

Title : Regulations Governing the Go Incubation Board for Startup and Acceleration Firms

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## Chapter 1 General Principles

### Article 1

These Regulations are enacted for the purpose of counseling the innovative and creative non-public enterprises of the Republic of China (ROC) for development and assisting them in raising capital, in order to enhance the vitality and entrepreneurialism of the ROC's economy.

### Article 2

Terms used in these Regulations are defined as follows:

- 1.Competent authority: The Financial Supervisory Commission of the ROC.
- 2.TPEX: Taipei Exchange.
- 3.Company: Refers to a company limited by shares or a limited company organized in accordance with the Company Act of the ROC.
- 4.Preparatory office: Refers to a preparatory office for the establishment of a company limited by shares by public offering in accordance with the Company Act of the ROC.
- 5.The Go Incubation Board for Startup and Acceleration Firms (GISA board): Refers to the board established by the TPEX to assist innovative and creative enterprises with information disclosure and capital raising, and to provide the investors with participation in company incorporation by public offerings held by promoters, or subscription to company shares for a cash capital increase.
- 6.GISA company: A company limited by shares that is registered on the GISA pursuant to these Regulation.

### Article 3

When a company or a preparatory office applies with the TPEX for a GISA registration, registration may only take place after the company has passed the TPEX's first-stage innovation and creativity examination and received counseling from the TPEX-organized public integrative counseling mechanism, and after second-stage TPEX counseling is completed, the company's capital raising plan has passed review, and the company completes the pre-GISA registration cash capital increase or incorporation by public offering.

Review procedures related to application for GISA registration by a company or a preparatory office, and matters related to termination of counseling, suspension of qualification for capital raising through the GISA, termination of GISA registration, and any counseling or management by the TPEX related to the GISA shall be carried out in accordance with the provisions of relevant laws and regulations, these Regulations, and related directives and rules of the TPEX.

## Chapter 2 Innovation and Creativity Examination

### Article 4

An application for GISA registration submitted by a company or a preparatory office must meet each of the following requirements:

1. The company must be a company limited by shares or a limited company established in accordance with the ROC Company Act, or must be a preparatory office for the incorporation of a company by public offering under the Company Act.
2. The company, or the company planned for incorporation by public offering, must have an innovative or creative concept and future development potential.

The company or preparatory office shall file an application with the TPEX by submitting an "Application for GISA Registration" (Attachment 1) and a full set of related documents, including a business plan.

After the TPEX receives an application, it shall prepare an "Application Documents Log" (Attachment 2). If examination shows that an incomplete set of application documents has been submitted, the TPEX shall require supplementation by a specified deadline, and if the documents have not been supplemented by the deadline, the TPEX may reject the application. When examination shows that the application documents are complete, and a majority of the innovation and creativity examination committee members has agreed that the company is innovative or creative, and the TPEX, after making an overall assessment and finding no violations of the principle of good faith, material violations of laws or regulations, or involvement in any material non-arm's length transactions, agrees that the company is suitable for counseling, it will issue a letter to the applicant company or preparatory office approving the commencement of TPEX counseling. If, however, the innovation and creativity examination committee or the TPEX does not agree, a letter will be issued rejecting the application of the company or the preparatory office. A company or a preparatory office that meets the conditions of Article 5, paragraph 2, however, may be exempted from examination by the

innovation and creativity examination committee.

#### Article 5

An applicant company or preparatory office that meets any of the following requirements may be exempted from the examination conducted by the innovation and creativity examination committee under paragraph 3 of the preceding article:

- 1.It has obtained an "Innovation and Creativity Opinion Letter" (Attachment 3) from the central competent authority for the target industry, the Ministry of Science and Technology, a government at the level of county (or county-level city) or above, the National Applied Research Laboratories, the Industrial Technology Research Institute, the Commerce Development Research Institute, the Institute for Information Industry, or other agency that has submitted an application and been recognized by the TPEX (below, a "recommending agency").
- 2.It has obtained a recommendation letter issued by the central competent authority for the target industry specifying the reasons that the company possesses innovation and creativity.
- 3.It has been awarded a national award recognized by the TPEX and been recommended by a recommending agency.
- 4.It has been registered or certified as a social enterprise by a domestic or foreign institution recognized by the TPEX and been recommended by a recommending agency.
- 5.Its most recent annual financial report audited and attested by a CPA shows operating revenue of NT\$50 million or more.

The recommending agency shall fully assess and describe concrete reasons for the company's innovative or creative concept and its future development potential based on the "Innovation and Creativity Opinion Letter" formulated by the TPEX.

#### Article 6

For the purpose of conducting examination of innovation and creativity, the TPEX shall engage five industry experts from the applicant company's industry as members of an innovation and creativity examination committee.

To maintain the impartiality, objectivity, and independence of the innovation and creativity examination committee, Article 3 of the TPEX Rules for Engaging Expert Consultants and the Provision of Advisory Opinions in Applications for TPEX Listing and Articles 2 to 5 of the TPEX Matters for Compliance by Members of the Examination Committee for TPEX Securities Listings apply mutatis mutandis to the disqualifying criteria and matters for compliance applied to the

examination committee members of the preceding paragraph.

#### Article 7

The innovation and creativity examination committee members referred to in the preceding article shall fully assess and describe concrete reasons for the company's innovative or creative concept and its future development potential based on the "Assessment Opinion on Company Innovation or Creativity" (Attachment 4) formulated by the TPEX, and issue a conclusion of either agreement or disagreement.

The approval of a majority of the examination members means agreement on the company's innovation or creativity. The approval of less than a majority of the examination members means disagreement on the company's innovation or creativity. The "Assessment Opinion on Company Innovation or Creativity" of the preceding paragraph shall be handled as a confidential document.

### Chapter 3 The Public Integrative Counseling Mechanism

#### Article 8

When the applicant company or preparatory office receives a letter of approval issued by the TPEX pursuant to Article 4, it shall enter into a "Contract for Acceptance of Counseling and GISA Registration" (Attachment 5) with the TPEX, and begin to receive counseling from the TPEX.

The applicant company or preparatory office may not use the fact of counseling by the TPEX in any promotion of its business, as an indication of its operational performance, as a guarantee of profit or for publicity.

#### Article 9

The public integrative counseling mechanism is under the coordination of the TPEX. It provides advisory counseling on accounting, internal control, marketing, and legal affairs based on what are deemed the actual needs of the recipient company or preparatory office and in combination with assistance from agencies such as the Small and Medium Enterprise Administration of the Ministry of Economic Affairs or accounting firms.

To create the benefits of inter-agency coordination and enhance the effectiveness of counseling, the recommending agency shall provide its available resources to the TPEX for integration with the resources of the relevant external professional agencies in the process of providing counseling to the given company or

preparatory office.

The TPEX will at appropriate times provide a concise internal control system template and accounting system for reference by the company or preparatory office receiving counseling, to serve as a base on which it can establish and continue to implement those systems.

#### Article 10

When counseling begins, the TPEX, in coordination with accounting firms or other external professional agencies, may undertake a comprehensive examination of the financial and business condition of the company or preparatory office receiving counseling based on the "Control Log for Counseling of Company Applying for GISA Registration" (Attachment 6) formulated by the TPEX.

During the period of counseling, the TPEX, in coordination with the Industrial Technology Research Institute, accounting firms, or other external professional agencies, may at regular or irregular intervals provide on-site counseling at the location of the recipient company or preparatory office, and make further entries to the "Control Log for Counseling of Company Applying for GISA Registration."

An accounting firm or related professional agency that is engaged by the TPEX to participate in the counseling shall report the status of implementation of its counseling work according to the counseling schedule agreed upon between it and the company or preparatory office receiving counseling, in the format designated by the TPEX (Attachment 8).

The company or preparatory office receiving counseling shall cooperate with the counseling work of the TPEX, accounting firms, and other related professional agencies. If during the counseling period the company or preparatory office receiving counseling undergoes any material change in its primary business, business model, or operational policies, it shall immediately notify the TPEX.

The TPEX and the accounting firms and other related professional agencies shall maintain the confidentiality of any financial or business secrets of the recipient company or preparatory office that they learn of during the course of counseling. This restriction will not apply when a disclosure is required by law, regulation, or the competent authority, or when the concerned party consents to disclosure.

#### Article 11

In view of the industry to which the company or preparatory office receiving counseling belongs, its special features as a company, and its current stage of development, the TPEX may provide it with a relevant course for study. Such

courses will be planned and offered by the TPEX in coordination with cooperating agencies, and will in principle be provided in batches as intensive courses.

#### Article 12

If any of the following circumstances applies to a company or preparatory office receiving counseling, the TPEX may terminate the counseling:

- 1.The company or preparatory office has received the counseling for two years. The TPEX may extend this period if it deems necessary.
- 2.The company or preparatory office materially evades or refuses to cooperate with the TPEX's counseling or auditing.
- 3.Continued counseling is no longer appropriate, based on application by the company or preparatory office receiving counseling or the assessment of the TPEX.

### Chapter 4 GISA Registration

#### Article 13

When a TPEX assessment determines that a company or preparatory office receiving advisory counseling meets each of the following conditions, the company or preparatory office shall begin carrying out the pre-GISA registration cash capital increase or incorporation through public offering:

- 1.The company or preparatory office is now, or will be after incorporation through public offering, a company limited by shares organized in accordance with the Company Act of the ROC.
- 2.It has established a sound internal control system and accounting system, which are being effectively implemented, and its accounting treatment complies with the Business Accounting Act.
- 3.The plan for a cash capital increase or incorporation through public offering is reasonable and feasible.

#### Article 14

The TPEX shall engage a professional shareholder services agency to handle the shareholder affairs of the company or preparatory office receiving counseling. The company or preparatory office receiving counseling shall enter into a shareholder services agency contract with the designated shareholder services agency in accordance with TPEX rules.

The TPEX shall consult with the Taiwan Stock Exchange to obtain a four-digit stock code for the company or preparatory office receiving counseling, to allow the

company or preparatory office to carry out information reporting and related matters when handling its pre-GISA registration of cash capital increase or incorporation through public offering.

When the company or preparatory office receiving counseling carries out its pre-GISA registration cash capital increase or incorporation through public offering, the source of shares which it must provide in full number for subscription by investors through the GISA or for subscription by institutional angels only is as set out in the following provisions:

1. When the company receiving counseling carries out the cash capital increase in accordance with related laws and regulations, a certain percentage of shares is subscribed by employees and the remainder distributed for subscription among shareholders in proportion to their shareholding percentage. If employees or shareholders do not fully subscribe and waive their rights to the unsubscribed shares, the source is that portion of shares for which subscription rights were waived.
2. When the company promoters, in accordance with related laws and regulations at the time of incorporation through public offering, did not fully subscribe to the first issue of shares, the source is the portion of unsubscribed shares.

The term "institutional angel" in the preceding paragraph means an investor who meets any of the following conditions:

1. A professional institutional investor, which means a domestic or foreign bank, insurance company, bills finance company, securities firm, fund management company, government investment institution, government fund, pension fund, mutual fund, unit trust, securities investment trust enterprise, securities investment consulting enterprise, trust enterprise, futures commission merchant, futures service enterprise, or other institution approved by the competent authority.
2. A juristic person or fund that has shareholders equity exceeding NT\$50 million according to its latest CPA-audited or reviewed financial report, and that has established a dedicated investment unit; however, the financial report of a juristic person outside of the Republic of China need not be CPA-audited or reviewed.
3. A trust enterprise that has entered into a trust agreement with a settlor who meets the conditions set forth in the preceding two subparagraphs.
4. A venture capital enterprise duly established in accordance with law.

The provisions of the Financial Consumer Protection Act do not apply to institutional angels referred to in the preceding paragraph.

When a company or preparatory office receiving counseling carries out its pre-GISA registration cash capital increase or incorporation through public offering, the total amount of capital stock offered for subscription by investors through the GISA may not exceed NT\$30 million. However, when a company or preparatory office receiving counseling has obtained a letter of recommendation or an "Innovation and Creativity Opinion Letter" from a recommending agency at the time of application for GISA registration, it will not be subject to the above NT\$30 million restriction.

When a company or preparatory office receiving counseling carries out its pre-GISA registration cash capital increase or incorporation through public offering, within 5 days from the date on which it confirms the number of shares for which subscription rights were waived by employees or shareholders, or the number of shares not subscribed by company promoters, it shall input its basic company information and information on the cash capital increase or incorporation through public offering into the TPEX-designated information reporting website in the format required by the TPEX. Investors may begin to subscribe the shares only after review by the TPEX and disclosure through the GISA for no less than 5 business days.

During the period when a company or preparatory office receiving counseling carries out its pre-GISA registration cash capital increase or incorporation through public offering, it may neither provide explanations nor issue any forecasting information to the public regarding its business or finances.

The company or preparatory office receiving counseling shall be solely responsible for any error, omission, or misrepresentation in the basic company information and information on the cash capital increase or incorporation through public offering disclosed through the GISA.

## Article 16

An investor intending to subscribe shall first confirm a "Risk Disclosure Statement" (Attachment 9) through the TPEX's GISA company capital raising system before commencing with the subscription. When the system has checked and verified that the subscription has not exceeded the investment limit, it will complete the investor's subscription.

The "investment limit" of the preceding paragraph refers to the amount of investment made by an investor through the GISA system during the preceding year, calculated retroactively from the time of the present subscription, and including the present subscription, which may not exceed NT\$150,000. This limit,



however, does not apply to those meeting any of the following requirements:

1. Institutional angels as defined in Article 14, paragraph 4.
2. A natural person who provides proof of financial capacity showing assets of NT\$30 million or more, and who also possess ample professional knowledge of financial products or ample trading experience.
3. The amount of subscriptions by the original shareholders of the company raising capital for investment in that company raising capital.

"The original shareholders of the company raising capital," as used in paragraph 2, refers to those persons who are shareholders as of the record date of suspension of changes in information recorded in the shareholder register, or who are company promoters and investors participating in the incorporation through public offering, when a company or preparatory office receiving counseling carries out its pre-GISA registration cash capital increase or incorporation through public offering. With the exception of the professional institutional investors of Article 14, paragraph 4, subparagraph 1 and the public companies of Article 14, paragraph 4, subparagraph 2, which are not required to submit applications to be kept on file by the TPEX, the institutional angels under the remaining subparagraphs of Article 14, paragraph 4, and natural persons meeting the requirements of paragraph 2, subparagraph 2 of the present article, shall attach evidentiary documents and submit an application to the professional shareholder services agency engaged by the TPEX pursuant to Article 14, paragraph 1, as a basis to be kept on file after the TPEX's review and approval of their qualifications.

The professional shareholder services agency of the preceding paragraph shall compile and provide a register of the investors and the original shareholders of the company raising capital as referred to in the preceding two paragraphs, in order that the TPEX may establish records and implement controls with respect to investment limits.

## Article 17

When a company or preparatory office receiving counseling carries out its pre-GISA registration cash capital increase or incorporation through public offering, it shall offer for subscription by investors through the GISA board or for subscription by institutional angels only the full number of the shares for which subscription rights were waived by its employees and shareholders, or shares which were not subscribed by the company promoters. If, in the first subscription, the shares are not fully subscribed, or are fully subscribed but subscribers fail to pay the subscription price by the deadline, the company or preparatory office shall set an

appropriate period of time for a second subscription, unless the TPEX gives approval for the company not to hold a second subscription. If the company, with the approval of the TPEX as provided above, does not hold a second subscription, or if in the second subscription the shares are not fully subscribed, or are fully subscribed but subscribers fail to pay the subscription price by the deadline, the company or preparatory office shall without exception refund the subscription price to those who have already paid it, along with the interest accrued on the account, and shall itself bear the processing fees for the remittances. The TPEX will then proceed in accordance with the provisions of Chapter 3 with respect to the company or preparatory office.

If the shares in the first or the second subscription have been fully subscribed, the TPEX shall confirm, following the order in which each subscription occurred or the will of the company, the list of subscribers as a basis for notification regarding payment matters, and shall also notify the professional shareholders agency to confirm related matters, including collection of the full amount of the subscription prices.

If the professional shareholder services agency determines that subscription prices have not been collected in full, it shall notify the company or preparatory office to handle the matter in accordance with paragraph 1. If it determines that subscription prices have been collected in full, it shall notify the company or preparatory office to carry out matters such as information reporting, amendment of its company registration, registration of incorporation, and delivery of the physical share certificates if any are printed by the issuing company; if the issuing company does not print physical share certificates, it shall register its issued shares with a central securities depository in accordance with Article 161-2 of the Company Act.

If a company or preparatory office receiving counseling, when raising capital prior to GISA registration, or otherwise prior to GISA registration, experiences any event under Article 23, paragraph 1, subparagraphs 1 to 7 or 12, and the event is material enough to affect its operation, or an event under Article 23, paragraph 1, subparagraph 8, Article 26, paragraph 1, subparagraph 2, 4, 5, or 7, or Article 27, subparagraphs 4 to 7 of these Regulations, or another cause for which the TPEX considers it necessary, the TPEX may immediately suspend its qualification for capital raising through the GISA or its GISA registration, and may terminate the counseling pursuant to Article 12 of these Regulations.

Under the circumstances in the preceding paragraph, the TPEX may terminate any capital raising by the GISA company through the GISA even if it is in progress, and any subscription made by investors would be invalid. If the payment of the

stock has already been made by investors, the company or preparatory office shall refund the payment with the interest accrued on the account, and shall bear the processing fees for remittance.

If a company or preparatory office receiving counseling has its qualification for capital raising through the GISA or its GISA registration suspended by the TPEX pursuant to paragraph 4, it shall report to the TPEX by letter an explanation of the irregular events under paragraph 4 and its concrete plan for corrections. Unless the TPEX disagrees with its explanation or plan and terminates the counseling, the company or preparatory office shall issue material information disclosures concerning the aforesaid explanation and plan, and the status of the subsequent corrections, pursuant, mutatis mutandis, to Article 23 of these Regulations. The TPEX, depending on the status of the subsequent corrections, may reinstate its qualification for capital raising through the GISA or its GISA registration, or terminate the counseling.

#### Article 18

When a company or preparatory office receiving counseling carries out a pre-GISA registration cash capital increase or an incorporation through public offering, it shall report to the TPEX within 5 business days from the date it completes amendment of company registration or registration of incorporation, and consult with the TPEX on the setting of a date for its official GISA registration. After it accepts, the TPEX will publicly announce the date of the company's official GISA registration.

### Chapter 5 Counseling and Management Following GISA Registration

#### Article 19

A GISA company shall continue to receive counseling through the public integrative counseling mechanism coordinated and operated by the TPEX. In view of the industry to which the company belongs, its special features as a company, and its current stage of development, the TPEX may continue to plan and offer relevant courses for study by the company, and as necessary, may also from time to time conduct on-site counseling.

#### Article 20

When a GISA company carries out a cash capital increase through the GISA board capital raising system, with respect to any shares for which employees or

shareholders waive their right to subscribe, the full number of such unsubscribed shares shall be offered for subscription by investors through the GISA or for subscription by institutional angels only, and the procedures shall be carried out in accordance with related laws and regulations after the TPEX has examined all the relevant information on capital utilization and the basis for price setting in the plan for the cash capital increase.

A GISA company, within 5 business days from the date on which it has confirmed the number of shares for which subscription rights were waived by employees and shareholders and that it has not arranged for subscription by specified persons, shall input information on its cash capital increase into the TPEX's designated information reporting website in the format required by the TPEX. Investors may commence subscription only after review by the TPEX and disclosure through the GISA for a period of no less than 5 business days.

The GISA company shall be solely responsible for any error, omission, or misrepresentation in the information on its cash capital increase disclosed through the GISA.

The total amount of capital stock offered by a GISA company for subscription by investors through the GISA within the most recent year, counting retroactively from the first day on which its cash capital increase information was disclosed through the GISA and including the amount currently offered, may not exceed NT\$30 million. The above NT\$30 million restriction does not apply, however, when the company had already obtained a letter of recommendation or an "Innovation and Creativity Opinion Letter" from a recommending agency at the time of application for GISA registration.

During the period when a GISA company carries out a cash capital increase, it may neither provide explanations nor issue any forecasting information regarding its business or finances.

## Article 21

When a GISA company offers for subscription by investors through the GISA or for subscription by institutional angels only the full number of shares for which subscription rights were waived by employees or shareholders, and for which subscription by specified persons was not arranged, subscription by investors shall be handled in accordance with Article 16. The provisions of Article 17 apply *mutatis mutandis* when a GISA company undertakes capital raising procedures through the GISA.

## Article 22

A GISA company shall input the following information, in the format required by the TPEX, into the TPEX-designated information reporting website:

1. Basic company information, including a company overview, basic information on the directors, supervisors, and management team shall be input within 5 days after the time when the company knows of any change in the above.
2. Information on company insider shareholdings shall be input by the 15th of each month.
3. The dates of regular and special shareholders meetings, and the period during which the amendment of entries of the shareholders register is suspended: Shall be input at least 5 business days prior to the period during which the amendment of entries of the shareholders register are suspended.
4. A business report, annual financial statement, and the surplus earning distribution or loss off-setting proposals submitted for recognition by a regular shareholders meeting shall be input at least 10 days prior to the date on which the regular shareholders meeting is convened. The annual financial statements may include simply a condensed balance sheet and condensed statement of comprehensive income. If a company reaches a certain equity capital or scale criteria, as provided in Article 20, paragraph 2 of the Company Act, it shall use the data from its financial statement that has been audited and attested by a CPA.
5. Dividend distribution shall be input on the business day following the resolution by the board of directors or confirmation by the shareholders meeting.
6. Shareholders meeting minutes shall be input within 20 days after the shareholders meeting.
7. The date of record for the company's decision to distribute dividends, bonuses, or other benefits and the period during which changes to entries in the shareholder register are suspended shall be input at least 5 business days prior to the period during which changes to entries in the shareholder register information is suspended.
8. Information on a cash capital increase:
  - A. Information on a board of directors resolution for a cash capital increase through a new share issue shall be input within 5 days after the date of the resolution.
  - B. Information on capital raising through the GISA: A company that uses the GISA board capital raising system to carry out a cash capital increase shall enter the information into the system within 5 business days from the date of confirmation of the waiver of subscription rights by employees and shareholders and of no subscription arrangement with specified persons.

C.Points of the capital raising plan and its progress: Shall be input within 10 days after the date of full collection of the share prices for the capital raising. Any changes in related information shall be entered into the system within 5 days from the time of the change.

D.Quarterly statement on utilization of capital raised: Shall be input within 20 days after the conclusion of each respective quarter.

No misrepresentation, concealment, or information sufficient to mislead others may be contained within the information reported pursuant to any subparagraph of the preceding paragraph.

### Article 23

If any of the following circumstances applies to a GISA company, it shall enter the related information into the TPEX designated information reporting website, in the format required by the TPEX, within 5 days from the date of occurrence of the event, with the exception that in the case of a GISA company whose GISA registration is terminated pursuant to Article 27 of these Regulations, it shall enter the information by the next business day following the TPEX's public announcement of the termination:

- 1.It has had a negotiable instrument dishonored due to insufficient funds, been blacklisted by a financial institution, or has otherwise experienced a loss of creditworthiness.
- 2.The company has experienced any major litigious or non-litigious matter, administrative disposition, administrative dispute, conservatory proceeding, or compulsory execution matter with a material effect on the finances or business of the company.
- 3.The company makes a major cut in production or undergoes a full or partial work stoppage, leases company plant or important equipment to others, or creates a pledge on all or a major portion of its assets, with a material impact on company business.
- 4.The occurrence of any circumstance under Article 185, paragraph 1 of the Company Act.
- 5.Any change in chairman or general manager.
- 6.The signing of a plan for business cooperation or an important contract, or any alteration, termination, or rescission of such a plan or contract, with a material effect on the finances or business of the company.
- 7.A resolution by the board of directors for a capital increase through a new share issue or the record date of a capital increase, or a material change in the preceding.

8. A resolution by the board of directors to file with the competent authority for registration of supplementary procedures for classification as a public company.
9. A board of directors or shareholders meeting resolution to apply for termination of GISA registration.
10. Explanation and concrete plan for corrections, and status of subsequent corrections, required to be disclosed for any irregular events, pursuant to Article 17, paragraph 6, or Article 26, paragraph 2, of these Regulations.
11. Suspension of the company's qualification for capital raising through the GISA pursuant to Article 26, or a material change in any of the preceding matters.
12. Occurrence of a disaster, group protest, strike, environmental pollution event, or any other material event, with a material effect on the finances or business of the company.
13. Any other circumstances with a material effect on shareholder equity.

When any of the circumstances of the preceding paragraph apply to a GISA board company and it has not issued an announcement of material information, the TPEX may notify the GISA company by fax, telephone, or e-mail to enter related information into the TPEX-designated information reporting website within a specified deadline.

No information reported pursuant to the subparagraphs of paragraph 1 may contain any descriptions of an exaggerated nature or that resemble advertising or promotional language, nor may they involve misrepresentation, concealment, or misleading statements.

To ensure that information is accurate and publicly available to all, a GISA company may not privately disclose information prior to a public announcement of material information.

If a GISA company has reported material information and there is a material change in the information due to subsequent developments, the company shall immediately update or provide supplementary information in accordance with the same provisions as the original report.

#### Article 24

If an error is found in information reported by a GISA company, then upon discovery of the error or notification from the TPEX, the company shall immediately enter the correct information.

When information reported by a GISA company contains misrepresentations, it will be handled pursuant to the relevant provisions of these Regulations and the GISA company will solely bear the related legal liability.

## Article 25

In the event of violation of Article 19 to Article 24 of these Regulations by a GISA company or discovery of any irregularity by the TPEX, the TPEX, following the principle of counseling, may notify the GISA company to make corrections within a given time period, to provide related supplementary material or explanations, to supply an internal review report, or to assign personnel to attend relevant educational courses. In the case of a material or intentional violation of the above provisions, or evasion or refusal of counseling or auditing by the TPEX, the TPEX, depending on the seriousness of the situation, may impose a penalty of from NT\$10,000 to NT\$30,000, suspend its qualification for capital raising through the GISA, or terminate its GISA registration.

A GISA company on which a penalty is imposed pursuant to the preceding paragraph shall pay the penalty to the TPEX within 5 days after receiving the TPEX notification.

## Article 26

If any of the following circumstances applies to a GISA company, the TPEX may publicly announce suspension of its qualification to undertake capital raising through the GISA, effective from the second business day following the date of public announcement:

- 1.The company fails to publicly disclose and file an annual financial statement.
- 2.The company fails to convene a regular shareholders meeting by the deadline set in the Company Act.
- 3.The company fails to publicly announce material information in accordance with these rules, and fails to correct the matter within a prescribed deadline.
- 4.The company fails to abide by an undertaking or commitment made by it.
- 5.The company is involved in a material instance of evasion or refusal of TPEX's counseling or audit.
- 6.The company materially violates the Company Act or these Regulations.
- 7.Dishonor of a negotiable instrument by a financial institution because of insufficient funds on deposit.
- 8.Other circumstances under which the TPEX deems it necessary to suspend the company's qualification for capital raising through the GISA.

If a GISA company has its qualification for capital raising through the GISA suspended by the TPEX pursuant to the preceding paragraph, it shall report to the TPEX by letter an explanation of the events under the preceding paragraph and its



concrete plan for corrections. Unless the TPEX disagrees with its explanation or plan and terminates its GISA board registration pursuant to Article 27 of these Regulations, the GISA company shall issue material information disclosures concerning the aforesaid explanation and plan, and the status of the subsequent corrections, pursuant, mutatis mutandis, to Article 23 of these Regulations. The TPEX, depending on the status of the subsequent corrections, may reinstate, from the next business day following the public announcement of the reinstatement, its qualification for capital raising through the GISA, or terminate the counseling.

#### Article 27

Given any of the following circumstances with respect to a GISA board company, the TPEX may publicly announce the termination of its GISA board registration from the second business day following the date of announcement:

- 1.The company files with the competent authority for effective registration of supplementary procedures for classification as a public company.
- 2.The company's qualification for capital raising through the GISA pursuant to the preceding article has been suspended for over 3 months, and the cause of suspension is not limited to the cause under the same subparagraph.
- 3.The company's corporate registration is voided by the competent authority, or the company is dissolved by the competent authority.
- 4.The company files with a court for bankruptcy or reorganization.
- 5.The company's application documents, information, or explanations contain misrepresentations or important items are omitted.
- 6.The company commits a material violation of the Company Act, these Regulations , or the Contract for Acceptance of Counseling and GISA Registration.
- 7.The GISA company applies for termination, or there are other circumstances under which the TPEX deems it necessary to terminate the company's GISA registration.

#### Article 27-1

A GISA company that will continue to be registered as a GISA company after it has been registered on the GISA board for three years shall do as follows:

- 1.Engage a professional shareholder services agency, approved by the TPEX, to handle its shareholder affairs, and be solely responsible for any related fees of the shareholder services agency.
- 2.Install full-time accounting personnel, provided that this does not apply if it has

already engaged certified public accountants to audit and attest its financial reports.

#### Article 28

When the suspension of a GISA company's qualification for capital raising through the GISA or the termination of its GISA registration is publicly announced by TPEX, the TPEX may also terminate any capital raising by the GISA company through the GISA even if it is in progress, and any subscription made by investors would be invalid. If the payment of the stock have already been made by investors, the company shall refund the payment with the interest accrued on the account, and shall bear the processing fees for remittance. If the payment has already been collected in full, the TPEX may opt not to terminate the capital raising, and the company shall still complete information reporting, amendment of its company registration, and delivery of the physical share certificates if any are printed by the issuing company; if the issuing company does not print physical share certificates, it shall register its issued shares with a central securities depository in accordance with Article 161-2 of the Company Act.

#### Article 29

These Regulations and their Attachments, and any amendments hereto, shall be publicly announced and enforced following approval by the president of the TPEX.