

Taiwan Stock Exchange Corporation

Press Release

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Foreign Listing Department

Taiwan Stock Exchange Eases Multiple Regulations for Taiwan Innovation Board and Outlines Margin Trading Plans.

To accelerate the fundraising and development of innovative enterprises for listing, the Taiwan Stock Exchange (TWSE) passed six major regulations for further loosening of the "Taiwan Innovation Board" on August 22nd. Key highlights include the elimination of the capital requirement for listing applications, adjustments to share lockup regulations for companies transferring to the general board, and the relaxation of eligibility criteria for qualified investors.

Considering that TIB has been operational for two years since its launch, investors should now possess a solid understanding. Observations indicate that the overall liquidity and ownership distribution of listed companies have reached certain standards. After discussions between the TWSE and authorities, a consensus has been reached to allow trading of TIB stocks for margin trading, securities lending, and borrowing. These stocks will also be included in the scope of securities firms' lending and borrowing for non-restricted purposes and eligible collateral.

Since its launch in July 2021, the TWSE has consistently sought external advice and gathered practical input to accelerate the development of TIB as the premier fundraising platform for innovative enterprises in the Asia-Pacific region. The TWSE has continually refined TIB regulations to create a more favorable environment for startup development. The key amendments to TIB regulations are as follows:

1. Issuance:

- i. Focus on "Market Capitalization" as the Core Listing Requirement:
Considering international securities market norms and input from startups, the requirement for a company's capital to reach NT\$100 million has been removed to align with the reality of the new economy and international markets.
- ii. Regulations of Lockup Period for Companies Transferring to the General Board:
When TIB companies apply for transfer to the general board, only the investor's qualification attributes differ. Therefore, when applying for transfer, the calculation of the lockup period should continue, eliminating the need for a second holding period. However, if there are changes in the management team of TIB companies, the newly appointed personnel meeting the required lockup regulation should still place stocks in centralized custody when transferring to the general

board, and the lockup period will be calculated from the first trading day on the general board.

Additionally, based on market supervision considerations, the TWSE may still require relevant company personnel to cooperate with stock lockup.

iii. Increase in Public Offering Ratio:

To provide flexibility in fundraising planning for startup companies, the minimum allocation ratio for public offering during TIB IPOs has been raised from 3% to 5%. To encourage greater participation by general investors, TIB companies applying for transfer to the general board must still provide at least a 3% allocation for public offering.

2. Trading Aspect:

i. Loosening Eligibility Criteria for Qualified Investors:

Taking into account regulations in neighboring Asian securities markets and statistical data, the trading experience requirement for juristic person has been reduced from two years to one year. The financial proof required for natural persons has been lowered from NT\$5 million to NT\$2 million, and the average income requirement has decreased from NT\$1.5 million to NT\$1 million to enhance the potential trading volume on TIB.

ii. Adjustment of Opening Reference Prices for Companies Transferring to the General board:

In order to ensure price continuity for companies transferring from TIB to the general board, the closing price from the previous day will be used as the opening reference price on the first day of transfer and as a reference for calculating price fluctuations.

iii. Adjustment of Fluctuation Limits:

TIB is considered a main board tier, and the IPO underwriting method will be adjusted to be similar to that of the general board. To effectively fulfill its price discovery function, the fluctuation limits will be adjusted to be the same as IPO on the main board, which means there will be no price fluctuations limits for the first five days of trading on TIB, and securities firms will exercise the over-allotment option. When TIB companies transfer to the general board, a 10% price fluctuation limit will apply.

The TWSE stated that currently, there are six companies trading on TIB, including PlayNitride, HDRE Energy, JV Holding, Acer Gadget Inc., Gogolook, and Tigerair. This year, four additional companies, including Coplus, Foxtron Vehicle, Kim Forest, and Locus-cell, have applied for listing on TIB. As the TWSE continues to pave the way for startups to enter the capital market, several more companies are expected to submit applications by the end of the year, spanning various industries such as “digital and cloud services”, “green energy and environmental

services", "biotechnology and medical care" and "semiconductor". This is expected to contribute to the continuous expansion of TIB, with the total number of applications expected to exceed 15 for the year.

The TWSE stated that, in support of the government's Six Core Strategic Industries, it will continue to assist influential and high-potential innovative enterprises in accelerating their entry into the capital market, showcasing the advantages of the Home Market and nurturing support for the development of the new economy. The TWSE has also set a goal to have 80 companies apply for TIB within three to five years, forming a cluster of "Innovation + Sustainability" in the new economic sector.

The amendments to TIB regulations in this round will be announced for implementation after obtaining approval from the regulatory authorities. This is aimed at continuing to create a favorable fundraising environment for startups and revitalizing market trading activity.