證券櫃檯買賣中心 Taipei Exchange

Expanded Capital Access Solid Investment Venue



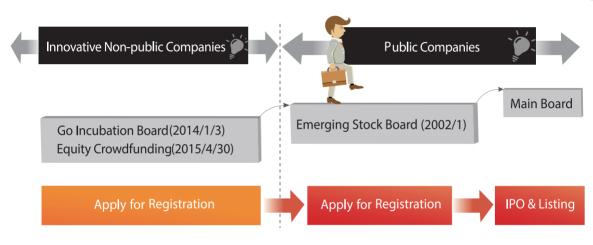
TPEx

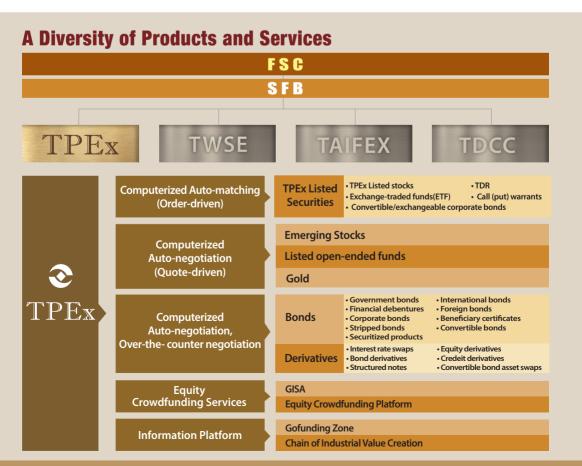
Features

As a keystone in Taiwan's securities market, the Taipei Exchange (TPEx) has long been dedicated to assisting high-tech, innovative, small and medium enterprises, or micro enterprises to list and to raise capital from a comprehensive range of investors.

TPEx is positioned to become a multi-functional, multi-tiered and full-fledged exchange with a comprehensive suite of services: a Main Board for listing, an Emerging Stock Board (ESB) for pre-listing preparation, a "Go Incubation Board" for micro and small enterprises, and a "Gofunding Zone" that matches sponsors with innovators.

Technology is the conduit of investment. To this end, TPEx is enhancing its trading system by incorporating both electronic auction trading and negotiated trading systems, which will enrich the varieties of products, (such as stocks, bonds, ETFs, TDRs and derivatives) traded on the platforms. The three platforms - the Listed Open-ended Funds Platform, the IRS Trading System & Platform, and the Gold Trading Platform - have satisfied investors' needs for greater investment diversity and choice.





Main Board

Our core business is not only to help corporations raise capital, but also to serve the public's investment needs. TPEx is devoted to supporting small business development, to providing services to investors, and to stimulating the capital market.

TPEx is unique in that it has maintained an impressively high P/E and turnover ratio compared to most other exchanges globally. Furthermore, TPEx listed companies represent a variety of sectors. In recent years, with assistance from TPEx, emerging industries such as biomedical and online games have been able to thrive with greater access to investment capital and, in turn, improved revenue and profitability.

High P/E Ratio



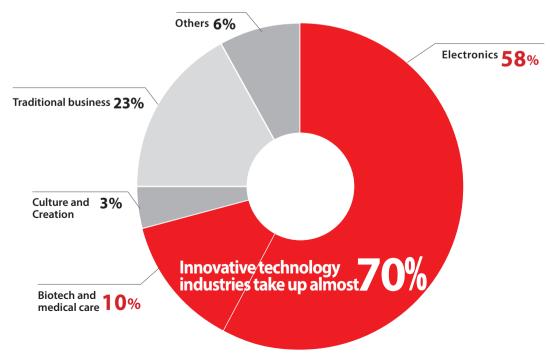
Source: Securities and Futures Bureau, "Major Indicators of Securities & Futures Market", Dec 2016

High Turnover Ratio



Source: Securities and Futures Bureau, "Major Indicators of Securities & Futures Market", Dec 2016

TEPX Listed Companies by Industry



Emerging Stock Board

TPEx Emerging Stock Board (ESB) was established in 2002. The ESB provides fledgling Companies with vital pre-listing assistance: First, the ESB familiarizes companies with capital market mechanisms and the relevant laws and regulations; and, second, it provides a legal, secure, and transparent trading market for investors to trade stocks.

Companies wishing to list on the TPEx Main Board or on the TWSE Main Board must first register on the ESB. Companies can't list on both the TPEx Main Board and the TWSE Main Board; they can only list on one stock market.

A public company applying for registration as an ESB company does not have to meet any capitalization, earnings, or years of establishment requirements, but it must be recommended by at least two securities firms, Recommending Securities Firms (RSF). After both a review process, normally taking no longer than nine days, and approval from TPEx, the stocks of the company can be traded. With ESB support, companies can get the support and momentum they need to help them grow their business.

As of Dec 2016, a total of 1,512 companies had registered as ESB companies; among those, 888 have successfully listed on either the TPEx or the TWSE Main Board.

The ESB trading system

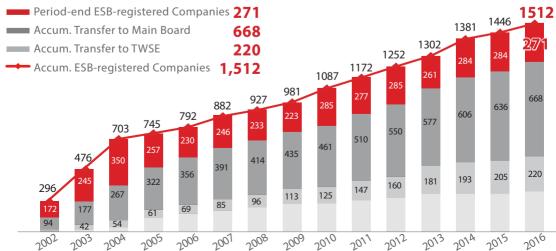
The ESB is a quote driven market. On the contrary, TPEx/TWSE Main Board are order driven markets. The ESB also incorporates negotiated trading and is the only stock market incorporating negotiated trading in Taiwan. A characteristic of negotiated trading is to give both buyers and sellers more flexibility in terms of trading price and quantity.

The ESB market-making is undertaken by securities firms whose quotes lead the market: in other words only an RSF can quote prices for the companies it recommends. Therefore, ESB trading methods are significantly different from those of the Main Board.

An investor can place orders on TPEx's computerized trading system to buy or sell emerging stocks through a securities broker to negotiate the trade with the recommending securities firms (market-makers). Alternatively, rather than using the computerized trading system, an investor who wants to trade 100,000 or more shares, or NTD5 million of an ESB company can contact the recommending securities firm directly to negotiate the terms of the trade.

Enhancement of the trading rules has been ongoing since January 7, 2013. This evolution reflects TPEx's commitment to creating the most equitable and transparent trading environment. Under the new rules, trading orders are first assigned to the recommending securities firm that gives the best quote at that time, and the transaction price is the price quoted by the recommending securities firm. As a result, the new system has effectively improved both trading efficiency and the quality of quotes. In addition, investors are able to deal at prices better than what they offer. In October 2014, two new policies were implemented: the first which allowed emerging stocks to be traded through an omnibus trading account; and the second which added a new method of negotiating prices with customers at the securities firms' place of business. Moreover, the settlement period of emerging stocks was modified to T+2 to make the settlement period consistent with that of TWSE/TPEx listed stocks. To bolster market-makers' responsibility and keep trading fluid, other new rules will be implemented in the second half of 2016, which will increase market-makers' obligations and introduce a temporary trading halt to the end of the day for emerging stocks.

ESB Accumulative Registered Companies 1,512



Innovative

Service Platform

Go Incubation Board for Startup and Acceleration Firms (GISA)— Opportunities for Micro, Small and Medium Enterprises

Go Incubation Board for Startup and CAcceleration Firms (GISA) was established in January 2014. GISA acts as a platform for micro, small and medium-sized non-public innovative companies to raise capital. GISA offers enterprises the mechanism of integrated counseling and the channel of capital raising. Public trading platform is not yet provided. The integrated counseling mechanism indicates the advisory services provided by TPEx and other allying professional intuitions in areas of finance, accounting. internal control, and regulations. The mechanism aims to assist micro, small and medium non-public innovative companies to set up and effectively execute moderate accounting systems and internal controls. GISA is a stepping stone to help foster micro, small and medium innovative companies to apply for retroactive handling of public offering procedures and to apply for registering on TPEx ESB and for listing on TPEx Main Board.



Equity Crowdfunding Platform

TPEx engaged in equity crowdfunding platforms following the opening up equity crowdfunding business to securities firms by Financial Supervisory Commission since April, 2015. TPEx plays the role to manage the platform operators i.e. the licensed securities firms. Companies can issue stocks via the equity crowdfunding platforms to raise funds from the public, and investors can identify and subscribe to the stock of a company conducting equity crowdfunding business.

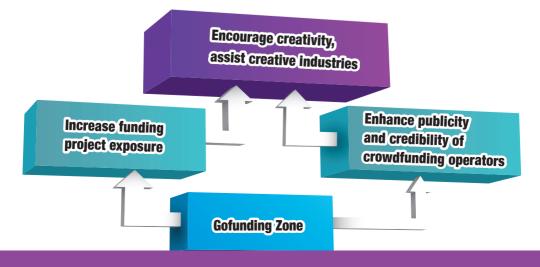
Gofunding Zone

The Gofunding Zone was launched in August 2013 to provide innovators with a means to transform their ideas into reality, and to provide investors with a means to transform their investment into return.

By synchronizing funding project information disclosed on crowdfunding platform websites and the TPEx Gofunding Zone webpage, TPEx has increased exposure to funding projects through collaboration with crowdfunding platform operators.

TPEx's responsibilities include managing crowdfunding platform operators and monitoring the funding proposal review process, the cash flow of transactions, and the execution of the funding project.

TPEx encourages operators to use banks as intermediaries to process fund transfers from sponsors to innovators. Using a third-party payment system reduces concerns over the transfer of funds and enhances overall credibility of the platform operators.



Bond

& Derivatives Market

Both and the stock market are important components of the capital market, and TPEx has been overseeing Taiwan's bond market since its inception. With rare exceptions, all bonds issued in Taiwan, including government bonds, corporate bonds, financial debentures and international bonds are listed on the TPEx bond market.

TPEx has also developed trading systems for interest rate and bond derivatives, such as interest rate swap (IRS), swaption (Swap Option), bond options and convertible bond asset swaps in a continuing effort to construct a comprehensive bond market system. In Taiwan, the rapid market development of RMB denominated bonds (i.e. Formosa bonds) and other foreign currency bonds (i.e. international bonds) also marks important milestones for the internationalization of the TPEx bond market.

The electronic bond trading system developed in-house by TPEx offers an integrated service of "trading settlement clearing" and all transactions in Taiwan's bond market are now processed through TPEx's electronic system. TPEx subsequently constructed trading systems for international bonds, foreign government bonds, corporate bonds, and the NTD interest rate swap to provide a more efficient trading environment for domestic financial institutions.

To facilitate the global aspirations of securities firms, TPEx has built a trading mechanism for foreign bonds not listed on TPEx. This mechanism effectively expands the scale of the domestic bond market and the business scope of securities firms. TPEx has also adopted a multi-tiered management system for the international bond market, which simplifies the issuance procedures for professional-grade bonds. These TPEx initiatives enhance the breadth and depth of the international bond market, create more business opportunities for financial institutions, and meet the diverse wealth management needs of domestic investors.

Highlights of Bond Outstanding



Formosa Bond and International Bond

response to market and private sector needs, and in support of the government's "Financial Businesses with Cross-Strait Characteristics" and the intention to exploit opportunities brought about by the internationalization of the Renminbi, TPEx has built a RMB-denominated bond market. By developing an offshore RMB bond market, TPEx is fostering more business opportunities for financial institutions and meeting the diverse wealth management needs of domestic investors.

As of the end of Dec 2016, there were 379 issues of international bonds outstanding, including 93 Formosa bonds totaling RMB 58.5 billion; 277 USD-denominated bonds totaling USD 84.9 billion; 8 AUD-denominated bonds totaling AUD 500 million; 1 Rand-denominated bond totaling ZAR1,050 million; and 1 NZD-denominated bond totaling NZD 57 million.



To provide more investment options and to stimulate more business for securities firms, TPEx launched the Gold Trading Platform on January 5, 2015. By the end of Dec 2016, the Bank of Taiwan (AU9901) and First Bank (AU9902) had registered gold products on the platform.

Investors can trade in gold through their existing securities account after signing a gold risk disclosure statement. The trading and settlement system of the Gold Trading Platform is generally the same as that of emerging stocks (i.e. a market led by market-makers' quotes and a T+2 period). The platform makes buying and selling gold just as simple and convenient as buying and selling stocks. Investors may apply for withdrawing their gold with a fineness of 99.99% booked on their securities account passbooks. The quality of the physical gold withdrawn from the Gold Trading Platform is guaranteed with a product warrant.

To reduce the trading cost of investors, gold market-makers (the Bank of Taiwan and First Bank) are working on minimizing the spread which is smaller than that offered by banks and gold shops. Gold Trading Platform is the best way for investors to invest gold.

IRS Trading System & Platform

In trading platform on December 1, 2014. Currently 37 financial institutions participate. Two interest rate benchmarks, TAIBOR and TAIBIR 02, for IRS contracts with terms of between one and 20 years, are provided. The nominal principal of a standard contract can be either NTD300 million or NTD500 million. With this system and platform, financial institutions can effectively manage or change their future cash flows and hedge interest rate risks.

Listed Open-ended Funds Platform

To a listed open-ended funds platform which was officially launched on October 27, 2014. The platform enables investors to buy and sell funds offered by a number of securities investment trust enterprises (SITEs) through their existing securities account and using the same Taiwan Depository & Clearing Corporation (TDCC) securities account passbook they already have. It also provides an additional sales channel for SITEs, offers investors more asset allocation options and helps enlarge the size of funds offered by SITEs. By the end of Dec 2016, 36 funds offered by eleven SITEs were registered on the platform.

About.

Taipei Exchange

Formerly Securities Market, the Taipei Exchange (TPEx) was established on November 1, 1994, in accordance with the provisions of the Securities and Exchange Act. TPEx's initial funds came from the Taiwan Securities Association, the Taiwan Stock Exchange and the Taiwan Depository & Clearing Corporation. TPEx's Board of Directors enjoys a high degree of independence: No more than one third of the Board can come from the initial donator organizations, and at least one third of the Board must comprise members of the Taiwan Securities Association.



TPEx is committed to offering a top-quality platform where innovation drives progress and investment. Guided by core values of transparency, and fair trade, and our goals of greater financial diversification, a more liquid market, and greater access to capital, TPEx is shaping the future of business both in Taiwan and abroad.

TPEx sees its roles as that of mentor, facilitator, and catalyst.

As a means of sharing its experience with other emerging markets, in 2014, TPEx participated in the World Bank's "SME Access to Equity Market" program and contributed its experience in assisting local SMEs in raising capital. TPEx is also actively seeking opportunities to work with other emerging markets

With its strategy of developing more indices, TPEx hopes to broaden its product line of ETFs, thereby offering investors greater choice in planning their investment portfolio.



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