference price; the effect of the private

placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of overseas depositary receipts, the implementation progress of the plan, and the status of realization of the benefits of the plan.(Attachment 36)

Article 16 The section on employee stock warrants shall include the following information:

1.For employee stock warrants issued by the company but not yet mature, indicate the following: the date of effective registration with the competent authority; issue date; number of units issued; ratio of subscribable shares to total issued and outstanding shares; warrant exercise period; warrant exercise method; restrictions on the warrant exercise period and exercise ratio; as of the date of publication of the prospectus, the number of shares that have been obtained through exercise of warrant rights, the [New Taiwan] dollar amount of the shares subscribed, number of shares that have not been subscribed, subscription price per share of the unsubscribed shares, and ratio of the number of unsubscribed shares to the number of issued shares; and effect on shareholders' equity. (Attachment 37)

2.Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, cumulative to the date of publication of the prospectus. (Attachment 38)

3.Status of private placements of employee stock warrants in the three most recent fiscal years, and in the current fiscal year up to the date of publication of the prospectus: Disclose the dates and quantities passed at shareholders meetings; basis for and reasonableness of the pricing; means of selecting the specified persons (where the placees have already been arranged, further indicate company and personal the names of the placees and their relationship with the company); the reasons necessitating the private placement; the targets of the private placement, their qualifications, subscription amounts, relationship with the company, participation in the operations of the company, actual subscription price, the difference between the actual subscription price and the reference price; the effect of the private placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of employee stock warrants, the implementation progress of the plan, and the status of

realization of the benefits of the plan. (Attachment 39)

Article 17 The section on new restricted employee shares shall include the following information:

1. For all new restricted employee shares under which the vesting conditions have not been fully met; date of effective registration from the competent authority; issue date; number of shares issued; number of shares still available for issuance; issue price; vesting conditions; restricted rights; custody status; measures to be taken when vesting conditions are not met; number of shares that have been redeemed or bought back; number of shares in which the restrictions on rights have been released; number of shares in which the restrictions on rights have not been released; and ratio of the number of shares in which the restrictions on rights have not been released to the number of total issued shares and the effect on shareholders' equity. (Attachment 40)

2. Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the prospectus. (Attachment 41)

Article 18 The section on mergers and acquisitions shall include the following information:

1. For all mergers or acquisitions currently pending:

A. Purpose of the merger or acquisition deal.

B. Plan for integration of finances, business, personnel, and information following the merger or acquisition.

C. Share exchange ratio and the basis upon which it was calculated.

D. Proposed schedule.

E. Matters related to the assumption of rights and obligations of the extinguished company (including principles for handling treasury shares and previously issued equity securities)

F. Basic information on the company to be merged or acquired (including company name, its principal lines of business, etc).

2. For all currently pending demerger plans:

A. The purpose of the demerger.

B. Estimated value of the operations and assets planned to be assigned to the existing company or new company.

C. Share exchange ratio and the basis upon which it was calculated.

D. Matters related to assumption by the existing company or new company of rights and obligations of the demerged company (including principles for

handling treasury shares and previously issued equity securities).

- Article 19 Where new shares are to be issued for the purpose of acquiring the shares of another company, disclose the following information:
- 1.The name and quantity of the shares to be acquired, and from whom.
  - 2.Expected rate of progress.
  - 3.Methods and basis for calculation of the share exchange ratio.
  - 4.Conditions and restrictions on future transfer of the acquired shares.
  - 5.If a party from whom the shares of another company are to be acquired is an affiliated enterprise or related person, further indicate the relationship with the affiliated enterprise or related person as well as the reason for the selection of the affiliated enterprise or related person, and provide an assessment opinion on whether shareholders' equity will not be affected.
  - 6.Share exchange cooperation agreement.

## **Section 2 Overview of Operations**

- Article 20 The section on company operations shall include the following information:
- 1.Business activities:
    - A.Scope of business: Set forth the principal lines of business engaged in by the company, the share of each as a percentage of the company's total business, and new financial products planned for future development.
    - B.Industry overview: Describe the financial industry's current conditions and state of development, development trends for different types of financial products, and the status of competition.
    - C.Overview of financial product research and business development:
      - a.Indicate principal financial products and any new lines of business added in the past two years, and indicate their scale and profitability as of the date of publication of the prospectus.
      - b.List research and development expenditures incurred in the past two fiscal years and the results achieved, and briefly describe any future research and development projects.
      - D.Long-term and short-term business development plans.
  - 2.Market and business overview:
    - A.Market analysis: Analyze the financial market's supply/demand conditions and growth, market segments and the targeted markets, competition strategies, competitive niche, and advantages and disadvantages for future development and response measures. For a financial holding company, in addition to describing the company's basic operating policies, the operation and profitability of each subsidiary shall be separately set out with respect to

its market and production and sales situation.

B. Description of any material change in operating margin for a major department in the most recent two fiscal years: When the operating margin fluctuates over 20% from the previous year's rate, analyze the key factors which cause the price/volume changes and the impact on the operating margin.

C. List of principal obligors: Set forth the names of the customers to whom the amount of credit extended represents 5% or more of the company's net worth or ranks among the top fifty customers being extended credit, whichever is fewer, for any one year in the past two years and up to the quarter immediately preceding the date of publication of the prospectus, and the balance of credit extended. (Attachment 42)

D. Description of credit accepted from or (extended to) related parties: Set forth the names of the related parties from whom (or to whom) the amount of credit accepted (or extended) represents 0.1% or more of the total credit amount for any one year in the most recent two years and up to the quarter immediately preceding the publication date of the prospectus, and the balance of credit accepted (or extended). (Attachment 43)

E. The amount of funds on deposit (or under trust management) during the most recent two fiscal years: Separately set forth balances and average interest rates for funds on deposit and funds under trust management during the most recent two fiscal years and during the current fiscal up to the quarter immediately preceding the date of publication of the prospectus. (Attachment 44)

F. The amount of credit extended in the most recent two fiscal years: Separately set forth balances and average interest rates for discounts and loans, guarantees (including endorsements), and other types of credit extended during the most recent two fiscal years and during the current fiscal year up to the quarter immediately preceding the date of publication of the prospectus. (Attachment 45)

G. The amount of purchase/sale of bills and underwriting of commercial notes for the most recent two fiscal years: Set forth the transaction amount and profit amount derived from the buy/sale of bills and underwriting of commercial notes during the most recent two fiscal years and during the current fiscal year up to the quarter immediately preceding the date of publication of the prospectus. (Attachment 46)

3. Number of employees for the most recent two fiscal years: Provide statistical information on employees for the past two fiscal years and for the

current fiscal year up to date of publication of the prospectus. The statistics shall be broken down according to job category, and shall include the number of employees, average age, average years of service, educational background, and professional licenses held. (Attachment 47)

4.Labor-management relations:

A.Set forth all employee benefit measures, opportunities for professional development and training, and the pension system, and the status of their implementation. Also describe any negotiations/agreements between employer and employees and any measures to safeguard employee interests.

B.Describe any loss suffered by the company due to labor disputes in the most recent two fiscal years and in the current fiscal year up to the date of publication of the prospectus, and disclose an estimate for the amount of losses that have been incurred to date and may be incurred in the future, as well as response measures. If a reasonable estimate cannot be made, explain why not.

In providing the information called for in items 2.(3) and 2.(4) of the preceding paragraph, the company shall take care to maintain the confidentiality of customers' names, national identification card numbers (or company uniform invoice numbers), and account information, as required under Article 48, paragraph 2 of the Banking Act, and may use code numbers to express certain information.

Article 21 The section on real properties and equipment, and other real properties shall include the following information:

1.Owned assets:

A.For banks and financial holding companies, provide the names, number, acquisition date, acquisition cost, re-appraised increased value and non-depreciated balance of the real properties and equipment where the acquisition cost is 10% or more of paid-in capital or NT\$300 million or more; for bills finance companies, provide the same for real properties and equipment where the acquisition cost is 20% or more of paid-in capital or NT\$100 million or more. The status of the real properties and equipment's use, insurance, encumbrances, and any other restriction of rights shall also be disclosed. (Attachment 48)

B.Set forth the names, lot size, premises locations, acquisition dates, acquisition costs, re-appraised increased value, non-depreciated balance amount, published value or house/apartment's appraised value, fair value and the proposed future disposition or development plans of the idle real

properties and the real properties which have been held for five years or more for investment purposes. (Attachment 49)

2. Leased assets:

A. Financial lease: The standards and items to be disclosed are identical with item (1) of the preceding subparagraph.

B. Operating lease: For all the operating lease assets the rent amount of which exceeds NT\$10 million a year, their names, number, lease term, annual rent, names of lessors, and the current status of use shall be set forth. (Attachment 50)

Article 22 The section on investee enterprises shall include the following items:

1. Overview of investee enterprises: Describing the names of investee enterprises, the businesses engaged in, the cost of the company's investments in such investee enterprises, book value, number of shares held, percentage of shareholding, net worth of shares, accounting treatment method, book investment profit and loss for the most recent year, distributed cash dividends and the number of the company's shares held by each investee enterprise. If there is market value information available on the investee enterprise, such market value information shall also be included. (Attachment 51)

2. Consolidated shareholding percentage: Set forth the following information on each investee enterprise: the number of shares held by the company, the number of shares held by the company's directors, supervisors, the personnel whose positions are managerial or higher, and the number of shares of the same investee enterprise which are held by the entities directly or indirectly controlled by the company. Calculate the consolidated shareholding percentage of the above categories. (Attachment 52)

3. For an exchange-listed or OTC-listed company, disclose the status of acquisition and disposal of the shares of the company by the subsidiary(ies) and the condition of pledge created for the most recent three years and up to the prospectus' publication date. The sources of funds and the impact on the company's financial performance and financial position shall also be revealed. (Attachment 53)

4. In the event of occurrence of the situations under Article 185 of the Company Act or transfer of a portion of the operations to the subsidiary(ies) for the most recent three years and up to the publication date of the prospectus, disclose any waiver of subscription related to the cash capital increase of the subsidiary(ies), the name of the subscriber, its relationship with the company, directors, supervisors, and shareholders holding 1% or

more of the shares, and the number of shares subscribed.

5. List any sanctions imposed for violation of laws and regulations on the investee enterprise in which the company has invested an amount of more than 50% of the paid-in capital of such invested company, and corrective actions taken in the most recent two years.

The definition of subsidiaries under subparagraphs 3 and 4 of the preceding paragraph shall be determined by the regulations governing the preparation of financial reports for the relevant industry.

- Article 23 The section on important contracts shall include all technical cooperation contracts and construction contracts that are currently effective or expired in the most recent year, and all other important contracts which are likely to impact investors' rights, and shall include the parties, major content, restrictive provisions, and the commencement and expiration/termination dates of the contracts. (Attachment 54)

### **Section 3 Issuance Plan and its Implementation**

- Article 24 The following items shall be included in the analysis regarding the allocation plan for capital raised through the previous: (a) cash capital increase; (b) issuance of new shares to carry out a merger or acquisition, or to accept transfer of shares of another company; (c) issuance of financial bonds; or (d) issuance of corporate bonds:

1. Contents of the plan: Analyses regarding the previous plan for cash capital increase, merger or acquisition, issuance of new shares to accept transfer of shares of another company, issuance of financial bonds, or issuance of corporate bonds. In the case of any previous plan for cash capital increase, merger or acquisition, issuance of new shares to accept transfer of shares of another company, issuance of financial bonds, or issuance of corporate bonds that was still uncompleted as of the quarter preceding the date of publication of the prospectus, or in the case of any completed plan where not more than three years passed between the date of registration (application) and the actual completion date, explain in detail the contents of each plan for cash capital increase mentioned above, including information on any change to the plans, the sources and uses of capital, reasons for any changes, a comparison of return on capital raised before and after the change, and date on which the change of plans was submitted to the shareholders meeting. The date on which the information was submitted to an information reporting website designated by the FSC shall also be published.

2. Implementation status: Analyze, item by item, the status of the plan's

implementation and compare with the originally projected returns as of the quarter preceding the publication date of the prospectus based on the purpose of each of the above-mentioned plans. If the implementation progress or the returns do not reach the projected target, provide a concrete explanation of the reasons, the impact on shareholders' equity, and plans for corrective action. Where the content of any of the plans referred to in the preceding subparagraph conform with the conditions in any of the following sub-items, they shall additionally disclose the following:

A.If the purpose is merger, acquisition, or acceptance of transfer of the shares of another financial institution, or for expansion or new construction of real properties or equipment, provide a comparison of the real properties or equipment, revenues, expenses, losses, and income before tax.

B.If the purpose is to invest in other companies, provide a description of the investee enterprise's operation status and its impact upon the company's investment profit/loss.

C.If the purpose is to strengthen operating capital or pay off liabilities, provide a comparison of the increase and decrease of current assets, current liabilities, and total liabilities, revenues, expenses, losses, and earnings per share, and analyze the company's financial structure.

Article 25 In the section providing analysis of the allocation plan for capital raised through the current cash capital increase, issuance of financial bonds, issuance of corporate bonds, or issuance of employee stock warrants or new restricted employee shares, include the following particulars:

1.Sources of capital: Indicate whether the capital source for the current plan is a cash capital increase, an issue of financial bonds, or an issue of corporate bonds. If the capital is to be used to acquire or invest in another company, or for the expansion or new installation of real properties or equipment, indicate the total dollar amount under the plan. If the capital to be raised through the current public offering is insufficient, describe the capital raising methods.

2.For the current issue of financial bonds, disclose the approval date and approval document number of the central competent authority, par value, place of issue, currency, price, total amount, interest rate, term, underwriter, certifying financial institution, the fundraising plan for financial bond redemption, and the method for custody of the funds raised, unpaid balance from the previous offering of financial bonds, paid-in capital, and net worth after final report for the preceding year, and the ratio of the reported issue amount plus the balance of already issued and outstanding bonds to the net

worth after final report of the preceding year. If a rating is made by the credit rating institution approved or recognized by the FSC, the name of such institution, date of rating and rating grade shall also be disclosed. If they are attached with conversion, exchange, or subscription rights, the issuance and conversion, exchange, or subscription rules, the possible dilution conditions and influence on shareholders' equity caused by the terms of issuance, and the monetary amount already converted, exchanged, or subscribed up to the prospectus publication date shall also be disclosed.

3. For the current issue of corporate bonds, disclose in accordance with Article 248 the Company Act the relevant particulars and the plan for raising and maintaining custody of the capital to be used for redemption. If an FSC approved or recognized credit rating institution has been engaged to conduct a credit rating of the bonds, disclose the name of the credit rating institution, the date of the rating, and the credit rating results. If conversion, exchange, or warrant rights are attached to the bonds, disclose the issuance and conversion, exchange, or warrant exercise rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity.

4. For the current issue of preferred shares, disclose the par value per share, issue price, number of shares, purpose and use of the capital, possible dilution of shareholder's equity under the terms and conditions of issuance, effect on shareholder equity, effect of buyback on regulatory capital and ratio of regulatory to risk-weighted assets, and the items provided under Article 157 of the Company Act shall be disclosed. If conversion or warrant rights are attached, the issuance and conversion rules or warrant exercise rules (including enjoyment and assumption, after the compulsory conversion of the original preferred shares, of rights and obligations existing on the original preferred shares before conversion, such as dividends that have not yet been distributed).

5. For preferred shares that are not exchange-listed or OTC-listed, disclose the purpose of the issue, reasons why such shares are not to be listed, effect on existing shareholders and potential investors, and whether there is any plan to apply for an exchange or OTC listing.

6. Where new shares are to be issued by a company that has been granted approval under Article 5 of the Taipei Exchange Rules Governing the Review of Emerging Stocks for Trading on the TPEx to register its stock for OTC trading, indicate the company's plans to obtain an exchange (or OTC) listing.

7. Where employee stock warrants are to be issued, disclose the rules

governing the issuance and exercise of employee stock warrants.

8. Where new restricted employee shares are to be issued, disclose the rules governing the issuance of new restricted employee shares.

9. Explanation of the feasibility, necessity, and reasonableness of the current plan and an analysis of the influence of each type of funding on the dilution of earnings per share for the year of the company's report (application) and the following year. For issuance of stock at below par value, the necessity and reasonableness of issuing new shares at a discount shall be explained, as well as the reasons for not using other capital raising methods and the reasonableness thereof, and amount of offsets against capital reserves or retained earnings.

10. Explanation of the mechanism for setting the current issue price, conversion price, exchange price, or subscription price.

11. Capital utilization estimates and possible resulting effects: Explanation of the progress of the capital utilization and the projected resultant effects after the completion of the current plan:

A. For acquisition of other financial institutions, or expanding or newly constructing real properties and equipment, the projected possible changes and other potential effects of the real properties and equipment, revenues, operating expenses, and operating profits upon the completion of the current plan shall be described.

B. For investment in another enterprise, the following items shall be set forth:

a. The after-tax net profit of the invested company for the most recent two years, purposes of the investment, planned use of the funds and the relatedness of the enterprise's operations to the company's line of business, and the projected loss/profits from investment and its impact on the company's operations. If 20% or more of the investee enterprise's common shares are held, the projected schedule for fund use by the investee enterprise, the year limit for recovery of the invested funds, the projected effect each year before recovery of the funds, and its influence on the company's profitability and earnings per share.

b. If investing in an enterprise that requires special approval, the status of approval or permission from the competent authority in charge of such special permit enterprise, and whether any terms or conditions attached to the approval or permission have an effect on this public offering and issuance of securities.

C. For replenishing operating capital or paying off liabilities, set forth the following items:

a.The amount of debt matured annually, the redemption plan, how the company's financial burden will be reduced, a description of current capital utilization, amount of capital needed and how it is to be used, and a projected schedule of monthly cash receipts and expenditures during the year of the registration (application) and the year after that. (Attachment 55)

b.The policy for collection of accounts receivable and payment of accounts payable, capital expenditure plan, and the financial leverage and debt ratio (or the regulatory capital and the ratio of regulatory capital to risk-weighted assets) for the year of registration (application) and the year after that, and the reasons for paying off liabilities or replenishing operating capital.

c.If the capitalization increase plan involves paying off liabilities, indicate the purpose for borrowing funds and the effect achieved in doing so. If the funds were borrowed for purchasing land for construction or to pay for construction costs, the estimated total amount needed from purchase of the land for construction through completion of the project, the source of extra capital needed, the capital for each stage of construction and the progress of the construction, the original reason for borrowing funds, and the anticipated possible effects of such recognition and the status of realization thereof.

d.If the total amount of future major capital expenditures and long-term equity investment as estimated in the projected schedule of cash receipts and expenditures reaches 60% or more of the capital planned to be raised this time, describe the necessity, planned sources of funding and benefits of such expenditures and investment.

D.For buying land for construction or paying construction costs, indicate the estimated total amount needed from the time of land purchase through completion of the construction, the source of extra capital needed, the capital for each stage of construction, and the progress of the construction, and explain the benefits of the capital increase or bond issue in terms of the timing and amount when recognizing profits or losses.

E.For purchasing an unfinished project and assuming the burden of the seller's unfulfilled contract, indicate the buyer's reason for the transfer, the basis on which the acquisition price was determined, and the effect of the process of acquisition on the rights and obligations of the parties to the contract.

Article 26 For the current issue of new shares due to acquisition of another company's shares, the following particulars shall be specified:

- 1.Name, quantity, and counterpart of the acquired shares.
- 2.Proposed progress schedule.

3. Share conversion rates and the basis on which they were calculated.
4. Opinion of an independent professional on the reasonableness of the share conversion rates.
5. Conditions and restrictions on future transferal of the acquired shares.
6. Anticipated possible benefits.
7. If the counterpart of the acquisition of the shares of another company is an affiliated enterprise or related person, the relationship with the affiliated enterprise or related person shall also be specified, as well as the reason for the selection of the affiliated enterprise or related person, and an opinion appraising whether shareholders' equity would be affected.
8. Share swap cooperation agreement.

Article 27 For the current issue of new shares due to acquisition or merger, the following particulars shall be specified:

1. Plan content:

A. Content of the merger or acquisition plan: including the purpose of the merger or acquisition; the integration plan for financial, business, personnel, information, etc. affairs after the merger or acquisition and anticipated benefits; the share conversion ratio and the basis upon which it was calculated; proposed schedule; items that materially affect the share conversion ratio after the public announcement of the merger or acquisition; effects on net value per share and earnings per share; matters related to the assumption of rights and obligations of the extinguished company (including principles for handling treasury shares and already-issued equity securities), and the basic information of the company to be merged or acquired (Attachment 56).

B. Content of the demerger plan: the purpose of the demerger; estimated value of the operations and assets planned to be assigned to the existing company or new company; share conversion rates and the basis upon which they were calculated; the total number and the types and quantities of the shares to be acquired by the demerged company or its shareholders; matters related to assumption by the existing company or new company of rights and obligations of the demerged company (including principles for handling treasury shares and already-issued equity securities); matters related to the reduction, if any, in capital of the demerged company; anticipated benefits of the demerger.

2. Merger or acquisition contract.

3. Opinion of an independent professional on the reasonableness of the share conversion rate of the merger or acquisition plan.

4. Any restrictions on future transfer or pledge of new shares issued due to the merger or acquisition.
5. The projected consolidated balance sheet as of the record date for calculating the share conversion ratio between the acquiring and target companies.
6. Financial reports of the target company for the most recent two fiscal years, audited and certified by a certified public accountant(s). (If the target company is not a publicly issued company, its financial statement may be audited/certified by a single certified public accountant.)
7. Minutes of the shareholders meeting of the acquiring company at which the resolution for merger was passed; however, this restriction shall not apply where any law or regulation provides otherwise.
8. Summary of the target company's financial and business conditions:
  - A. The main content of the target company's business operations, current products and their uses or current services, the condition of the supply of the main raw materials, and the sales areas for the main products or services shall be set forth.
  - B. If the target company is not a public company, specify any circumstances in which the amount of purchases/sales of the target company's major assets has reached 20 percent of the company's paid-in capital, or NT\$300 million or more during the most recent two fiscal years or during the current period up to the publication date of the prospectus. (Attachment 57)
  - C. In accordance with subparagraph 1 of Article 22, a summary of the target company's investee enterprises shall be set forth.
  - D. In accordance with Article 23, important contracts signed by the target company shall be set forth and the effect on the company's financial and business conditions after the merger shall be described.
  - E. In accordance with subparagraph 2 of Article 9, major litigious, non-litigious, and administrative disputes of the target company and related companies shall be set forth and the effect on the company's financial and business conditions after the merger shall be described.

#### **Section 4 Financial Overview**

- Article 28 The "summarized financial data for the most recent 5 years" shall include the following items:
1. Condensed balance sheet and statement of comprehensive income: Set forth the condensed balance sheet and statement of comprehensive income information for the most recent five years. Exchange-listed companies and OTC-listed companies shall also set forth the condensed balance sheet and

statement of comprehensive income information up to the quarter immediately preceding the publication date of the prospectus. If the company has been notified by the FSC to restate its financial reports, only the restated figures/numbers can be used. Also note the reason why the data had to be restated, and provided information on the restatement. If the company is notified to conduct self-corrections, note the reasons for the corrections, and provide information on the corrections. (Attachment 58)

2.The important items which affected the making of uniform comparison on the above-mentioned condensed financial statements, such as accounting changes, corporate mergers, or suspension of work in the operating departments etc., and the impacts of these events on the then current financial reports.

3.The names and audited opinions of the certifying certified public accountant for the most recent five years:

A.Setting forth the names and audited opinions of the certifying certified public accountant for the most recent five years. Except for auditor's reports with unqualified opinion, the contents of the opinion shall be fully described.

B.If there was change/replacement of the certified public accountant within the most recent five years, explanation made by the company, the predecessor and successor certified public accountants over the causes for such change/replacement shall be set forth.

4.Financial analysis: Provide a comprehensive analysis of the financial data for the most recent five years. Exchange-listed companies and OTC-listed companies shall include in such analysis the then current financial data up to the quarter immediately preceding the publication date of the prospectus. The financial analysis shall at least include the items listed below, and shall provide explanations of the causes of changes in the financial ratios for the preceding two fiscal periods: (Attachment 59)

A.Financial structure.

B.Solvency: Current reserve ratio.

C.Operating ability.

D.Profitability.

E.Cash flow.

F.Leverage.

5.Analysis of legal compliance: (Attachment 60)

A.Ratio of total balance of credit extensions secured by interested parties to the company's net worth. In the case of a bank which is a subsidiary of a financial holding company, additionally disclose the ratio of the total

transactions with a single interested party, aside from credit extensions, to the net worth of the bank, and the ratio of the total transactions with all interested parties, aside from credit extensions, to the net worth of the bank.

B. Ratio of a financial holding company's total long-term equity investments in non-financial enterprises to paid-in capital.

C. Common equity ratio.

D. Tier 1 capital equity ratio.

E. Capital adequacy ratio. For a financial holding company, disclose the group capital adequacy ratio.

F. Ratio of mid-term loan to time deposit.

G. Ratio of the invested amount in self-used assets to net worth.

H. Ratio of the invested amount in the business-used warehouse to deposit.

I. Ratio of balance of investment in various securities to total balance of deposit and issued amount of the financial bonds.

J. Ratio of loan extended to the medium and small enterprises to the total balance of loan.

K. Ratio of mid-term and long-term loans to medium and small enterprises to time deposits.

L. Ratio of reverse repo bond and bill transactions to net worth.

M. Ratio of outstanding self-guarantees and endorsements to net worth.

N. Ratio of investments in bond- and equity-related products to net worth.

O. Ratio of holdings in short-term bills and bonds issued by certain designated enterprises to net worth.

P. Aggregate balance of guarantees made for the benefit of interested parties, expressed as a multiple of net worth.

Q. Ratio of trust fund the use of which to be designated to net worth.

R. Ratio of guaranteed amount to net worth.

S. Ratio of the balance of non-collateralized guarantees to net worth

T. Ratio of regulatory capital invested in exchange-listed stocks to net worth.

6. Description of major variations of accounting items: Comparing the most recent two years' accounting items in the balance sheets and statement of comprehensive income; if there is a 10% or more variation in the monetary amounts, and if such sum has reached 1% of the total assets value of the then current year, a detailed analysis of the causes for such changes shall be made. (Attachment 61)

Article 29 Financial reports shall include the following information:

1. The financial statements and CPA audit reports for the two preceding fiscal years as of the time when the issuer applied for (or registered) the offering

and issuance of securities, and the financial report for the most recent quarter publicly announced and reported shall also be included.

2.The issuer's parent company only financial reports for the two most recent fiscal years, audited and certified by a CPA, but excluding statements of major accounting items.

3.If there are CPA audited and certified, or reviewed financial reports and parent company only financial reports for the most recent period during the time after the issuer has registered (or applied for) the offering and issuance of securities and up to the date of publication of the prospectus, disclose these reports.

Article 30 The "financial summary and other important matters" shall include the following information:

1.If the company and its affiliated enterprises have experienced any financial difficulties in the most recent three fiscal years, or in the current year up to the date of publication of the prospectus, indicate the impact on the company's financial position.

2.Impact of exchange rate fluctuation on the company's revenues and profitability, and concrete measures adopted by the company against exchange rate fluctuation.

3.In case of occurrence of the events under Article 185 of the Company Act in the most recent two years and up to the date of publication of the prospectus, the following information shall be disclosed:

A.The price of the business (assets) acquired (transferred), payment conditions, payment status, and development prospects.

B.The company's current and future operation strategies, and the impact on the company's research and development, technology, profitability of sales,, and production capacity, in the wake of a partial acquisition (or transfer) of part of business operations or research and development results from (or to) another company.

4.Subsequent events: During the period after the certified public accountant has completed the most recent year's or the half-year's auditor's report, or the most recent review report, and until the prospectus' publication date, if any major incident occurs which is likely to impact the financial condition and operating results, it shall be properly disclosed and its impact explained.

5.Other matters.

Article 31 The section for review and analysis of the company's financial condition and financial performance shall include the following information:

1.Financial status: Indicate the main reasons for, and impact of, any material

changes to the company's assets, liabilities, or equity over the preceding two fiscal years. Where the impact is of material significance, describe plans for future response measures.

2. Financial performance: Indicate the main reasons for any material changes to revenues or income before tax, as well as further expected changes and the bases for such expectation, possible impact on the company's future financial and business conditions, and planned response measures.

3. Cash flows: Analyze and explain cash flow changes over the most recent fiscal year, describe corrective action plans for any instance of insufficient liquidity, and analyze cash liquidity for the coming year.

4. Indicate the impact of any material capital expenditures over the most recent fiscal year upon the company's financial and operating condition.

5. Indicate the company's policy for the most recent fiscal year on investments in other companies, the main reasons for profit/losses resulting therefrom, corrective action plans, and investment plans for the coming year

6. Other matters of important significance.

#### **Section 5 Matters of Special Note**

Article 32 The section on matters of special note shall set forth the important contents of the application (registration statement), including:

1. General conditions of implementation of internal control system: Describing suggestions for improvement of internal control proposed by certified public accountants in the most recent three years and the status of improvement of material defects discovered by internal auditors.

A. Internal control statement.

B. Where a certified public accountant has been hired to carry out a special audit of the internal control system, provide the reason, the audit opinion of the certified public accountant, and the company's corrective actions, and describe how the deficiencies have been corrected.

2. For those who entrust credit rating institutions recognized or approved by the FSC for rating, the rating report issued by such credit rating institutions shall be disclosed.

3. Securities underwriter's evaluation report.

4. Attorney's legal opinion.

5. Collective opinion stated in the case checklist schedule written by the issuer and reviewed by the certified public accountant.

6. The improvement status of the items notified by the FSC to be corrected by the company when the company's report of the previous offering and issuance of securities becomes effective (or the company's application is

approved).

7. Items to be supplemented and disclosed as notified by the FSC when the current offering and issuance of securities becomes effective (or the application is approved).

8. The status of any sanctions imposed due to violations of laws or regulations in the most recent two years, and the major deficiencies and status of their improvements, shall be disclosed in accordance with the following principles, in the case of a financial holding company, including its subsidiaries:

A. Disclose any indictment of a responsible person or employee by a prosecutor for an offense related to the occupation.

B. Disclose any fine imposed by the FSC for violation of a law or regulation.

C. Disclose any deficiency for which an official reprimand was issued by the FSC.

D. Disclose any matters in which sanctions were imposed by the FSC pursuant to Article 61-1 of the Banking Act, Article 54 of the Financial Holding Company Act, or Article 51 of the Act Governing Bills Finance Business.

E. Disclose any security incident arising from employee infidelity or material contingencies (e.g. fraudulent acquisition, theft, misappropriation, or robbery of assets; forgery of documents or securities; acceptance of a bribe; losses from natural disaster; losses from external causes; hacker attack, data theft, or leak of trade secrets or customer data; or other such material incidents) or failure to faithfully abide by the Directions for Maintenance of Security at Financial Institutions. If actual losses, whether singly or in aggregate, exceed NT\$50 million in any given year, disclose the nature and amount of the loss.

F. Other matters that must be disclosed pursuant to FSC designation.

9. The statement or undertakings disclosed in the prospectus by the company at the initial public offering to the stock exchange or OTC market, or in previous report (application) for offering and issuance of securities or the report (application) for offering and issuance of securities in the most recent three years, and the current implementation status.

10. The written undertaking of the subsidiary(ies) for not subscribing the new shares or convertible corporate bonds issued for the current cash capital increase.

11. The major content of any dissenting opinion of any director or supervisor regarding any material resolution passed by the board of directors, where there is a record or written statement of such opinion, for the most recent year up to the date of publication of the prospectus.

12. For the most recent fiscal year or during the current fiscal year up to the

date of publication of the prospectus, disclose any penalties imposed in accordance with the law upon the company or its internal personnel and any penalties imposed by the company upon its internal personnel for violations of internal control system provisions. Note the principal deficiencies and describe any efforts to make improvements.

13. Statements issued by securities underwriters, issuers and their directors, supervisors, general manager, financial or accounting officer, and managerial officers involved in the offering and issuance of securities applied for this time, undertaking that they will not refund or collect underwriting related fees.

14. For a case where an issuer carries out cash capital increase or offers equity-related corporate bonds or financial bonds and makes public offering through book building, the statement issued by securities underwriters and issuer undertaking that the bonds will not be sold to related parties or insiders.

15. Other necessary items to be supplemented and explained.

If the issuer, based on the nature of its operations, appoints the experts with professional knowledge and abundant experience in the field of business and finance to make comparison, analysis and issue opinions in connection with the issuer's current operation status and the future development after the current issue of securities, the opinions of the appraisal of such experts shall be disclosed.

Disclosures made under paragraph 1, subparagraph 8, shall comply with the provisions of Article 48, paragraph 2 of the Banking Act in connection with confidentiality of customers' names, identification numbers (uniform numbers), and accounts.

Article 33 The section on implementation of corporate governance shall include the following information:

1. The state of operations of the board of directors: Number of meetings; attendance rate of each director; an evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal year, and measures taken toward achievement thereof; and any other matters that require reporting. (Attachment 62)

2. The state of operations of the audit committee or the state of participation in board meetings by the supervisors: Number of meetings; rate of attendance (or of attendance as a non-voting participant) of each independent director or supervisor; and any other matters that require reporting. (Attachment 63, Attachment 64)

3. Disclosures required under the Corporate Governance Best-Practice

Principles, provided that for disclosures that already have been made on the company's website, it is permissible to simply disclose the website for reference.

4.The state of the company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles, and the reason for any such departure. (Attachment 65)

5.If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed. (Attachment 66)

6.The state of the company's performance of social responsibilities: systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, and other social responsibilities and activities, and the state of implementation. (Attachment 67)

7.The state of the company's performance in the area of good faith management and the adoption of related measures. (Attachment 68)

8.If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be accessed.

9.A summary of resignations and dismissals, during the most recent fiscal year and up to the date of publication of the prospectus, of the company's chairperson of the board of directors, general manager, accounting officer, financial officer, internal audit officer, and R&D officer. (Attachment 69)

10.Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed.

### **Section 6 Important Resolutions**

Article 34 The section on important resolutions shall include the text of any resolutions pertaining to the current issuance (including a comparison chart on the newly amended and the old clauses of the articles of incorporation and a profit distribution schedule).

### **Chapter 3 Simplified Prospectus**

Article 35 A company shall deliver to its subscribers or placees the prospectus along with subscription payment form prior to offering and issuing securities. However if a company has prepared the prospectus in accordance with Paragraph 1 or Paragraph 2 of Article 6 herein, and has transmitted it in an

electronic file to the information reporting website designated by the FSC, the company only needs to deliver a simplified prospectus along with the subscription payment form to subscribers or placees.

The simplified prospectus in the preceding paragraph shall contain the following information: (Attachment 69-1):

1. Company's common stock code, a website on which the prospectus is available for subscribers or placees to browse, and any situation provided under the subparagraphs of Paragraph 3, Article 3 herein.
2. Brief description of the securities offering and issuance plan and expected benefits.
3. Audit or review opinion on CPA-audited or reviewed financial reports, condensed balance sheet and statement of comprehensive income in the past three years and the most recent period.
4. Information required under Subparagraphs 3 ~ 5 of Paragraph 1 and Paragraph 2, Article 32 herein; in case of issuance of new shares in connection with merger, demerger, acquisition, acquisition of another company's shares, the opinion of an independent expert on the reasonableness of share conversion ratio.
5. Corporate seal and signature or seal of responsible person.
6. Other necessary information.

Article 36 Deleted

#### **Chapter 4 Prospectus for Incorporation by Public Offering**

Article 37 For cases of incorporation by public offering, the prospectus shall include the following information:

1. Process of company establishment: Provide the reason for incorporation by public offering, a register of promoters, and the names, work experience, number of shares subscribed, and types of capital contribution of the promoters whose share subscription percentage is among the top ten, and indicate whether the promoters meet the qualification requirements under the relevant laws and regulations. Also disclose the dispersion of equity ownership and the shareholdings of affiliated enterprises.
2. Minutes of the relevant promoters meetings.
3. Market conditions and development prospects in the issuer's industry.
4. The contents of the issuer's business plan:
  - A. Business scope: List the issuer's lines of business.
  - B. Operational principles: List the issuer's operational principles and policies.
  - C. Business development plan: List long- and short-term business

development plans, the main target market(s), and the competition strategy.

D. Concrete plan for implementation:

a. Facilities at the place of business: List the factors taken into consideration in choosing the place of business and factory address, and the method for deciding transaction prices.

b. List the academic qualifications and work experience of the principal managerial officers.

c. Organizational system: Show the company's structure and the functions, duties, and segregation of authority and duties of its principal divisions.

d. Human resources plan: List human resource needs, the method for recruiting employees, and employee development, training, promotion, transfer, evaluation, salary systems, and fringe benefits.

e. List the contents of the financial plan and capital allocation plan.

E. Indicate the business plan for future fiscal years.

F. Indicate any major asset transactions, loans, endorsements, guarantees, or other transactions between promoters and related parties thereof within the most recent fiscal year (Attachment 70), and other transaction particulars.

5. List the names and locations of banks authorized to collect payment for shares subscribed, and where promoters have made full payment for shares in accordance with requirements, provide proof thereof.

6. The offering circular.

7. The concluding opinion of the securities underwriter's evaluation report.

8. The authority with jurisdiction over the line of business operated by the

9. Other documents as required by the authority with jurisdiction over the line of business operated by the issuer.

Promoters shall deliver the prospectus mentioned in the preceding paragraph along with subscription payment form to subscribers or placees before the incorporation of the company.

## **Chapter 5 Supplementary Provisions**

Article 38 Banks, financial holding companies and bills finance companies shall prepare prospectuses in accordance with these Regulations.

The FSC may declare these Regulations applicable to the preparation of prospectuses by financial enterprises other than those referred to in the preceding paragraph.

Article 39 The draft prospectus shall be transmitted to the FSC-designated information reporting website in an electronic file format conforming with FSC regulations, and within 30 days from the date of effective registration or receipt of the

FSC's approval notice, the final prospectus shall be transmitted to the FSC-designated information reporting website as an electronic file.

Article 40 (deleted)

Article 41 These Regulations shall be in force from the date of issuance.