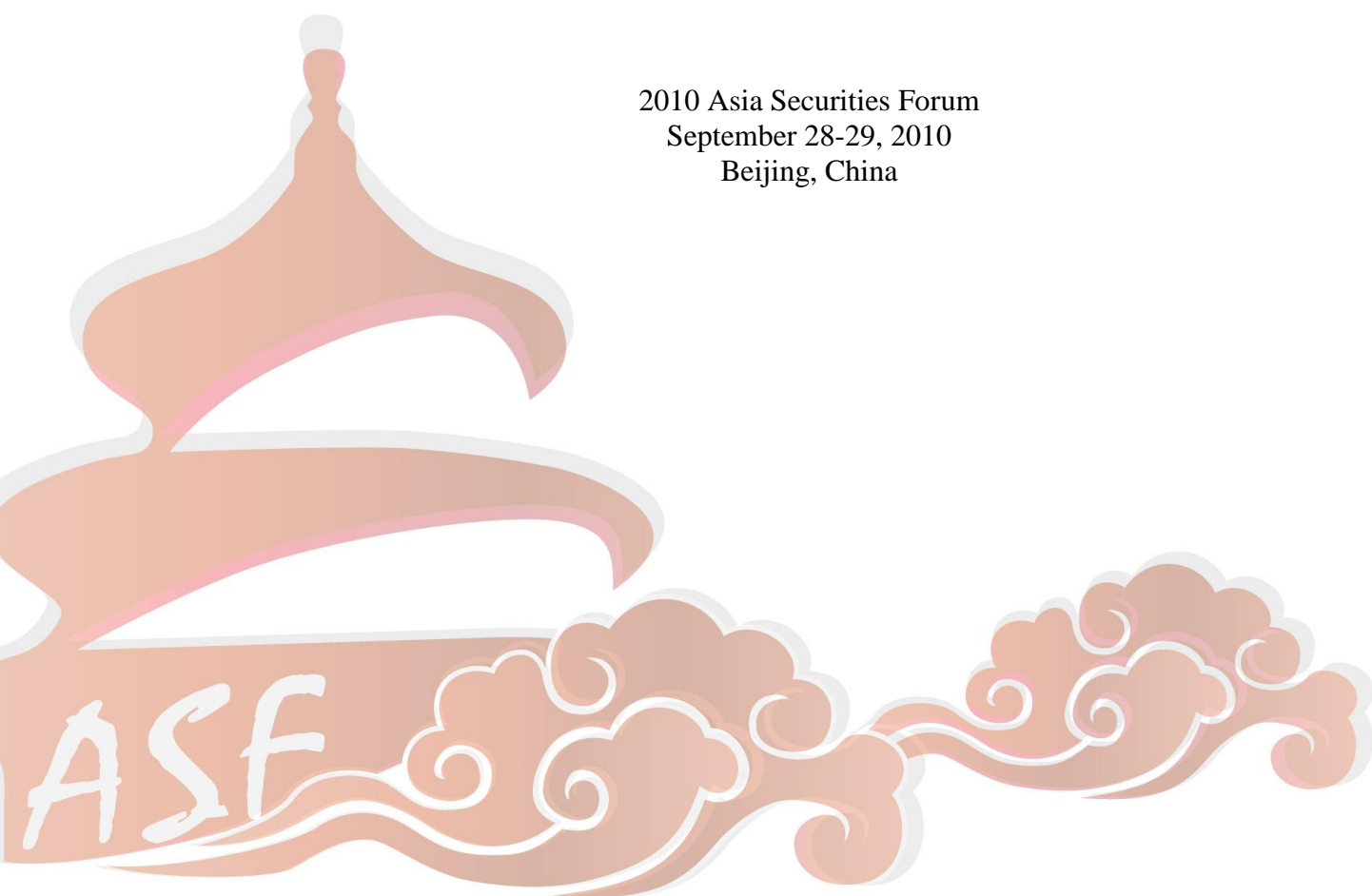


Member Reports

Taiwan

2010 Asia Securities Forum
September 28-29, 2010
Beijing, China





Chinese Taiwan Securities Association

**TAIWAN
MEMBER REPORT FOR ASF2010**

Chinese Taiwan Securities Association
September 2010



Taiwan

I. Macroeconomic Overview

Taiwan has an export-oriented economy. Exports, led by electronics and machinery, generate 70% of Taiwan's GDP growth, and have provided the primary impetus for industrialization. The island runs a large trade surplus, and its foreign reserves are the world's fourth largest, behind China, Japan, and Russia. Recently opened cross-strait travel, transportation, and tourism links are likely to increase Taiwan and China's economic interdependence. In 2008 China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment.

Taiwan joined the World Trade Organization (WTO), becoming an official partner in the world trading system in January 2002. Mid-January 2010, three financial MOU, covering banking, securities, and insurance, took effect, opening the island to greater investments from the mainland and new opportunities for Taiwan firms operating in China. Following that, Taiwan signed economic cooperation framework agreement (ECFA) with China on June 29, 2010. The signing of ECFA broke Taiwan's isolation and brought mutual benefits for China and Taiwan. It will also accelerate the integration of the regional economy, through which Taiwan can become a springboard for foreign investors interested in the pan-Asia region. More importantly, the deal will increase Taiwan's chances of forging free trade agreements or similar tariff-free pacts with other countries.

1. Taiwan's Economic Situation Summary

In March 2010, Taiwan's exports and imports soared by 50.1% and 80.3% year-on-year, lifted by the steady improvement of global economic conditions and the low-base effect, and notching up their fifth successive month of growth. The industrial production index and the value of export orders both hit historic highs. Consumer prices (the CPI) increased by 1.27%, and the unemployment rate declined to 5.67%. On the financial side, March's M2 monetary aggregate grew by 4.6%, while the stock price index averaged 7,775 points. (See Table. 1) The overall light signal of the monitoring indicators remained "red" through March, furnishing continuing evidence of economic recovery.

Table.1

% change on previous year	Historical Data				Current Data (2010)				
	2006	2007	2008	2009	Feb.	Mar.	Apr.	May	Jan.-May
GDP	5.44	5.98	0.73	-1.91	-	13.27*	-	-	-
CPI	0.60	1.80	3.53	-0.87	2.34	1.26	1.34	0.74	1.19
Unemployment Rate	3.91	3.91	4.14	5.85	5.76	5.67	5.39	5.14	5.53
Export	12.9	10.1	3.6	-20.3	32.6	50.1	47.8	57.9	52.7
Import	11.0	8.2	9.7	-27.5	45.8	80.3	52.6	71.4	71.1
Export Orders	16.7	15.5	1.7	-8.33	36.3	43.7	35.2	34.0	42.7
Industrial Production	4.7	7.8	-1.8	-8.7	35.5	39.2	31.4	30.7	40.0
Monetary Aggregate (M2)	6.2	4.3	2.7	7.2	5.1	4.6	4.2	3.5	4.6
Stock Market**	6,842	8,510	7,024	6,460	7,432	7,775	8,052	7,526	7,798

Note: * The DGBAS forecasts that Taiwan's real GDP will grow 6.14% in 2010.
 ** Stock index (monthly average).
 Sources: The Central Bank of China (CBC), Directorate-General of Budget, Accounting and Statistics (DGBAS), Ministry of Economic Affairs (MOEA), and Ministry of Finance (MOF)

Graph.1



1.1 Economic Growth

In Q1 2010, the external sector showed powerful gains, with real exports of goods and services up 42.17% from Q1 2009. With the domestic sector growing 12.93% at the same time, the quarter's year-on-year growth rate of real GDP is preliminarily estimated at 13.27%, the second consecutive quarter of expansion since the global financial crisis broke out in the fall of 2008.



Expressed as a seasonally adjusted annual rate (SAAR), real GDP increased 11.28% in the first quarter, better than its previously forecast 9.24%. (See Graph. 1)

1.2 Foreign Trade

Exports and imports soared by 47.8% and 52.6% year on year in April 2010, growing for the sixth consecutive month, due mainly to the revival of the global economy and the low-base effect. In April 2010, the foreign trade balance amounted to US\$2.55 billion in Taiwan’s favor.

Graph.2

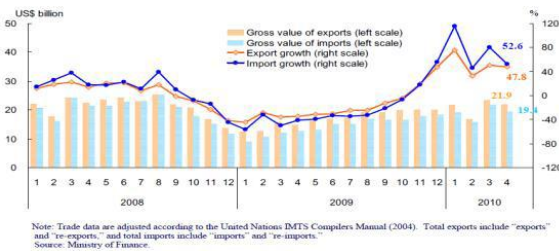


Table.2

Changes in Two-way Trade with Major Trading Partners (yoy%)

	Exports					Imports				
	USA	Japan	Europe	China (incl. Hong Kong)	ASEAN 6*	USA	Japan	Middle East	China (incl. Hong Kong)	ASEAN 6*
2002	-2.7	-5.0	-5.9	29.4	7.4	-0.8	5.5	9.8	24.2	3.7
2002 Share	18.6	8.5	15.1	10.1	9.8	14.9	26.6	5.2	8.3	13.3
2003	-3.0	0.5	10.4	23.6	10.5	-6.9	19.6	43.7	30.9	5.2
2004	8.3	11.1	14.7	28.8	33.0	28.2	33.6	34.6	47.7	16.2
2005	1.3	9.4	-0.7	12.2	13.8	-2.8	5.3	36.5	16.2	3.8
2006	11.2	7.9	10.6	14.8	13.8	7.1	0.5	30.1	20.1	10.4
2007	-0.9	-2.2	9.7	12.6	16.7	17.0	-0.7	12.0	11.9	1.7
2008	-4.0	10.2	4.6	-0.8	7.3	-0.7	1.3	40.3	10.3	8.4
2009	-23.5	-17.4	-24.6	-15.9	-21.5	-31.0	-22.1	-42.1	-22.3	-22.8
2009 Share	11.6	7.1	11.1	41.1	14.8	10.4	20.8	12.9	14.7	11.3
2010 Jan-Apr	21.2	32.0	38.1	70.1	61.8	69.3	69.2	101.5	60.3	70.0

1.2.2 Major trade partners

China (including Hong Kong) and ASEAN have become increasingly important trade partners to Taiwan since 2000. Japan has remained Taiwan's largest supplier of imports, despite a narrowing share. Meanwhile, the higher cost of crude oil has increased the share of imports from the Middle East. (See Table. 2)

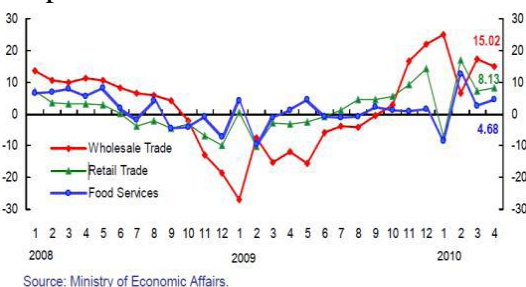
1.3 Domestic Consumption and investment

1.3.1 Domestic Consumption

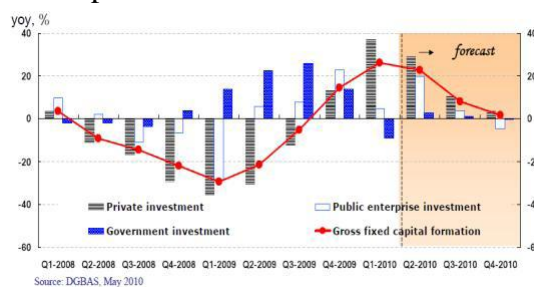
With consumer confidence improving significantly due to better feelings about the economic situation, private consumption grew by 3.04% from a year earlier in Q1 2010, while government consumption increased by 1.62%.

Owing to the ongoing revival of the domestic economy and the low base effect, sales of trade and food services posted an annual increase 12.95% for April 2010, due largely to the 15.2% increase in wholesale trade. Retail trade and food service sales increased 8.13% and 4.68%, respectively. (See Graph.3)

Graph.3



Graph.4





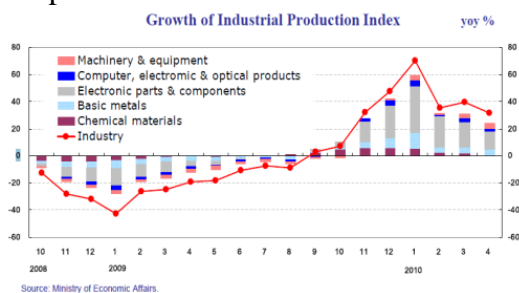
1.3.2 Domestic Investment

With hi-tech firms increasing capital expenditure to improve production processes and expand capacity, private investment soared by 37.11% in Q1 2010. Public enterprise investment increased by 4.63% in the same quarter, while government investment decreased by 8.88% due to the lower-than-expected implementation of some investment programs. As a result, gross fixed capital formation increased 26.26% in Q1 2010, growing for the second consecutive quarter. (See Graph.4)

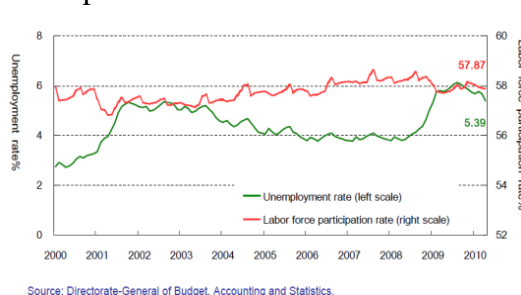
1.4 Industrial production

Thanks to the increasing production of the semiconductor, panel, machinery, and automobile industries, as well as the low base effect, the industrial production index ascended to a year-on-year increase of 31.38% in April 2010, growing for the eighth consecutive month. Industrial production increased by 42.62% in the first four months of 2010, with manufacturing output rising by 45.64%. (See Graph.5)

Graph.5



Graph.6



1.5 Employment

In April 2010, the unemployment rate dipped to 5.39%, down 0.28 of a percentage point from the previous month. This was an eighth straight month of reduction after reaching a high of 6.13% in August 2009, and 0.37 of a percentage point lower than a year earlier. The labor force participation rate decreased by 0.05% to 57.87%, but up 0.17% from a year earlier. (See Graph.6)

1.6 Price

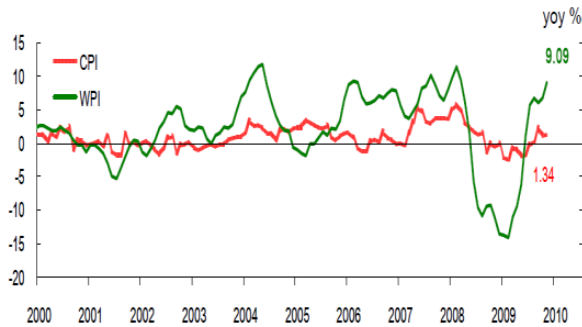
In April 2010, Taiwan's CPI rose for the fourth consecutive month, recording an increase of 1.34% from the same month last year. This reflected the higher prices of tobacco & betelnuts and fuels & lubricants. Core prices (excluding fresh food and energy prices) also rose 0.24%.

The WPI in April rose by 9.09% year on year, rising for the sixth consecutive month since November 2009, due mainly to the surging prices of crude petroleum, natural gas, basic metals, petroleum & coal products, and chemical materials.

For the first four months of 2010, the CPI and WPI increased by 1.30% and 7.20% over the same period of the previous year. (See Graph.7)

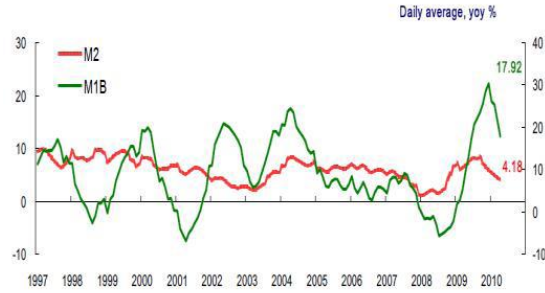


Graph.7



Source: Directorate-General of Budget, Accounting and Statistics.

Graph.8



Source: Central Bank of China (Taiwan).

1.7 Money and interest rate

1.7.1 Money Supply

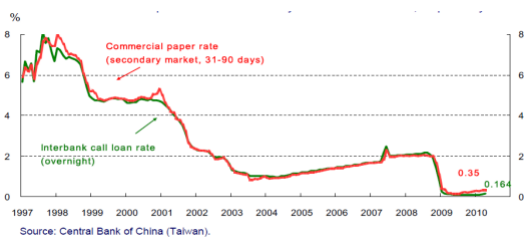
Due mainly to a higher base effect, the annual growth rates of M1B and M2 in April 2010 were 17.92% and 4.18%, respectively, both lower than those of the previous month. For the first four months of this year, the average annual growth rates of M1B and M2 were 22.64% and 4.81%, respectively. (See Graph.8)

1.7.2 Short-term Interest Rates

From late 2008 to early 2009, the Central Bank implemented a rapid succession of seven cuts in interest rates, in response to the alleviation of imported inflation pressure and the sharp deceleration of economic activity at that time.

With the economic outlook improving conspicuously, the commercial paper and interbank rates in April 2010 rose moderately to 0.35% and 0.164%, respectively. (See Graph.9)

Graph.9



Source: Central Bank of China (Taiwan).

Graph.10



Source: Taiwan Stock Exchange.

1.8 Stock Price

The interplay of the brighter global economic situation and the pressure from mainland China's tightening monetary policy and European debt crisis fears have had a fluctuating effect on Taiwan's stock exchange index since the beginning of 2010.

Taiwan's financial market rallied in March 2010 due to the better than expected operating results from the US and European markets as well as the ongoing Cross-strait trade talk. The TaiEx gained 6.51% in March 2010 with average daily trading volume back to US\$3.125 billion levels. (See Graph.10)



II. Outline of Taiwan's Capital market

Taiwan's capital market has seen considerable growth in recent years. In the 1990s, the market stepped up the pace of modernization and internationalization. From year 2000 on, the authorities enacted a plenty of new and amended regulations in line with the internationalization and liberalization policy, including “Financial Holding Company Act”, ”Merger and Acquisition Act”, “Securities and Exchange Act”, and “Company Act”, to address changes in the capital market environment. The authorities have also promoted the introduction of new financial products, and implemented many reform measures, such as the listing of ETFs, relaxing limitations on foreign investment, streamlining foreign registration procedures, and adjusting various trading mechanisms so that they are more in line with international standards. All this moves have helped target the role of Taiwan capital market as a regional financial center.

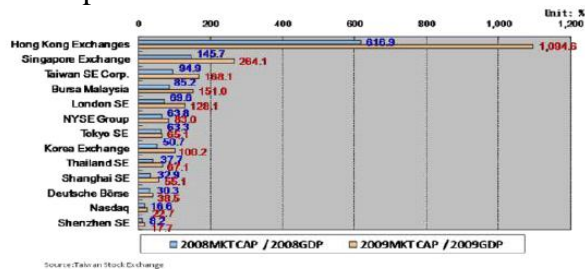
1. Securities Market

Taiwan's capital market includes stock and bond markets. The Taiwan stock market, with its fully automated trading systems and book entry mechanisms, is known as one of the most active exchanges in the Asia Pacific region. Over the past decade, the securities market in Taiwan has continued to grow on three fronts: the number of shares, the scale of the market and the share price. The overall market turnover rate has an even more impressive performance given its ranking as the number one or two of the Asia region (See Graph.11). The ratio of market cap to GDP is comparable to those of the developed markets (See Graph.12). All of the above factors clearly demonstrate that the enterprises listed in Taiwan enjoy the favor of the investors and the added-value from their active trading.

Graph.11

	Taiwan	Japan	Hongkong	Korea	Singapore	New York	London	Shanghai	Shenzhen
2000	259.16	58.80	60.90	243.00	58.50	87.70	69.30	185.29	156.00
2001	206.95	60.00	43.90	218.70	58.70	86.90	83.80	77.98	78.25
2002	217.41	67.90	39.70	254.40	53.80	94.80	97.30	60.33	72.07
2003	190.82	82.60	51.70	193.10	74.40	89.50	106.60	118.00	125.80
2004	177.46	97.10	57.70	147.20	60.80	89.80	116.60	87.00	120.50
2005	131.36	115.30	50.30	206.90	48.40	99.10	110.10	82.10	128.90
2006	142.20	125.80	62.10	171.40	58.20	134.30	124.80	153.80	251.70
2007	153.28	138.40	94.10	192.60	77.60	167.10	154.20	211.00	389.20
2008	145.45	151.20	86.04	196.27	63.67	240.16	152.73	118.19	235.87
2009	178.27	119.65	78.95	241.58	67.30	158.72	73.68	228.78	445.48

Graph.12

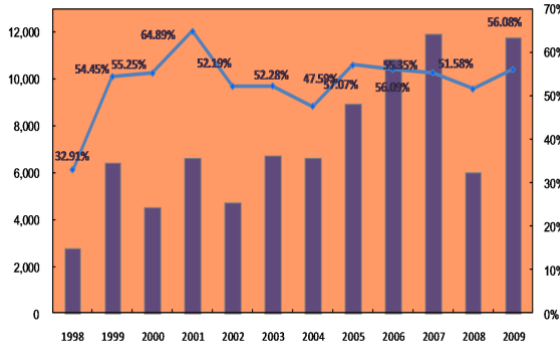


Taiwan is especially known throughout the world for its high-tech industrial development, and with its unique technology manufacturing clusters the TWSE is able to clearly position the island's capital market. At the end of 2009 technology stocks made up 48% of all listings on the Taiwan Stock Exchange (TWSE) and accounted for 56.08% of total market value (See Graph.13), making it obvious that the TWSE, like NASDAQ, is driven by technology stocks. But Taiwan is not limited to technology industries; the other important industrial clusters that have formed on the island over the past half-century also have considerable potential for further development. Moreover, foreign investors continue to increase their involvement in Taiwan's security market, thereby facilitating the onward march of Taiwan's security market toward globalization (See Graph.14).

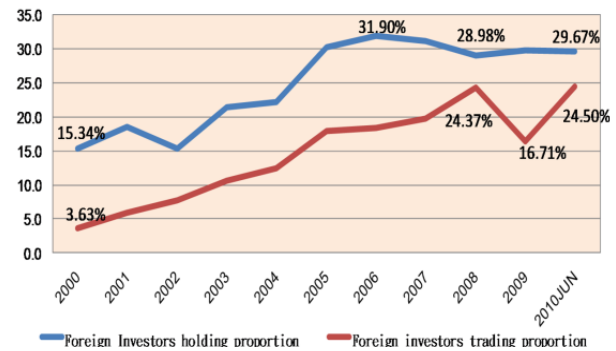


Graph.13

Unit:NT Billion



Graph.14

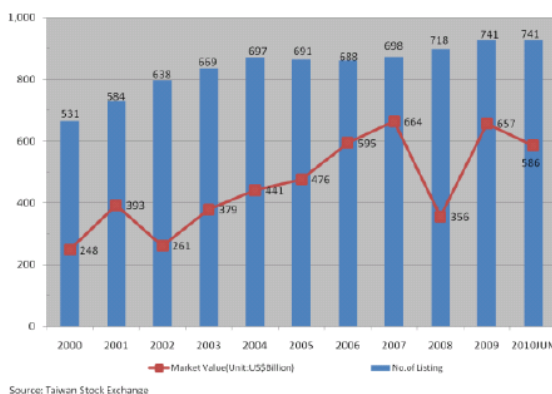


1.1.TWSE

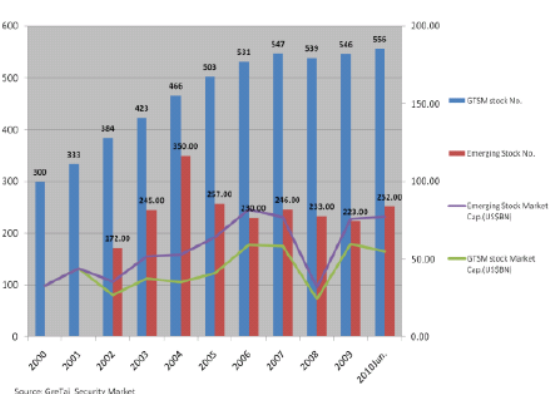
Taiwan Stock Exchange (TWSE) was established in 1961. It regulated by the Financial Supervisory Commission (FSC), has been the primary equities market in Taiwan. Taiwan's huge foreign exchange reserves and stable GDP as well as its strong manufacturing and commercial bases all give the nation a competitive edge. There are also comprehensive regulations for guiding enterprises to list on the market, a complete assistance system for securities firms, and plentiful financial experts, facilitating the development of new financial products and attracting domestic enterprises to list on the local stock exchange. At June 2010, the total market capitalization of the 741 companies listed on TWSE amounted to US\$591 billion. (See Graph.15)

To expand the scale of securities market, the government also encourages foreign corporations with development potential and an eye on the global market but not incorporated in Taiwan to list on Taiwan's exchange. Government agencies have integrated the applicable regulations and are looking at ways to simplify the listing documentation and application process and improve the efficiency of listing application review. And more, with Low transaction costs and lively market trading are powerful attractions that bring foreign investment into the Taiwan capital market. Now, as long as foreign issuers and Taiwanese businesses established abroad meet the relevant requirements, they can all apply for listing in Taiwan.

Graph.15



Graph.16



1.2. GreTai Securities Market

GreTai Securities Market (GTSM) was established to promote and manage over-the-counter market in Taiwan. Modeling after the market-oriented NASDAQ, GTSM offers new capital



market services including stocks, bonds and derivatives with state-of-the-art trading systems, rigorous market supervision and comprehensive investor protection mechanism.

GTSM has been growing since its inception in 1994. As of June 2010, altogether 808 firms with total capitalization of US\$77billion were listed on the general board and the emerging market board of GTSM. (See Graph.16) In recent years, GTSM has been actively introducing new systems in the bond market and launching new financial products, planning the international bond market issuance system, constructing electronic over-the-counter derivatives trading system, and boosting the scale and international visibility of Taiwan's bond market.

In line with the internationalization and liberalization of the capital market and in support of government's call for businesses around the world to list in Taiwan, GTSM has formulated the rules and support measures for foreign enterprises to register on the emerging market board and apply for initial public offering on GTSM. Foreign enterprises in the emerging markets that wish to register on the emerging market board will be accorded national treatment, and the registration does not have criteria set for firm size, years of establishment or profitability. Through such an active and efficient capital market as GTSM, enterprises can acquire funding, grow in size, recruit talents and enhance recognition.

2. Bond market

Bond market plays an essential part in Taiwan's capital market. At June 2010, the balance of Government bonds is US\$131.13billion, financial bonds US\$22.4billion, corporate bonds US\$34.98billion which include straight bonds US\$30.39billion and convertible bonds US\$4.59billion. Total bond market balance is US\$188.51billion.

From 1962 till now, the 48-years of compound annual growth rate (CAGR) for Taiwan bond market is 19%.

GreTai Securities Market has compiled Taiwan Government Bond Index on the 2nd of January 2005 and on June 29, 2005 Citigroup compiled a Taiwan Government Bond Index (TGBI) for Taiwan region. The compile method of TGBI is the same as that of World Government Bond Index (WGBI). After Citigroup introduces TGBI into Taiwan, it not only increases the transparency of Taiwan bond market but also builds a channel to cope with the mature markets, furthermore to promote our bond market internationally.

Having benefited from the strongly growing emerging economies of Asia, particularly a totally new and promising cross-strait relationship, Taiwan's capital market now certainly has ample opportunities becoming a truly regional financial center for funding, wealth management and many other new activities.

III. The Forecast of Taiwan's Capital Market & Trends and Projections of Regulatory Policy

1. Internationalization of capital market



1.1 Promoting foreign businesses to list in Taiwan

The authorities passed a Plan for promoting “foreign businesses” to list in Taiwan. The purpose of this Plan is to promote and help facilitate the synchronization of these “foreign businesses” with Taiwan’s capital market to fulfill the local investors’ diversified needs. The purpose of this Plan is also to upgrade both the internationalization and competitiveness of Taiwan’s capital market. Following that, the authorities further relaxed the restrictions on the qualifications of foreign issuers, the upper limit of investments in Mainland China, and the use of raising funds. This will help Taiwan to become the destination of choice for foreign issuers and Taiwanese businesses that are considering listing for the purpose of raising funds.

1.2 Tax-reform Bills

In recent years, the authorities have worked hard at tax reform designed to meet international challenges and domestic social and industrial structural changes. The current tax reform focuses on the principles of boosting efficiency, broadening the tax base, and simplifying tax administration, with consideration given to overall economic development and fiscal stability. This will enable a lightening of the burden on ordinary wage earners and disadvantaged group, encouraging the repatriation of funds from overseas as well as a benefit to economic development and strengthening of competitiveness.

Major Tax Deregulation Bills Passed

Futures Transaction Tax Act, Article 2	Reduces transaction tax on stock index futures contracts to boost international competitiveness of the futures market.
Income Tax Act, Article 39	Extends tax loss carry-forward period from 5 to 10 years, boosting corporate competitiveness.
Estate and Gift Tax Act, partial revision	Reduces rate of estate and gift taxes to a uniform 10% and raises tax exemptions to NT\$12 million and NT\$2.2 million, respectively, to encourage the repatriation of funds from overseas.
Income Tax Act, partial revision	Taxes interest earning from derivatives separately at a rate of 10% for individuals and inclusively for profit-seeking enterprises to conform to taxation fairness and promote balanced development of the financial market.
Income Tax Act, partial revision	Reduces profit-seeking-enterprise tax rate to 20%, sets consolidated income tax rates at 40%, 30%, 20%, 12%, and 5%, and raises the income threshold for the 5% tax bracket to NT\$500,000.

Source: Ministry of Finance

1.3 Adopting IFRS in Tune with the World

The Financial Supervisory Commission(FSC) announcing that beginning in 2013, listed companies in Taiwan will compile their financial reports in accordance with the International Financial Reporting Standards (IFRS).The IFRS are the most popularly used accounting standards in the international arena today, with the European Union, Hong Kong, Singapore, and other countries adopting them for domestic listed companies back in 2005. Today, 115 countries throughout the world require their adoption, or planning for their adoption.The use of



international accounting standards will strengthen the financial reporting of Taiwan companies, and its international comparability, and will lower the cost of converting financial reports for domestic companies raising funds or investing overseas, thereby enhancing their competitiveness.

1.4 Deregulation and Reregulation

Following the financial tsunami governments everywhere began reviewing their financial risk control systems, Taiwan among them. To reinforce the nation's financial supervision, the FSC, on July 23, 2009, promulgated the new Rules Governing the administration of Offshore Structured Products, implemented conditions and review mechanisms for marketing institution and structured product credit ratings, and set standards for sales thresholds and marketing methods. The FSC also divided trustee investment and sales targets into two categories,

professional investors and general investors, in accordance with their risk assumption capability and professional know-how. In the past the contents of many structured products were excessively complicated, making it difficult for general investors to understand them or to detect their risks; to protect the interests of investors, in the future the sale of complicated and risky financial products will be allowed only to professional investors while general investors will be allowed to directly purchase only low-risk and low return structured debt.

1.5 Improve efficiency of financial market

The authorities in Taiwan continued to take steps to improve the efficiency of our financial markets. It has simplified the documentation required of applications for listing in exchanges, shortened the time required for the registration of a public offering to become effective, raised margin trading caps, and introduced a futures calendar spread mechanism. These measures have opened the door to the development of new financial instruments.

2. Closer Exchange Across the Taiwan Strait

2.1 Taiwan and Hong Kong Complete Cross-Listing of ETFs

Taiwan and Hong Kong have recently completed the cross-listing of each other's exchange-traded funds (ETFs). Hong Kong ETFs currently listed in Taiwan are the Hang Seng Index ETF, the Hang Seng H-Share Index ETF, and the W.I.S.E. Polaris CSI 300 Securities Investment Trust Fund, while the Polaris Taiwan Top 50 Tracker Fund has become the first Taiwan ETF to list on the Stock Exchange of Hong Kong. This cross-listing of ETFs, with the establishment of the mutual recognition and a supervisory mechanism for marketing of ETFs, is tremendously beneficial to promoting Taiwan-Hong Kong exchanges as well as spurring the development of Taiwan's ETF market and the overseas operations of Taiwan's securities investment trust enterprises (SITEs).

The agreement between the two sides to mutually recognize and publicly announce the opening of applications for the listing of ETFs in each other's stock markets was concluded by exchange of side letters between the FSC and Hong Kong's Securities and Futures Commission on May 22, 2009, under the framework of the MOU signed between Taiwan and Hong Kong in 1996.

2.2 MOUs Facilitate Cross-strait Financial Exchange



In Nov 19,2009,three cross-strait financial supervision memorandums of agreement (MOUs) signed by Taiwan and mainland China, one each covering banking, insurance, securities and futures, and took effect on January 16, 2010. The MOUs call for the exchange and confidentiality of information, financial inspection, and the disposition of financial crises across the Taiwan Strait to be handled according to international practice, marking the first instance of cross-strait cooperation in financial supervision in 60 years.

With the signing of the MOUs, financial institutions on both sides of the Strait may, under the supervision of the relevant agencies, engage in exchange and investment with each other. Taiwanese banks and securities and futures companies can invest in China, Chinese qualified domestic institutional investors (QDIIs) may invest directly in Taiwan, and financial institutions on each side can apply to set up operations offices on the other side. The agreements also allow the FSC to obtain supervisory information on the cross-strait business of Taiwanese financial institutions in China. To avoid the leakage of confidential personal information, however, this does not include supervisory information on personal accounts.

2.3 ECFA

After four rounds of arduous negotiations that started in January this year, The Economic Cooperation Framework Agreement (ECFA), a landmark trade pact between Taiwan and mainland China was signed on June 29 in the southwestern mainland city of Chongqing. While ECFA's foreword and first section set out the agreement's general principles, its three main sections focus on trade and investment, economic cooperation and the so-called "early harvest" lists. The early harvest lists, which attracted the most attention during the SEF-ARATS negotiations over ECFA, specify 539 commodity items imported to the mainland from Taiwan that will see import tariffs completely eliminated. In 2009, exports of the 539 early harvest items to mainland China were worth a combined US\$13.84 billion, or 16.1 percent of Taiwan's total export value to the mainland. Meanwhile, Chinese exporters will also see tariffs eliminated on 267 early harvest items. In 2009, exports of those products to Taiwan amounted to US\$2.86 billion and accounted for 10.5 percent of mainland China's export value to the island.

The ECFA is expected to help normalize trade relations between Taiwan and mainland China. The agreement is also significant because it is likely to further boost economic integration in Great China economic area.

3.The NASDAQ of Asia

Taiwan is known throughout the world for its high-tech industrial development, and with its unique technology manufacturing clusters the Taiwan securities market is able to clearly position the island's capital market. One of the distinct features of Taiwan stock market is that more than half of its listed companies are high-tech

corporations. High P/E ratio is another characteristic of Taiwan's stock market. And the great majority of local investors have a partiality for high-tech and small & medium size enterprises. Furthermore, low transaction costs and lively market trading are powerful attractions that bring foreign investment into the Taiwan capital market. As a result of that, the authorities are now planning to lead Taiwan into a high-tech industry fund raising center in Asia Pacific region and further aiming toward "the Nasdaq of Asia", for which, to implement corporate governance will bring Taiwan in line with international standards, help enterprise sustainable developments, and attract more international investors to invest in Taiwan.



Chinese Taiwan Securities Association

Furthermore, more foreign companies are expected to carry out initial public offerings (IPOs) in Taiwan this year; one is Himax Technologies, a member of the Chimei Group, which has issued American depository shares (ADSs) in the United States. There are currently 51 Taiwanese companies that raise capital in the U.S. this way, and given that just half of them returning to carry out IPOs in Taiwan would give a tremendous boost to issuance on the island's stock market. Taiwan government also wants to further internationalize Taiwan's trading procedures and speed up compliance with global practices while promoting listing by European, American, Hong Kong, Singaporean, Japanese, and other companies so as to brighten the visibility of Taiwan's capital market. The aim is to build Taiwan quickly into a first-rate international capital market by using the island's industrial clusters and its proximity to neighboring markets in Hong Kong and mainland China.

2009 was a prosperous year for Asia's securities market. However, we must learn our lessons from global financial crisis to carefully yet actively carry out our market reform and our road to globalization. Asia is now a more open platform, we expect Asia's securities market more thriving and prosperous. Following the experience with the 2008-2009 financial turmoil, Asia's securities market will be reborn and rise up to embrace new challenges in 2010 with unmatched momentum—as we believe that nothing is impossible.