

Content

Title : Guidelines for Information to be Published in Assessments of Securities Underwriters for Offering and Issuance of Securities by Foreign Issuers [Ch](#)

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Content : Article 1

These Guidelines are promulgated in accordance with Article 11 of the "Guidelines Governing the Offering and Issuance of Securities by Foreign Issuers".

Article 2

The basic principles for the underwriters to prepare the evaluation report are as follows:

1. The contents which are stated in the evaluation report of the underwriter must be true and definite, and the wording of description must be clear and easy to understand, and may use attachment chart if necessary. In addition, the above said contents cannot be fraudulent or concealing, and be up to date.

2. The underwriter, while evaluating the application of foreign issuers, shall use the necessary evaluation procedure, which includes to realize the operational situation of the company, to interview or hold meetings with the directors, managers, and other relevant personnel, to collect, organize, examine, compare and analyze relevant information, to consult the opinions of relevant experts and other necessary procedures, as the basis for drafting the evaluation reports, and express concrete opinions.

3. The underwriter may, according to the nature of the business operated by the foreign issuer, appoint an expert with professional knowledge and abundant experience to proceed with the comparison and analysis as to the current operational situation of the foreign issuer and the future development after the offering, and provide the reviewing opinion based on an independent and fair position to help with the evaluation.

4. Before the publication of the evaluation report prepared by the underwriter, if the foreign issuers have the transactions or other events which are sufficient to affect the judgement of interested party, the underwriter shall disclose the events and evaluate their effect.

5. The items which must be stated in the evaluation report of the underwriter in accordance with the regulations shall be included completely and the index and the number of pages shall be compiled. In case there are no items which shall be evaluated or there are items which do not need to be evaluated the words "none" or "not applicable" shall be indicated after such items.

6. The items which shall be stated both in the evaluation report of the

underwriter and the prospectus may be stated only in one of them, and the page on which the information may be found shall be marked in the other publication.

7.The financial information in the evaluation report of the underwriter shall either be based on the New Taiwan Dollar or the currency of the nation in which the foreign issuers listed its stocks and disclosed the information, but only one kind of currency can be used. In case the above said financial report uses the currency of the nation which the foreign issuer listed its stocks and disclosed its information, the date of balance sheet for each year, the highest, the lowest, and average exchange rate shall be disclosed and added.

Article 3

The overall opinions of the underwriter:

1.The process of evaluation, including the double review of financial information of the foreign issuer and the process of collection and research of such information and the derived conclusion.

2.The opinion with regard to the feasibility of the plan of offering and issuance securities, the way to decide the price, the plan to use the capital, and opinion on whether the predicted progress and the predicted possible benefit are reasonable. Where the issuer issues the Taiwan Depository Receipts or stocks with the outstanding shares, the capital usage plan, the predicted progress and the predicted possible effect and benefit do not need to be described.

3.The elements of risk which the investors shall consider for this offering and issuance of securities.

4.The foreign issuer shall explain simply and clearly the relevant important facts if there are some situations which are sufficient to affect this offering and issuance of securities.

Article 4

The contents of evaluation:

1.The explanation and analysis of the general macroeconomic situation, the relevant laws and regulations, the exchange rate policy, the relevant elements of tax and risk in the nation of the foreign issuer and the man operation office, and the nation in which the issuer lists its stocks.

2.The analysis of the securities market in the nation which the issuer lists its stocks.

3.The evaluation of the business and financial status of the foreign issuer :

(1)The business status

a.The scope of business

(i)List the main scope of business, the current good or their purposes, and the scope of services.

(ii)List a simplified loss and profit description for the last five years and the prediction for the future years, and analyze the change. However, the loss and profit situation for the future years may be prepared in accordance with the regulations of the nation of the foreign issuer and the nation in which the issuer lists its stocks.

(iii)List the business income and business gross income of the separate division or main product for the last five years and predicted future years, and analyze the change. However, the business income and business

gross income of the separate division or main product for the future years may be prepared in accordance with the regulations of the nations of the foreign issuer and listing.

b.To discuss with the management level of the foreign issuer and evaluate the operational strategy, operation ability of the issuer and the long-term and short-term business development plans.

c.The general situation and the future development of the industry to which the foreign issuer belongs.

Explain the supply situation of the main material, the main sale district of the main goods or businesses, and analyze the general situation and the future development of the industry to which the foreign issuer belongs.

d.The position and growth of the industry to which the foreign issuer belongs in the nation in which the main operation office is located.

(2)The financial status

a.The financial analysis

(i)List the financial analysis for the recent five years, including the analysis of the financial structure, the analysis of the debt-paying ability, the analysis of operational ability, the analysis of profitability and the analysis of the cash flow, and analyze the change thereof.

(ii)Explain the financial status of the industry and compare the advantage and the disadvantage.

b.The operation and profitability of a company in the most recent year in which 20% or more of its shares are held by the foreign issuer and the total asset of such company is 10% or more of the total asset of the foreign issuer. If the invested company has any difficulty of operation or financial situation until the nearest quarter, the impact to the foreign issuer shall be evaluated.

c.State the distribution of dividends and bonuses for the recent three years and the distribution plan of the dividends for the next year.

However, the distribution plan of the dividend for the next year may be prepared in accordance with the regulations of the nation of the foreign issuer and the nation in which the company lists its stocks.

(3)If the foreign issuer is a holding company, the company shall, in addition to evaluating the operational and financial status of the holding group, list the organization and the related parties of such group, and evaluate the reasonableness of transactions with the related parties.

(4)The integrated analysis of the operational and financial status.

4.List the amounts of the preferred shares, convertible corporate bonds, corporate bonds with warrants, or other securities which the foreign issuer has issued, and evaluate the impact of the terms and the limitation for such previous issuance on the rights and benefits of the buyers of this issuance.

5.Evaluation of the terms the of this offering and feasibility issuance, and the reasonableness of the method to decide the price, the plan for of the capital usage, the predicted progress and the predicted possible effect and benefit. If there are other elements which will affect the feasibility of this issuance, they shall also be explained.

6.State whether there are any serious situation which is sufficient to affect the rights and benefits of shareholders or the price of securities from the date on which the certified public accountant has audited or

reviewed the balance sheet for the last year or half an year until the date of the evaluation report made by the securities firm and evaluate its impact.

7.List the stock price trend chart of the last five years and analyze the change in the stock price and trade volume for the last six months, including the trend of the change of the stock price and trade volume, the average rate of rise and fall, and the comparison with the main stock price index published by the securities exchange of the nation in which the foreign issuer lists its stocks.

8.State the legal opinion of a licensed attorney with regard to whether the foreign issuer has violated the local labor-related law in the last three years for the nations of the foreign issuer, its main business place and place of listing; whether there is any strike held by the employees; whether there are major litigation, non-litigations case or administrative case, execution of major contract and arbitration proceeding, and whether there is violation of pollution prevention laws.

9.Other necessary supplementary explanation.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System