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Press Release

December 26, 2005

Amended Listing and Disclosure Rules by Korea Exchange for Non-Domestic Companies Approved

The Financial Supervisory Commission approved regulatory amendments proposed by the Korea Exchange to ease listing regulations for non-domestic (foreign) companies and apply more uniform disclosure standards for domestic and non-domestic companies. The following is a summary of the newly amended regulations.

Primary Listing of Non-Domestic Companies (Effective December 26, 2005)

Non-domestic companies not listed in an overseas stock exchange may apply for primary listing at the Korea Exchange. Prior to the amendment, only secondary listing was available to non-domestic companies. Under the principle of equal standards for domestic and non-domestic companies, essentially all the listing and delisting rules applicable to domestic companies are also applicable to non-domestic companies.

Accounting Standards for Listed Non-Domestic Companies

In addition to Korean Accounting Standards, the U.S. GAAP and International Accounting Standards are allowed for non-domestic companies for financial reporting. In order to ensure the integrity and the reliability of financial information provided to investors, non-domestic companies are barred from arbitrarily changing the accounting standards they adopt for financial reporting after becoming listed at the Korea Exchange.

Disclosure for Listed Non-Domestic Companies (Effective April 1, 2006)

Non-domestic companies must in principle comply with the same periodic and prompt (ongoing) disclosures as those applicable to domestic companies. Disclosures must be filed in Korean. For full-length periodic disclosures filed for the home country, non-domestic companies may file the same report with a summary Korean translation.



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In recognition of difficulties non-domestic companies may face in continuously monitoring events at home and the need to alleviate compliance burden, the amended disclosure rules exempt listed non-domestic companies from full compliance with fair disclosure rules barring selective disclosure of significant information.

The timing of prompt disclosure by non-domestic companies is to be determined on the basis of Korea Standard Time. An event subject to prompt disclosure both in Korea and at home must be disclosed in Korea at the same time it is disclosed at home. If a disclosure made at home is past the reportable time in Korea, the disclosure must be made by 7:20 a.m. the following business day.

Shareholders' Equity and Financial Soundness Assessment
(Effective December 26, 2005)

In line with the prevailing global standards, the amended listing regulations replace the "capital stock" requirement with "shareholders' equity" requirement as a more appropriate measure of company size. The minimum shareholders' equity is KRW10 billion for Stock Market listing and KRW3 billion for KOSDAQ Market listing. The regulatory provisions on ownership restrictions for the largest shareholder were abolished since they overlap with the provisions on minority shareholder requirements.

The new listing rule also replaces debt ratio requirement with a more qualitative financial soundness assessment that takes into account such considerations as the company's degree of reliance on debt and its liquidity.

Attached: Table of Key Korea Exchange Listing Requirements



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Key Korea Exchange Listing Requirements

	Stock Market	KOSDAQ Market
Operating history	▪ 3 years	▪ 3 years
Shareholders' equity	▪ KRW10 billion	▪ KRW3 billion
Total revenue	▪ KRW30 billion (most recent) ▪ KRW20 billion (3-year average)	▪ Realized positive ordinary income
Operating results	▪ ROE: 5% (most recent), 10% (3-year total), or ▪ Net income: KRW2.5 billion (most recent), KRW5.0 billion (3-year total)	▪ ROE: 10%, or ▪ Net income: KRW2 billion
Debt ratio	▪ Replaced with qualitative assessment of financial soundness	▪ Replaced with qualitative assessment of financial soundness
Share ownership*	▪ Minority shareholders: 30% ▪ Publicly offered shares: 10% ▪ No. of minority shareholders: 1,000	▪ Minority shareholders: 500 and 10% publicly offered shares, or ▪ 20% publicly offered shares
Litigation	▪ No significant ongoing litigation	▪ No significant ongoing litigation
Audit opinion received	▪ Unqualified (most recent) ▪ 2 most recent years: unqualified or qualified	▪ Unqualified (most recent)

Note: The listing requirements for non-domestic companies applying for primary listing at either the Stock Market or the KOSDAQ Market are same as those for domestic companies. For non-domestic companies applying for secondary listing, the listing requirements are same as those for domestic companies except that the share ownership requirement can be satisfied with one thousand or more minority shareholders for Stock Market listing and with five hundred or more minority shareholders for KOSDAQ Market listing.

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