Content

Title：	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant Ch
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Content：

Article 1
These Regulations are enacted pursuant to Paragraph 2, Article 20 of Company Act and Paragraph 3, Article 27 of Limited Partnership Act.

Article 2
A certified public accountant (CPA) engaged to audit and attest financial statements shall do so in accordance with these Regulations. Matters not provided herein shall be subject to generally accepted auditing standards ("the Auditing Standards").

Article 3
When an audited company or limited partnership (hereinafter referred to as auditee) changes its CPA, the successor CPA shall act in accordance with provisions in Statement of Auditing Standards No. 17, "The liaison between successor accountant and former accountant," and make necessary liaison with the former CPA. In the event of discovery of any disagreement between the former CPA and the auditee, the successor CPA shall record in detail in the working papers the reasons for asserting any opinion.

Article 4
If any item in the financial statements of an auditee for a given period requires adjustment as a result of a CPA audit or a determination by the competent authority for the given accounting event, and if no such adjustment has been made by the time the CPA performs an audit for the ensuing period, the CPA shall request the auditee to make the adjustment or otherwise an explanation to be given in a financial statement footnote, except where the entity only needs to reclassify the item on the financial statements or provide a footnote that no adjustment to any book entry is necessary.

Article 5
CPAs and their assistants (hereinafter referred to as auditors) shall pursue continuing professional further education to expand their professional knowledge and practical experience and shall adhere to a code of professional ethics.

Article 6
Financial statements to be audited by a CPA engaged for that purpose shall have been prepared by the auditee on the basis of its account books and other relevant documents and sufficient and appropriate evidence shall be obtained in accordance with provisions in Statement of Auditing StandardsNo. 53, "audit evidence," to be the basis for preparing the audit report.

Article 7
When initially engaged to audit financial statements, a CPA shall, for its audits on opening balances, perform necessary audit procedures and issue an appropriate audit opinion in accordance with provisions in Statement of Auditing Standards No. 21, "initial audit－audits on opening balances."

Article 8

When planning to use the audit work of other CPAs,a CPA shall observe provisions in Statement of Auditing Standards No. 54,“Special Considerations-Audits of Group Financial Statements.”

Article 9
When using the report of an expert as audit evidence, a CPA shall do so in accordance with Statement of Auditing Standards No. 20,“Using the Work of an Expert,”and carefully evaluate the reliability of the expert's opinion.

Article 10
When engaged to audit financial statements, a CPA shall observe the provisions of Statement of Auditing Standards No. 29,“Consideration of Laws and Regulations in an Audit of Financial Statements,” about evaluating the auditee's compliance with laws and regulations.

Article 11
When conducting audits in an information system environment, auditors shall observe provisions in Statement of Auditing Standards No. 48, “Understanding auditee and environment thereof in order to identify and assess the risk of significant false presentation.”

Article 12
A CPA shall plan audit implementation work in consideration of the characteristics of the relevant industry and in accordance with Statement of Auditing Standards Nos. 48, “Understanding auditee and environment thereof in order to identify and assess the risk of significant false presentation,” and No. 49, “The coping with risks under assessment by auditors.”

Article 13
At the beginning of an audit, a CPA shall first make the following checks by taking sufficient data for that purpose:
1.Check vouchers against supporting source documents on an item-by-item basis.
2.Check vouchers against journal entries on an item-by-item basis.
3.Check vouchers against subsidiary ledger entries on an item-by-item basis.
4.Check journal entries against general ledger entries on an item-by-item basis.
5.Check the sum of account balances in each subsidiary ledger against the balance in the control account in the general ledger.

Article 14
With respect to subsequent events occurring to an auditee after the balance sheet date, a CPA shall, in accordance with Statement of Auditing Standards No. 55, “Subsequent Events,” ascertain whether events of material significance have been adjusted or a disclosed in the financial statements.

Article 15
Prior to commencement of an audit, a CPA shall plan the audit work in accordance with Statement of Auditing Standards No. 47, “The planning of audit of financial statements.”

Article 16
When using the work of internal auditing as audit evidence in an audit of financial statements, a CPA shall evaluate the quality of the internal audit work in accordance with Statement of Auditing Standards No. 25, “Theadoption of internal audit work.”

Article 17
When conducting test of control, auditors shall observe provisions in Statement of Auditing Standards No. 48, “Understanding auditee and environment thereof in order to identify and assess the risk of significant false presentation.”

Article 18
When performing substantive audit procedures, auditors shall comply

with provisions in Statement of Auditing Standards No. 49, "The coping with risks under assessment by auditors." If applying substantive analytical procedures, auditors shall adopt appropriate analytical procedures as determined by professional judgment and in accordance with Statement of Auditing Standards No. 50, "Substantive analytical procedures."

Article 19
General procedures for auditing financial statements shall be in accordance with these Regulations and generally accepted auditing standards; provided that such procedures may be amended with addition or deletion adapted to specific industrial features or actual needs and applicable laws and regulations. When necessary, new auditing procedures may be compiled based on the amendment with reasons provided in the working sheet.

Article 20
When engaged to perform an audit, a CPA shall observe provisions in Statement of Auditing Standards No. 45, "Guidelines for working sheets of audits." For information with long-term importance to financial statements of the auditee, relevant audit files shall be established, which shall continue to be reviewed, and updated or supplemented with new information, in each subsequent audit.

Article 21
For the purpose of auditing and attesting financial statements, a CPA shall first check the balance in each account in the financial statements against that in the general ledger, and shall also check each account in the general ledger against the sum of account balances in the corresponding subsidiary or account ledger, and subsequently, where all accounts are reconciled, perform audit procedures as follows:
1. Cash and cash equivalents
(1)Evaluate the system of internal controls over cash, perform a test count of cash on hand, and, if the date of counting does not fall on the balance sheet date, make reconciliation to see whether the figure agrees.
(2)With respect to cash on hand and petty cash, ascertain the existence of any non-cash items, such as employee IOUs, uncashed checks and unreimbursed vouchers, and make appropriate adjustment if necessary.
(3)Ascertain expenses reported and reimbursements made through petty cash and revolving funds, determine the remaining balances of each, check unreimbursed vouchers, and make necessary adjustments.
(4)Check the amounts on bank statements against those in the ledger, and send a written confirmation request to the bank. If there is any discrepancy, obtain a bank reconciliation statement prepared by the auditee and perform a test audit of the reconciliation items.
(5)Perform a test audit of stubs from cash receipt books and check stubs and verify against cash book entries.
Take note of whether any check has been issued for use by other parties or affiliated enterprises without being recorded on the books, and if so, make an adjusting entry or footnote disclosure.
(6)Ascertain whether bank deposits designated for specific purposes or otherwise restricted have been reported in a footnote or reclassified to a n appropriate account.
(7)Perform an inventory count of deposit certificates and audit the estimation and recording of the interest receivable.
(8) Where bank deposits increase due to a capital increase, ascertain the source of the capital and how it has been utilized, and whether the amount has been overstated or understated.
(9)For any matured note receivable that has not been deposited into the bank by the balance sheet date, ascertain whether such note has been deposited by the beginning of the ensuing period. Also note why such deposit has not been made.
(10)Perform a test audit of the supporting source documents for large inflows and outflows of cash and bank deposits, paying attention to changes in cash and bank deposits immediately prior to and after the balance

sheet date. If there is a large or irregular fluctuation, ascertain the cause.
(11)Select two time periods, one before and one after the balance sheet date, and check all supporting source documents for material cash transactions and interbank funds transfer transactions during each period, to ensure that there has been a proper cut-off of cash items.
(12)If there are any foreign currency deposits, ascertain whether such deposits have been adjusted to the spot exchange rate at the balance sheet date.
(13)If there are any cash equivalents, the audit procedures for short-term investments shall apply mutatis mutandis, and the appropriateness of their classification shall be ascertained.
2. Short-term investments
(1)Ascertain purchase and sale procedures of short-term investments and related certificates.
(2)Conduct an on-site inventory of securities on hand jointly with the custodian or check the centralized securities depository passbook, and check the amount against account book entries, to verify ownership and liquidity.
(3)With respect to securities on deposit with others or provided as security or pledged as loan collateral, send a written confirmation request or otherwise check the custody receipt.
(4)Ascertain whether the accounting basis and ending valuation are appropriate.
(5)If any item is identified as having been used to secure an obligation or for any other purposes, ascertain whether the fact has been reported in a footnote or the item has been reclassified to anappropriate account.
(6)Ascertain the appropriateness of recording dividends or interest income.
(7)If any short-term investments should be in the category of cash equivalents or long-term investments,ascertain whether such investment has been reclassified to an appropriate account.
3. Notes receivable, accounts receivable and operating revenues
(1)Assess the internal control system for operating revenues and check the transaction records and all supporting source documents to verify w hether revenue records are reliable and whether uniformed invoices have been issued according to law.
(2)Conduct a comparative analysis against the amounts from the previous period to determine whether the trend of changes is reasonable. If there has been any material change, ascertain and analyze the cause.
(3)If the auditee has engaged in consignment sales or distribution business, ascertain whether the accounting records agree with the information from the underlying contractual agreements.
(4)Ascertain the content and classification appropriateness of the recording of principal operating revenues.
(5)Send written confirmation requests to debtors randomly selected.
(6)For any notes receivable pledged as security, send a written confirmation request to the pledgee, and ascertain whether the fact has been reported in a footnote.
(7)Jointly conduct an inventory of notes on hand, and if any notes on hand are held by a third party or have been entrusted to a bank for collection, send a written confirmation request to the holder or audit the supporting documents for such bank collection. If the inventory date is not the balance sheet date,reconcile the difference.
(8)If it is found that a note has been exchanged with another party, it shall be reported in a footnote or reclassified to an appropriate account.
(9)Prepare an aging schedule and perform an aging analysis of accounts receivable, ascertain the collection of notes and accounts receivable during the subsequent period, and, if any such item remains uncollected after the due date, ascertain whether appropriate treatment has been made.
(10)Ascertain whether allowance for bad debts has been set aside in an appropriate manner and amount.
(11)Ascertain whether appropriate treatment has been given with respect to notes or accounts receivable under dispute or litigation.
(12)Ascertain whether bad debts have been properly written off.
(13)Select two time periods, one before and one after the balance sheet date, and check all supporting source documents for each period, to ensure that there has been a proper cut-off of sales transactions and sales returns.
(14)Ascertain whether there have been any major sales returns or allowances

in the current and the subsequent period, if so, inquire into the reasons and find out whether they have been adequately presented.

(15)If it is found that a note or account receivable has arisen from a non-operating activity, ascertain whether it has been reclassified to an appropriate account.

(16)Ascertain whether notes and accounts receivable are presented in such a manner as to distinguish between current and non-current items, and ascertain whether they have been measured at amortized cost.
However, short-term notes and accounts receivable with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(17)Ascertain whether any internal profit from internal transfer pricing has been offset.

(18)Ascertain whether the interest income and interest receivable arising from interest-bearing notes receivable have been recorded.

(19)For discounted notes receivable, if any, check the discount records, send a written confirmation request, and ascertain whether proper accounting treatment has been given.

(20)If there are any notes or accounts receivable denominated in a foreign currency, ascertain whether they have been adjusted to the spot exchange rate at the balance sheet date.

(21)Ascertain whether notes and accounts receivable arising from transactions with related parties have been adequately presented.

4. Other receivables

(1)Note the nature of each line item under "other receivables" and, for those not constituting current assets, ascertain whether they have been reclassified to an appropriate account.

(2)Send written confirmation requests when it is deemed necessary and ascertain the status of collections during the subsequent period.

(3)Ascertain whether the amount provided as allowance for bad debts is reasonable.

(4)Ascertain whether other receivables with significant amount have been separately presented.

5. Inventories and operating overhead

(1)Evaluate the internal control system for operating overhead and check the transaction records and all supporting source documents to verify the reliability of the classification, calculation and recording of operating overhead.

(2)Conduct a comparative analysis against the amounts from the previous period to determine whether the trend of changes is reasonable. If there has been any material change, ascertain and analyze the cause.

(3)Ascertain the accounting basis and calculation method with respect to inventories, check whether they are consistent with those used in the previous period, and, for any change therein, ascertain the reasonableness thereof and whether appropriate treatment has been given.

(4)Make observation of on-site counting of inventories by personnel of the auditee, which may be conducted by sampling upon inventory. Check physical inventory counts and results of inventory testing against the inventory list and book entries.

(5)If significant variance exists between the book quantity of an inventory and the actual quantity counted during the on-site inventory, ascertain the reason.

(6)While the on-site inventory is being conducted, if there are items being sold on consignment or held for other parties, verify that they have been separately stored and labeled, and obtain the specifications, quantities and other relevant information, to ensure that they are not included in the inventory of the auditee.

(7)For inventories stored outside, send a written confirmation request to the custodian and other auditing procedures can be adopted when necessary.

(8)Select two time periods, one before and one after the balance sheet date, and check all supporting source documents for each period, to ensure that there has been a proper cut-off of operating overhead.

(9)If the sales costs include any drawback of customs or excise duties on exportation, ascertain whether proper accounting treatment has been given.

(10)Ascertain whether any inventory has been provided as pledge or security or possessed in trust, and if so, whether the fact has been reported in a footnote.

(11)Ascertain whether damaged, deteriorated, or long-term unmarketable inventory items, if any, have been valued at the lower of cost or net realizable value.

(12) Value ending inventories at the lower of cost or net realizable value.
(13)Ascertain the ownership of any inventory in transit, and, if it belongs to the auditee, whether appropriate accounting treatment has been given.
(14)Ascertain the appropriateness of the procedures for handling idle and obsolete materials.

6. Prepayments

(1)Where a prepayment is required to be reclassified as an expense or to an appropriate account, ascertain whether such reclassification has been made and whether the amounts agree.
(2)Ascertain whether any prepayment involves a contractual relationship, and, if so, content of the contract and the extent of contractual obligations the counterparty has performed.
Send a written confirmation request to the counterparty when necessary.

7. Other current assets

Ascertain the nature of each item falling under the category of "other current assets," find out whether it has been appropriately classified and given proper accounting treatment, and if an item is unusual in nature, find out whether the fact has been stated in detail in a footnote.

8. Long-term investments

(1)Conduct, jointly with the custodian, an on-site inventory of securities acquired through long-term investments and inspect relevant supporting source documents. If any of such securities are deposited with others, send a written confirmation request and check custody receipts or perform other necessary audit procedures to verify the ownership.
(2)Ascertain the procedures for acquiring and disposing long-term investments and appropriateness of accounting treatment thereof.
(3)Ascertain whether an appropriate accounting basis was applied in recording long-term investments and whether they have been properly classified.
(4)If any long-term investment has been provided as security, pledged, or is otherwise subject to any restriction or limitation, ascertain whether such facts have been reported in a footnote.
(5) In the event that investments confer significant influence, exercise joint or substantive control over the investees, ascertain whether such investments have been valued under the equity method.
(6)For long-term investments having no significant influence over the investees, ascertain whether ending valuation is appropriate.
(7)In recognition of the profit and loss shares for investments accounted for using the equity method, ascertain whether CPA-audited financial statements have been acquired in accordance with applicable regulations.
(8)Ascertain whether any unrealized profit or loss with respect to an affiliated company has been written off.
(9) Ascertain whether the difference between the cost of an investment accounted for using the equity method and the net equity value and unrealized profits have been treated as required.
(10)In the event that indefinitely long-continued declining occurs to the value of long-term investments, ascertain whether impairment losses have been recognized.
(11)Ascertain whether there has been reclassification of long/short-term investments and accounting treatment thereof is appropriate.
(12)Ascertain whether the ending valuation of long-term investments is appropriate.
(13)Ascertain the appropriateness of recording dividends or interest income.
(14)Ascertain whether investees are going concerns, and if any of them is not, whether proper adjustment or footnote disclosure has been made.

9. Property, plant and equipment, investment property and intangible assets

(1)Ascertain whether the title to property, plant and equipment is held by the auditee, and when necessary, observe the on-site inventory or conduct a joint on-site inventory of representative property, plant and equipment. If the title to any of such assets is not registered under the name of the auditee for the time being because of statutory restrictions, ascertain whether any perpetuation is in place and whether a proper explanation has been provided in a footnote.
(2)Ascertain whether there is any property, plant and equipment that is not intended for use in the operation of the business. If there is, reclassify it to an appropriate account, in keeping with its character.

(3)Ascertain whether any property, plant and equipment or investment property has been provided as security, pledged, or otherwise subject to any restriction, and, if so, whether the fact has been reported in a footnote.

(4)Ascertain the entry basis of property, plant and equipment and intangible assets. If reappraisal has been made pursuant to laws, ascertain whether reappraisal period and reappraised amount have been reported in a footnote, and whether depreciation or amortization after revaluation have been set aside in accordance with applicable requirements. For land that has been revalued, ascertain whether the amount of increment is appropriate and whether land value increment tax has been reserved pursuant to laws.

(5)Ascertain whether property other than land, plant and equipment, investment property and intangible assets have been depreciated and amortized in a rational and systematic manner in accordance with current statutory requirements, and ascertain whether the amounts are appropriate.

(6)Ascertain whether capitalization policies and depreciation and amortization methods and periods applied to property, plant and equipment, investment property and intangible assets are consistent with those of the previous period. In the event of changes, ascertain whether such changes are reasonable and accounting treatment is appropriate, and whether facts of changes and quantitative effects have been reported in a footnote in terms of accounting policy changes or estimation changes based on the nature thereof.

(7)Ascertain the nature of addition of property, plant and equipment and investment property for the current period and expenditure items in connection with property, plant and equipment and investment property to determine whether such items are capital expenditures or expense expenditures, and ascertain whether they have been given proper accounting treatment.

(8)Ascertain whether proper accounting treatment has been given to capitalization of borrowing costs with respect to property, plant and equipment and investment property currently in the process of acquisition or construction.

(9)Ascertain the reasonableness of any significant change in prepayments for land or equipment.

(10)Ascertain any increase or decrease in property, plant and equipment, investment property and intangible assets in the current period, and whether it has been given proper accounting treatment.

(11)Ascertain whether the house rentals, land rentals and any other revenues arising from property, plant and equipment and investment property have been properly recorded.

(12)Ascertain whether any assets have been leased, and if so, whether such leases have been given proper accounting treatment.

(13)Ascertain the components of intangible assets, and whether they have been given proper accounting treatment.

(14)Check the supporting source documents, papers and licenses related to intangible assets.

(15)Ascertain whether intangible assets are still useful and whether their costs have been amortized over their expected useful life.

10. Other non-current assets

(1)Inspect all supporting source documents to confirm the reasonableness of the amounts recorded.

(2)If any item under "other non-current assets" is subject to amortization, ascertain the reasonableness of the amortization method.

(3)For any long outstanding funds for which it is impossible to obtain confirmation from the debtor or which is not likely to be collected, ascertain whether such funds have been written off or sufficient allowances for bad debts have been set aside.

(4)Ascertain whether any items under "other non-current assets" with significant amount have been separately presented.

(5)For items held in custody for other parties, conduct a joint on-site inventory with the custodian(s) and send written confirmation requests to such other parties, when it is deemed necessary.

(6)Ascertain the nature of any refundable deposit paid out as security and the reasonableness and necessity thereof.

11. Borrowings

(1)Ascertain whether borrowings have been separately presented as bank overdraft, bank borrowing, commercial paper payable, banker's acceptance, or other borrowings.

(2)Identify any significant borrowing agreements and send written confirmation requests to confirm the borrowing balances, interest rates, repayment periods, credit lines, critical covenants and collateralization status.

(3)Ascertain whether the bank overdraft balance is the balance after offsetting against the bank deposit, and if so, make appropriate adjustment.

(4)If there has been any borrowing from a shareholder, employee or related party, ascertain whether the fact has been reported in a footnote.

(5)Ascertain repayment of principal and interest on borrowing in the subsequent period. In the event of any delay in repayment, footnote disclosure shall be made.

(6)Identify interest payments made in the current period and perform checking calculation to verify whether interest prepaid or due period-end has been recorded appropriately.

(7)Ascertain whether there has been a breach of any important stipulations in a borrowing agreement, and if so, whether appropriate accounting treatment and disclosure have been given, and consider the effect thereof on the financial statements.

(8)If repayment must be made in a foreign currency as required by the borrowing agreement, ascertain whether such has been converted using the spot exchange rate at the balance sheet date.

(9)Ascertain whether non-current liabilities to be settled within one year have been reclassified as current liabilities.

(10)If the auditee has set aside a sinking fund, ascertain whether it has been done in accordance with applicable provisions.

12. Notes payable, accounts payable and purchases

(1)Assess the internal control system for procurements, and check the transaction records and all supporting source documents to verify the reliability of purchase records.

(2)Ascertain payments made in the subsequent period or relevant supporting source documents, and when necessary, send written confirmation requests to major suppliers and creditors.

(3)If, as of the auditing date, the maturity date of any note receivables falls beyond the statutory term of validity, ascertain the reason and whether the note receivable has been rescheduled or reclassified to an appropriate account.

(4)Ascertain whether any note receivables have been exchanged with other parties, and if so, such note receivables shall be reported in a footnote or reclassified to an appropriate account.

(5)Select two time periods, one before and one after the balance sheet date, and check all supporting source documents for each period, to ensure that there has been a proper cut-off of purchase transactions and purchase returns.

(6)In the event of discovery of notes or account payables arising from non-operating activities, ascertain whether such have been reclassified to an appropriate account.

(7)Ascertain whether notes and accounts payable are presented in such a manner as to be distinguished between long and short terms, and whether the long-term ones have been recorded at present value.

(8)If collaterals have been provided to creditors for notes or account payables, ascertain whether the nature and description of such collaterals have been reported in a footnote.

(9)Ascertain whether notes payable are interest-bearing, and whether interest accrued in the current period has been recorded.

(10)If repayment with respect to a note or account payable has to be made in a foreign currency as required by an agreement, ascertain whether such has been converted using the spot exchange rate at the balance sheet date.

13. Accrued expenses and other payables

(1)Select a period after the balance sheet date and check all supporting source documents for unpaid invoices, cash expenditures and major liabilities falling within that period to verify the existence of any unrecorded liabilities.

(2)For accrued expenses for which the amount is estimated or yet to be determined, ascertain whether the method of estimation is consistent with that applied in previous years, and whether any payments have been made

in the subsequent period.
(3)Ascertain whether appropriate footnote disclosure has been made regarding negotiable instruments issued as installment payment for leased equipment.
(4)Identify any payments made in the subsequent period and all supporting source documents.
(5)If collaterals have been provided to creditors for payables, ascertain whether the nature and description of such collaterals have been reported in a footnote.
(6) Ascertain whether any items under "other payables" with significant amounts have been separately presented.
14. Payments received in advance and deferred credits
(1)Ascertain the nature of each item within sales revenue received in advance, deposits received in advance, income received in advance and deferred credits, and perform a test check of the underlying contractual agreements, if any.
(2)Ascertain whether appropriate adjustment has been made to payments received in advance and deferred credits to reflect the accrual basis of accounting.
(3)Identify any change that has occurred in the subsequent period.
15. Corporate bonds payable
(1)Obtain the issuance rules for corporate bonds and ascertain whether footnote disclosure has been made as to total authorized amount, interest rate, maturity, collateral or guarantee status and other relevant covenants and restrictions. In the case of a convertible corporate bond, ascertain whether the method of conversion and conversion status have been reported in a footnote.
(2)If there is a trustee or guarantor, ascertain whether any special clause is contained in the executed trust or guarantee agreement, and send a written confirmation request to the trustee or guarantor inquiring about the total issued and unissued amounts and the repaid or cancelled amount.
(3)Identify any interest payments made in the current period and perform a checking calculation to verify whether at period-end interest has been recorded appropriately, and whether any discounts or premiums have been properly amortized. If any convertible corporate bonds have been issued under a reverse repurchase agreement, ascertain whether an interest premium has been estimated and recorded, and whether an interest expense has been recognized, for each period in a rational and systematic manner.
(4)Ascertain whether corporate bonds repayable within one year have been reclassified as current liabilities.
(5)Ascertain the status of repayment of corporate bonds, and, in the case of convertible corporate bonds where capital increase or issuance of new shares is required by law, whether such has been duly carried out.
(6)Inspect relevant minutes of board meetings.
(7)Ascertain whether there has been a breach of any important stipulations in any agreements regarding the issuance of corporate bonds, and if so, whether appropriate treatment has been given, and consider the effect thereof on the financial statements.
16. Other non-current liabilities
(1)Ascertain whether any items under "other non-current liabilities" to be settled or reimbursed within one year have been reclassified as current liabilities.
(2)On the basis of contracts, company rules or by-laws and meeting minutes, calculate and check the balance of liabilities.
(3)Send written confirmation requests to creditors or other relevant persons, when it is deemed necessary.
(4)For liabilities for which the amount is estimated, ascertain whether the basis of the estimate isappropriate, and whether any payments have been made in the subsequent period.
(5)Ascertain whether any items under "other non-current liabilities " with significant amounts have been separately presented.
17. Equity
(1)Ascertain the total amounts of capital stock or capital contribution and paid-in capital or capital contribution, and, where shares have been issued, whether footnote disclosure has been made as to type of capital stock, par value per share, number of authorized shares, number of issued shares and

any special terms and conditions.
(2)With respect to any change in capital amount, review relevant minutes of shareholders' meetings and board meetings and shareholders' written consent of the company, and, where in a limited partnership,the limited partnership agreement and partners' written consent, for records of capital changes and approval documents issued by the competent authority or application documents submitted by the auditee, and further ascertain whether appropriate disclosure has been made as to the specific details of the change in capital.
(3)When it is deemed necessary, send a written confirmation request to the certification agent or stock registrar and transfer agent to inquire about the total number of shares issued.
(4)Analyze changes in capital reserve and retained earnings in current period and check against the articles of incorporation and minutes of shareholders' meetings, and, where in a limited partnership, check against the limited partnership agreement and partners' written consent
(5)Ascertain whether capital reserve, legal reserve and special reserve have been separately presented and whether they have been set aside in accordance with applicable prescriptions.
(6)Ascertain whether an explanation has been provided in a footnote on capital reserves of different nature.
(7)If quantitative effects exist for retrospective applications and retrospective restatement, ascertain whether proper accounting treatment has been given.
(8)Ascertain whether earnings distributions have been properly recorded or given footnote disclosure.
(9)Ascertain whether any restrictions on the distribution of retained earnings and capital reserves, or of any preferred stock dividends in arrears have been disclosed by footnote.
(10)If there is any doubt about the going-concern assumption underlying the financial statements with respect to the auditee, perform all necessary audit procedures in accordance with provisions in Statement of Auditing Standards No. 16, "Assessment of Going-concern," ascertain the reasonableness of the going-concern assumption, and provide a fair audit opinion.
(11)If any treasury stock exists, conduct an inventory count and ascertain whether proper accounting treatment has been given.
(12)Ascertain whether proper accounting treatment has been given to other equity items.
18. Contingencies and commitments
(1)When auditing contingencies and commitments, perform all necessary audit procedures in accordance with provisions in Statement of Auditing Standards No. 23, "The audit of contingencies," and provide an appropriate audit report.
(2)Identify and disclose by footnote any illegality that might have a significant effect on the fair presentation of the operating and financial statements of the auditee.
19. Operating expenses
(1)Conduct a comparative analysis against the amounts from the previous period to determine whether the trend of changes is reasonable. If there has been any material change, ascertain and analyze the cause.
(2) Analyze material expenses and audit all supporting source documents to verify whether any of them requires reclassification as a capital expenditure.
(3)Examine the nature and significance of individual expenses and verify, in light thereof, whether they have been classified under the appropriate account.
(4)Select two time periods, one before and one after the balance sheet date, and check all supporting source documents for each period to ensure that there has been a proper cut-off of operating overhead.
20. Non-operating income and expenses
(1)Conduct a comparative analysis against the amounts from the prior period and ascertain the cause for material differences, if any.
(2)Analyze income and expense items of significant amounts or unusual nature and ascertain the status of all supporting source documents and how they have been recorded.
(3)Examine the nature and significance of individual items and ascertain, in light thereof, whether they have been classified under the appropriate account.

21. Income tax
(1)Ascertain whether the auditee has already recognized current income t
ax expense, deferred income tax asset and liability in accordance with
applicable provisions, made appropriate presentation, and disclosed
all relevant information.
(2)Ascertain whether there are any materially significant pending tax
remedies, or any back taxes or tax refunds from previous fiscal years, and assess
the effect thereof on current income tax and income tax payable.
22. Other comprehensive income
(1)Conduct a comparative analysis against the amounts from the previous
period and ascertain the cause for significant differences, if any.
(2)Examine the nature and significance of individual items and ascertain,
in light thereof, whether they have been classified under the appropriate account.
23. Related party transactions
(1)Ascertain the names, surnames or appellations of all related parties
and their relationships with the auditee.
(2)Ascertain whether there are any transactions between the auditee
and related parties.
(3)Ascertain purposes, prices and terms and conditions of the known transactions
with related parties.
(4)Obtain from the auditee a statement that the transactions with related
parties have been properly disclosed.
24. If the auditee has engaged in non-arm's length transactions,
ascertain and assess the effect thereof on the financial statements,
and give appropriate treatment.

Article 22
Before issuing an audit report, a CPA shall obtain management
representations in accordance with Statement
of Auditing Standards No. 7, "Management representations of the auditee."

Article 23
A CPA engaged to perform an audit of financial statements shall faithfully
make a record of actions taken pursuant to these Regulations, and compile
the record, together with relevant audit evidence obtained, into audit working papers.

Article 24
Audit working papers are evidence of whether a CPA has duly
fulfilled professional responsibilities, and are the basis upon which
an audit report is prepared and audit opinions are expressed. All opinions,
facts and figures presented in an audit report shall be supported
by sufficient, competent and relevant evidence in the audit working papers.

Article 25
Audit working papers shall be prepared and maintained in safe custody
in accordance with Statement of Auditing Standards No. 45, "Guidelines for audit working papers."

Article 26
After completion of an audit of financial statements in accordance
with these Regulations and other applicable provisions, an audit report shall
be issued in accordance with the Statements of Auditing Standards.

Article 27
The "financial statements" referred to in these Regulations include
the following statements and footnotes thereto:
1.Balance sheet.
2.Comprehensive income statement.
3.Statement of changes in owners' equity.
4.Cash flow statement.
Each page of the balance sheet, comprehensive income statement,
statement of owners' equity and cash flow statement referred to
in the preceding paragraph shall be signed or sealed by t
he director who is authorized represent the auditee, managerial officer,

and in-charge accountant.

Article 28
Dollar amounts in financial statements shall be based on figures audited by a CPA. The dollar amounts need only be expressed in units of NT$1000, rounded to the nearest thousand, unless otherwise stated by laws and regulations or otherwise requested by the engaging party.

Article 29
These Regulations shall be enforced from January 1, 2016. However, for business entities voluntarily adopt in advance the Business Accounting Act amended on May 30, 2014, these Regulations shall apply in the audit and attestation of financial statements thereof by an engaged certified public accountant starting the same fiscal year of such early adoption.