

# Introduction to Taipei Exchange



證券櫃檯買賣中心  
Taipei Exchange

# Introduction

TAIPEI EXCHANGE

## OVERVIEW

**Recognized by the World Bank as one of the most successful SME exchanges in the world**

**2,400+**

public companies have gained access to the capital market through TPEX.

**Prominent Electronics and Biotech groups consist of complete industrial clusters of firms operating in various sub-sectors**

**65%+**

of listed firms are in Electronics and Biotech industries.

**Listed companies profit from steady growth**

**2%**

Over 60% of our listed firms posted an average cash dividend yield of more than 2% at the end of June 2023.

**The No.1 in Bond ETF Issuance in Asia**

**USD  
50.39bn+**

Scale of the growing Bond ETF market

**Green Finance and Sustainability Report received international recognition**

Climate Bonds Initiative (CBI) "The Green Bond Pioneer Award"

The Asia Sustainability Reporting Awards (ASRA) 2021:

- "Asia's Best Sustainability Report (Public Sector)" gold award
- "Asia's Best Stakeholder Reporting" gold award
- "Asia's Best Sustainability Report (CEO Letter)" silver award

## Awards

**Participation in international organizations aligns TPEX with the highest global standards**

## Global Relations

- IOSCO Affiliate member
- WFE member
- AOSEF member
- CCP12 member
- CBI member
- ICMA member

# Expertise in Fostering SMEs



## Since its establishment, Taipei Exchange has assisted more than 2,400 public companies to gain access to the capital market

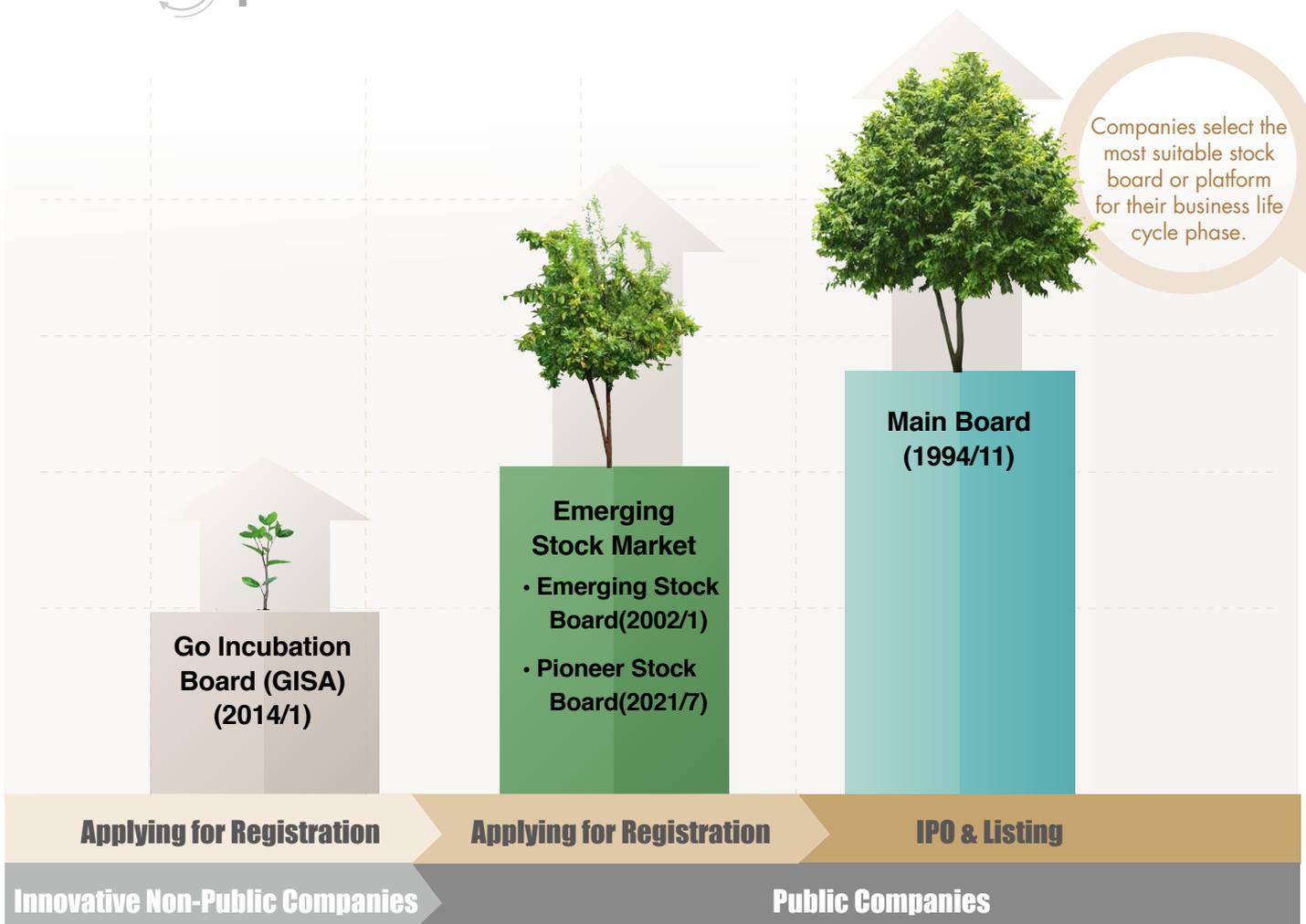
Since its inception in 1994, Taipei Exchange has enabled 1,880 companies to register on the Emerging Stock Board, and 1,370 companies to list on the Main Board.

As of the end of June 2023, the total number of companies listed on the Main Board was 812, with a further 310 firms registered on the Emerging Stock Board. Featuring a legion of over one thousand corporate clients, TPEX was recognized by the World Bank in the latter's January 2015 Policy Research Working Paper as one of the most successful SME exchanges in the world. According to the statistics from WFE at the end of May 2023, the number of stocks listed on the TPEX places us 19 among 76 global exchanges. All indications are that we can expect steady growth in listings to continue over the coming years.



## A complete multi-tiered market architecture

By building a multi-tiered market comprised of the Main Board, the Emerging Stock Board and the Go Incubation Board (GISA), Taipei Exchange provides a high-quality environment for financing, nurturing and growing enterprises at all stages of their growth.



# Expertise in Fostering SMEs

## Diverse listed companies, organized into strong, characteristic industry clusters

We actively encourage firms to list on the TPEX, firms in sectors including Health Care, Agricultural Science & Technology, Cultural & Creative Industries, Smart Machinery, Green Energy Technology, Internet of Things, Big Data and National Defense & Aerospace Industry, and so on. Over two decades of experience in developing a market catering to SMEs has allowed us to construct a comprehensive market, including industrial groups of emerging technologies and innovative business models, such as Electronics and Biotechnology. Our Industry Groups are also characterized by robust ecosystems of inter-related sub-groups. This ensures our corporate clients to receive the best possible access to capital via our markets, positioning their stock offerings in the most appropriate category. The below graph illustrates examples of these characteristic industry clusters for the Traditional Business, Electronics and Biotech industry groups, which are prominently representative on the TPEX.



### Traditional Business and Others

- Electric Machinery
- Finance
- Cultural and Creative
- Golf Club Heads
- Tourism

### Electronics

- Green Energy (Solar)
- Opto-electronic
- IT/Telecom
- Semiconductors (IC Design)
- Online Game

### Bio-Tech

- Medical Care Distribution
- Pharmaceutical Manufacture & Development
- Gene & Bio-Tech
- Agriculture-Tech

# Why list on TPEX?



## Multi-tiered market architecture facilitates fund-raising

- ◆ **Go Incubation Board:** It fosters early-stage micro-enterprises, paving the way for going public and eventual listing on the TPEX.
- ◆ **Emerging Stock Market:** As a feeder-market for the Main Board, this Market offers early exposure to investors, enhancing a company's visibility. "Emerging Stock Market" is formed with the existing "Emerging Stock Board" and the newly launched "Pioneer Stock Board", which is designated to offer innovative enterprises an easier way to enter into the capital market.
- ◆ **Main Board:** As the ultimate stage of corporate clients' capital market journey, the Main Board is an actively traded environment, offering our clients attractive valuation multiples on their stocks.
- ◆ **Diversified instruments:** TPEX provides companies with the flexibility to use a full array of financing instruments such as stocks, bonds, convertible bonds, preferred stocks, and so on.



## Versatile listing environment and transparent review process

- ◆ A listing environment suitable for enterprises at all scales and stages of development
- ◆ The listing review process is efficient and transparent: The Review Committee generally completes its assessment within 6 weeks.
- ◆ Flexible listing criteria applicable to certain industries
- ◆ Reasonable listing costs
- ◆ Subsequent to an IPO, access to capital is made convenient via Secondary Public Offering.

## Our service doesn't end with the listing



- ◆ To improve a company's visibility and foreign investor participation, high-quality listed firms are taken on domestic and international roadshows.
- ◆ When a firm joins the TPEX Community, we take the initiative to understand a company's needs, through regular "TPEX Community Member" activities such as conducting on-site visits.
- ◆ We provide seminars and other briefings to share up-to-date knowledge on legal, regulatory, and other key developments which may impact our clients.



## Vibrant secondary market enhances the company's public profile

- ◆ High turnover and good liquidity in the secondary market reduce corporate clients' issuance costs.
- ◆ Reasonable P/E ratios appropriately reflect fair value of a company.
- ◆ Our healthy and liquid secondary market promotes brands of listed companies, attracting both business partners and talents in various fields.

# Why invest on TPEX?



## Transparent market information

We facilitate the timely dissemination of important corporate news such as a company's key financial and management information, shareholder meetings, dividend distributions, corporate governance and other material information.



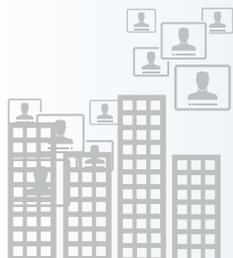
**Profitable listed firms: over 60% our listed firms posted an average cash dividend yield of more than **2%** as at the end of June 2023.**



## The market is active and liquid

The turnover rate at the end of June 2023 was 145.9%. Such a robust level of market liquidity enhances investment efficiency. In terms of investor types, institutional and retail investors account for approximately 30% and 70% of trading, respectively. According to the statistics from WFE at the end of May 2023, the Main Board ranked 20<sup>th</sup> among 73 global exchanges by monthly stock turnover.

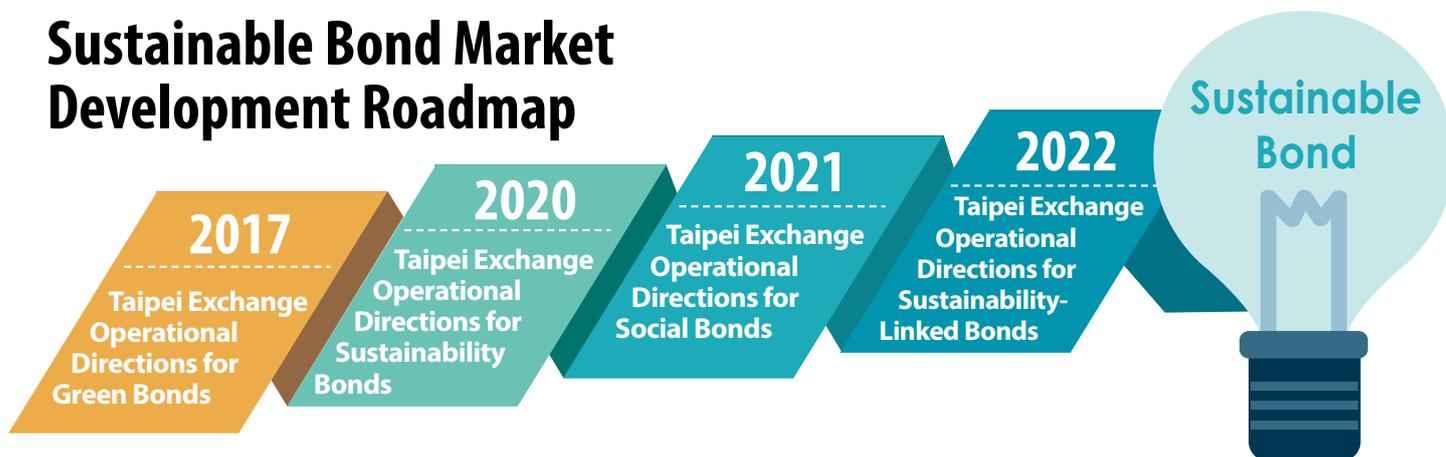
## We are leading the way in promoting corporate governance and sustainable development



According to "CG WATCH 2020" from ACGA, The Asian Corporate Governance Association, Taiwan ranks 4<sup>th</sup> in Asia. TPEX has encouraged companies to strengthen corporate governance practices and business health for many years. To enable this, we designed evaluation guidelines covering four categories. These categories include protection of shareholders' rights, operational guidance for a well-structured board of directors, information transparency improvement, and the implementation of sustainable development. Each year evaluation and annual grading of listed companies is conducted and this has been done for 9 years, with the results communicated to the general public. In the future, TPEX will continue to vigorously promote best practices in corporate governance. In accordance with the policy such as "Sustainable Development Action Plans for TWSE and TPEX Listed Companies", "Sustainability Road Map for TWSE and TPEX Listed Companies" and Corporate Governance Roadmap, TPEX has assisted companies in disclosure of GHG inventory information and set carbon reduction goals, improved the quality of sustainable development information disclosure, and promoted to implement sustainable corporate development.

# Green Bond Pioneer in Asia

## Sustainable Bond Market Development Roadmap



### Launching a dedicated sustainable bond market

Taipei Exchange launched the Operation Directions for Sustainable Bonds on 29th April 2021 to implement the plans announced by the Financial Supervisory Commission, including Corporate Governance 3.0 -Sustainable Development Roadmap, Green Finance Action Plan 2.0, and Capital Market Roadmap 2021-2023. The Taipei Exchange has successfully consolidated the regulations of Green Bonds, Sustainability Bonds, and Social Bonds to launch this segment exclusively for ESG concept bonds.

### Total issuance of sustainable bond exceeds US\$15 billion

As of the end of June 2023, there have been a total sustainable bond issuance amount of approximately US\$15.8 billion. This amount includes 113 green bonds, 16 social bonds, and 32 sustainability bonds, with the issuance amount reaching US\$11.2bn, US\$1.2bn, and US\$3.3bn, respectively. Issuers include foreign government, both domestic and foreign banks, state-owned enterprises, local and international corporations, etc.

### Innovative Sustainability Bonds – Sustainability-Linked Bonds (SLB)

The TPEX launched the Sustainability-Linked Bond (SLB) on July 8, 2022 to help issuers raising long-term and stable fund, conveying the determination of sustainable development to the market. Since SLB has no restrictions on the use of proceeds, it is more flexible. The principal and interest conditions of SLB are linked to corporate sustainability goals, which can effectively assist companies to implement ESG commitments and to achieve their sustainable development strategy. As of the end of June 2023, there have been total issuance amount of US\$0.2 billion, which includes 3 SLBs.



### Received the CBI Green Bond Pioneer Award and joined ICMA as a full member

The TPEX received Green Bond Pioneer Award from the Climate Bonds Initiative (CBI) in March 2018 as "Exchanges introducing new listing guidelines in 2017". Taipei Exchange acquired ICMA membership on 6th July 2021 as the 5th securities exchange member in Asia, which achieved a significant milestone in promoting the sustainable bond market.

# Product Innovation

## Bond ETF issuance close to **US\$50.39 billion**, ranking **1<sup>st</sup>** in Asia

Since the 1st bond ETF listed on the TPEX in 2017, the size of issuance has grown close to US\$50.39 billion as of the end of June 2023, ranking 1st in Asia. A total of 79 ETFs tracking bond indices are listed on the TPEX. In terms of dividend yield, bond ETFs average dividend yield is 4.09% as of the end of June 2023.

In the secondary market, the average daily value amounts to US\$116.11 million as of the end of June 2023. The total number of market participants amounted to 383,523 including natural persons, proprietary traders, and institutional investors.



## Continuous Development of Indices Featuring TPEX

In March 2019, "TPEX 200 Index" was launched. This Index includes 200 stocks with the largest market capitalization and high liquidity on the Exchange. "TPEX 200 Index" not only represents the overall TPEX equity market, but also serves as one of the best SME benchmarks in Taiwan. TPEX also developed sub-indices based on the TPEX 200 Index. These indices are composed with various themes including "Quality 50 Index", "TPEX Semiconductor Leaders Total Return Index", and "TPEX200TR Daily Return Leveraged 2X Index".

In addition, to promote a sustainable financial market, TPEX has launched several indices in collaboration with Taiwan Index Plus Corporation, including TIP Taiwan TPEX ESG Index, TIP TPEX ESG Growth Total Return Index, TIP TPEX ESG IT Elite Total Return Index, and TIP TPEX ESG High Dividend Total Return Index in order to follow the global trend in sustainable development.

TPEX, along with Taiwan Index Plus Corporation and National Taipei University, launched TPEX ESG 30 Index on September 26, 2022. On May 24, 2023, the first TPEX ESG 30 ETF was listed on TPEX, and it has become a right choice for both investors and companies to devote themselves to sustainable development.





TPEX

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