

(Translation for Reference Only)

Illustration of Application for Initial Investment in Newly Established or Existing Domestic Companies

—Example of a case featuring inward remittance and foreign exchange settlement

※ This illustration briefly describes how to apply for initial investment with inward remittance of foreign currency for your reference. In case of any omissions or mistakes, the relevant laws and regulations applicable to investments by overseas Chinese or foreign investors should govern. If you have any questions, please feel free to contact this Commission.

1. Statute for Investment by Foreign Nationals

Foreign nationals who intend to invest in enterprises in Taiwan (i.e., companies of which shares are not listed on the Taiwan Stock Exchange ("TSE"), Gre Tai Securities Market ("GTSM"), or the Emerging Stock Market ("ESM"), or business firms (sole proprietorships or partnerships)), regardless of the amount of investment, by (1) establishing new companies or business firms, (2) subscribing for shares to be issued or paying capital contribution to domestic existing enterprises for capital increase, or (3) acquiring shares or capital contributions from local shareholders of existing enterprises, must apply to the Investment Commission (the "Commission") ^(see Note*) of the Ministry of Economic Affairs ("MOEA") for approval in accordance with the Statute for Investment by Foreign Nationals, before remitting funds in foreign currency from overseas and converting the same to New Taiwan Dollars.

Note: **※ For investment in TSE-listed, GTSM-listed, or ESM stocks, applications should be filed with the Taiwan Stock Exchange Corporation in accordance with the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals.**

- ※ In the event of establishment of a branch in Taiwan by a foreign legal person, the foreign legal person should file an application for recognition with the Department of Commerce of the MOEA, and does not need to obtain an approval from this Commission.**
- ※ If the registered address of the invested enterprise is located at an area within the jurisdiction of a Science Park Administration or an Export Processing Zone Administration, the application should be filed with the applicable administrative authority accordingly.**
- ※ According to Article 3 of the Measures Governing Investment Permit to the People of Mainland China: "An Investor as defined hereunder refers to any individual, legal person, organization, any other institution of the mainland area ("Mainland Person"), or any third-area companies invested by a Mainland Person, that makes investment in Taiwan in accordance these Measures. A third-area company as referred to hereinabove means a company established in a third area and invested by individual(s), legal person(s), organization(s), or any other institution(s) of the mainland area that meet any of the following criteria: (i) holds, directly or indirectly, more than thirty percent (30%), in aggregate, of the total number of shares or total amount of capital contribution of said third-area company, or (ii) has control over said third-area company. The Statute for Investment by Foreign Nationals does not apply to investments made in Taiwan by**

the third-area companies as defined hereinabove."

Violation of the Measures Governing Investment Permit to the People of Mainland China should be subject to penalties as set forth under Article 93-1 of the Act Governing Relations between the People of Taiwan and the People of Mainland China.

2. Negative List for Investment by Overseas Chinese and Foreign Nationals - List of business activities that are prohibited or restricted for overseas Chinese or foreign nationals:

With respect to the investments in Taiwan by foreign investors, except for those prohibited or restricted business items (such as limitation on percentage of foreign shareholding) as listed in the Negative List, there is no limit on percentage of foreign shareholding for items not on the Negative List (please refer to the Negative List for Investment by Overseas Chinese and Foreign Nationals available on the website for more detailed information).

3. Application Procedure

An investor should submit a duly completed **Form A for Application for the Investment by Overseas Chinese or Foreign Nationals** (available for download from the Commission's website) and the relevant documents to the Commission. After the Commission grants the approval, the investor should present the letter of approval issued by the Commission to its corresponding bank to process the inward remittance of the investment funds. After conversion and settlement of the funds in foreign currency, the investor should apply to the Commission for verification of its investment amount by submitting a duly completed **Application Form for Verification of Investment Amount** (available for download from the Commission's website), the original of the Advice of Inward Remittance and Exchange Memo, and other relevant documents. After the Commission grants the approval, the investor should apply to the registry agency concerned for company/business firm establishment or amendment registration by presenting the approval letters for investment and for verification of investment amount in accordance with the Company Act (or the Business Registration Act) and the applicable regulations prescribed by the competent authorities.

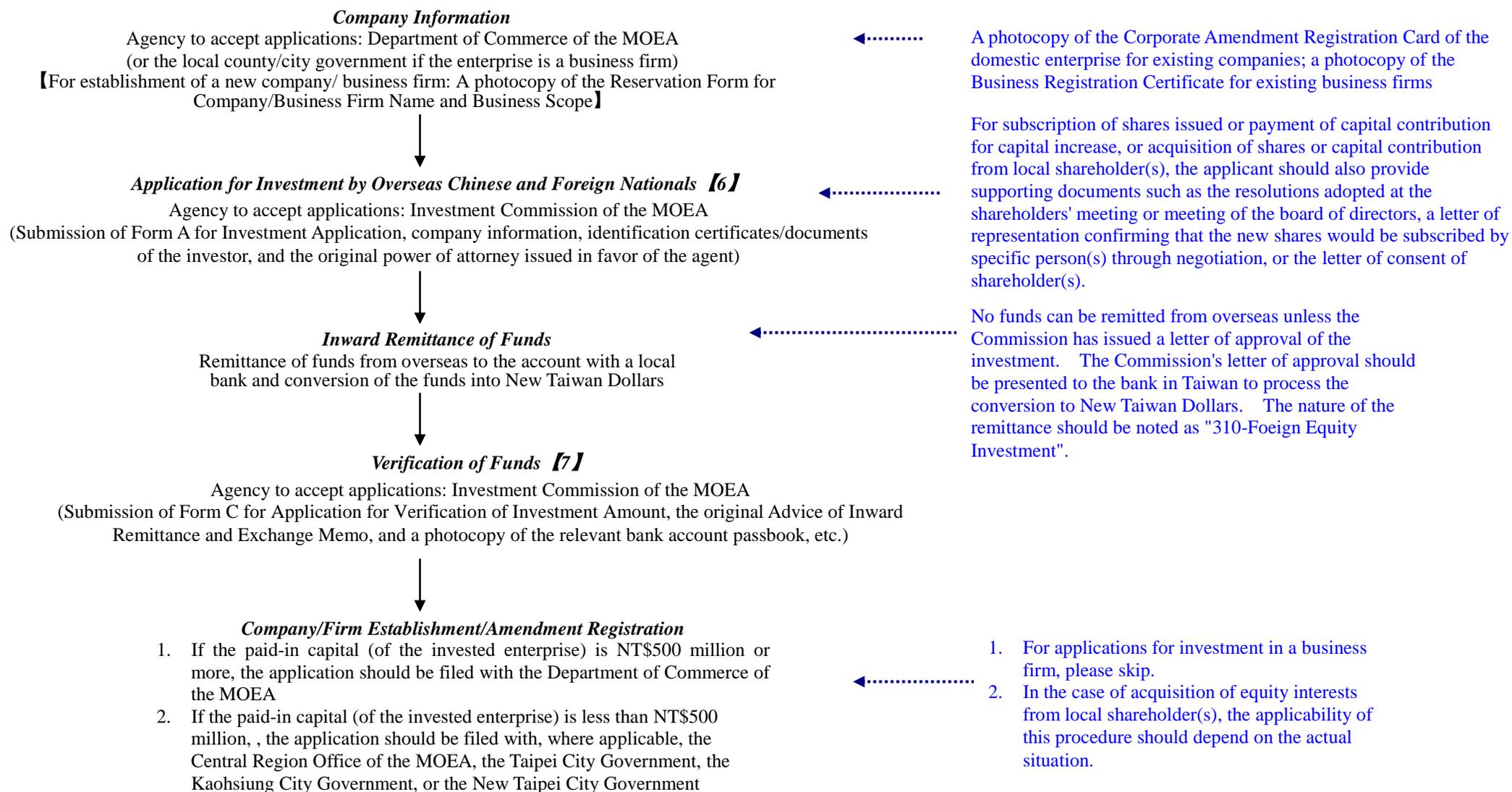
4. Review Time Frame

Generally speaking, the time frame for reviewing an application is as follows, provided that all required information and supporting documents are duly provided:

- (1) The scope of business of the invested enterprise does not involve restricted industries and the amount of investment by the investor does not exceed NT\$500,000,000: 2~4 days
- (2) The scope of business of the invested enterprise does not involve restricted industries and the amount of investment by the investor does not exceed NT\$1,500,000,000: 3~5 days

Investment Commission: Address: 8F, No. 7 Roosevelt Road, Section 1, Zhongzheng District., Taipei Telephone: (02) 33435700 Fax: (02) 23963970 Website: www.moeaic.gov.tw

5. Flowchart of Procedures for Investment Application



6. Documents Required for Application for Investment:

Required Documents	1. Form A for Overseas Chinese and Foreign Applicants – Application for Investment by Overseas Chinese or Foreign Nationals	One original and two photocopies of the application form
	2. Investor's Information	<ol style="list-style-type: none"> 1. One set of identification certificate of the applicant and its Chinese translation 2. The original power of attorney authorizing the agent of the investor and its Chinese translation 3. A photocopy of the identification certificate of the investor's agent
	3. Information of the Invested Enterprise	<ol style="list-style-type: none"> 3-1 Establishment of a new enterprise: A photocopy of the Reservation Form for Company/Business Firm Name and Business Scope 3-2 Investment in an existing enterprise: A photocopy of the Corporate Registration Certificate or Corporate Amendment Registration Card for a company; a photocopy of the Business Registration Certificate for a business firm
	4. Other Information (not applicable to establishment of a new company).	<ol style="list-style-type: none"> 4-1 Subscription of shares or payment of capital contributions for capital increase by cash: Please refer to Section 4-1 below in Page 7 for more detailed explanation 4-2 Acquisition of shares or capital contributions from local shareholder(s): Please refer to Section 4-2 below in Page 8 below for more detailed explanation

Descriptions and Explanations

Document	Explanations of Required Documents
2-1 Identification (Qualification) Certificate of Foreign National	<p>1. Identification certificate of Overseas Chinese (natural persons) refers to the original Overseas Chinese ID Card issued by the Overseas Chinese Affairs Commission, or a copy of the passport of the Republic of China ("ROC") bearing the authenticated endorsement of Overseas Chinese status (the photocopy of the passport should include the pages of the individual's photograph and the endorsement of Overseas Chinese status, which should be certified by an ROC representative office in the country that made the endorsement).</p> <p>2. Foreign Investors :</p> <p>(1) Identification certificate of a natural person refers to the certificate of nationality. The aforementioned certificate of nationality can be substituted by a photocopy of a valid passport. In the case of an applicant from Hong Kong or Macau, the aforementioned certificate of nationality can be substituted by a photocopy of a permanent resident identification card. Hong Kong residents shall also provide a declaration confirming that he/she does not hold any travel document other than a British national (Overseas) passport or a passport of the Hong Kong Special Administrative Region. Macau residents shall also provide a declaration confirming that he/she does not hold any travel document other than a passport of the Macau Special Administrative Region or a Portuguese passport obtained in Macau before the Portuguese domination ended (please visit the website of the Commission for the prescribed form of the declaration).</p> <p>(2) Identification certificate of a legal person refers to the certificate of incorporation and/or certificate of registration issued by the government of the applicant's country. If necessary, the Commission may request the applicant to provide a roster of directors and shareholders (showing the chain of ownership up to the ultimate beneficial owner(s)), and a chart showing the structure of shareholdings in offshore entities. If necessary, the Commission may also request the applicant to engage an independent certified public accountant ("CPA") in Taiwan to issue an audited report on the assessment of "control" (such an audit should be conducted in accordance with the Statements of Financial Accounting Standards No. 5 and No. 7 of the ROC). The Commission may re-examine the qualifications of the applicant at any time after approving its application.</p> <p>(3) The certificate of nationality or identification certificate of a legal person should be certified by a representative office or an authorized agency of the ROC, or authenticated by a government agency or a court of the applicant's country. If a photocopy of a natural person's valid passport or permanent resident identification card is submitted in lieu of a</p>

Document	Explanations of Required Documents
	<p>certificate of nationality, such a document would not need to be notarized, certified, or authenticated; provided, however, that if necessary, the Commission may request that photocopy of the passport be certified by a representative office or an authorized agency of the ROC. (Note that documents are valid for submission within one year of their notarization, certification, or authentication.)</p>
<p>2-2 Power of Attorney Issued by Foreign Nationals</p>	<ol style="list-style-type: none"> 1. Only a natural person, but no legal persons, may act as an agent of the applicant. 2. The original of the power of attorney in favor of the agent ("POA") should be provided (valid for submission within one year of notarization, certification, or authentication). <ol style="list-style-type: none"> (1) The POA must be certified by a representative office or an authorized agency of the ROC, or authenticated by a government agency or a court of the applicant's country. During the authorized signatory's stay in the ROC, the POA may be authenticated by the embassy, consulate, or representative office of the applicant's country in the ROC, or be notarized by an ROC court or an authorized notary in accordance with the Notarization Act (the POA may be certified in accordance with the Notarization Act if the investor is a natural person.). (2) The POA should include the name of the applicant, the name of the agent and specific scope of authorization (These are the items required to be specified in the POA. The applicant may, based on its need, state therein additional items such as the name of the invested enterprise, the name of the firm of the professional agent, valid term, or specific details about the scope of authorization given under such POA, e.g. a. investment; b. increase of investment; c. reduction of investment; d. transfer of equity interests; e. withdrawal of investment. Please note that the above 5 items are provided for reference only, the investor should consider the scope of authorization carefully and specify them in details). If the POA is executed by a legal person, information regarding the company name, and the title and name of the signatory should also be included in the signature block of the POA. (3) In the event of any subsequent changes to the contents of the POA, including, among others, change of name of the applicant, the agent, the invested enterprise, or the agent's firm, the applicant should execute a new POA accordingly. <ul style="list-style-type: none"> ※ If the investor is a legal person, it must retain an agent to handle relevant application matters. ※ If the investor is a natural person and intends to submit the application in person during the period of his/her stay in the ROC, the requirement for the submission of the POA can be waived, provided that the applicant must visit the Commission during working hours and bring his/her identification certificate (e.g., original passport) and sign the application form in person.

Document	Explanations of Required Documents
2-3 Photocopy of Agent's Identification Certificate	<ol style="list-style-type: none"> 1. The agent's identification certificate refers to a photocopy of his/her ROC identification card. 2. The agent must be a natural person residing in the ROC; provided, however, that public servants and teachers of the ROC government or schools, employees of state-owned enterprises, and military personnel in service should not be appointed as an agent. If the agent is an attorney or CPA, a photocopy of his/her practice license must also be attached.
3. Information of Invested Enterprises	<ol style="list-style-type: none"> 3-1 Establishment of a new enterprise: A photocopy of the Reservation Form of Company/Business Firm Name and Business Scope should be provided. 3-2 Existing enterprise: A photocopy of the Corporate Incorporation/Amendment Registration Card for a company, or the Business Registration Certificate for a business firm should be provided 3-3 In the event of consolidation of application for change of name or registered business scope of a company/business firm in the subject application, a photocopy of the Reservation Form of Company/Business Firm Name and Business Scope should also be attached.
4-1 Subscription of Shares Issued for Capital Increase/Payment of Capital Contributions for Capital Increase	<ol style="list-style-type: none"> 1. If the existing enterprise is a sole proprietorship, a photocopy of the contract entered into between the parties should be provided. 2. If the existing enterprise is a partnership, a photocopy of the letter of consent signed by the partners should be provided. 3. If the existing enterprise is a company: <ol style="list-style-type: none"> (1) Company limited by shares: The applicant should provide the resolution adopted at a the shareholders' meeting approving the issuance of new shares, and the resolution of the board of directors approving the issuance of new shares in accordance with Article 266 of the Company Act (if the increased capital does not exceed the original registered capital, provision of the board resolution would suffice), and the original letter of representation issued by the invested enterprise stating that the existing shareholder(s) or employee(s) have waived their preemptive rights and that the new shares would be subscribed by specific person(s) through negotiation, or the minutes of the meeting of board of directors regarding determination on negotiation with specific person(s) to subscribe for such shares. (2) Limited Company: The applicant should provide a photocopy of the letter of consent signed by all shareholder(s) approving the increase of capital (stamped with the corporate seal and the seal of the company's responsible person). <p>※ The letter of representation confirming that the shares would be subscribed by specific person(s) through negotiation should specify the name(s) of specific foreign investor(s) and the number of shares to be subscribed, and should be dated after the deadline set by the board of directors for the existing shareholder(s) and employee(s) to subscribe for the new shares. If the letter of representation is dated before such deadline, a photocopy of a letter of representation issued by the existing shareholder(s) or employee(s) to waive their preemptive rights should also be provided.</p>

Document	Explanations of Required Documents
4-2 Acquisition of Shares or Capital Contributions from Local Shareholder(s)	<ol style="list-style-type: none"> 1. If the existing enterprise is a sole proprietorship, a photocopy of the contract entered into between the parties should be provided. 2. If the existing enterprise is a partnership, a photocopy of the letter of consent signed by the partners should be provided. 3. If the existing enterprise is a company: <ol style="list-style-type: none"> (1) Company limited by shares: The applicant should provide the roster of the transferring local shareholder(s). (2) Limited company: The applicant should provide a photocopy of the letter of consent signed by at least one half of the shareholder(s) approving the transfer. If the transferor is a director of the company, a photocopy of the letter of consent signed by all the shareholder(s) approving the transfer should be provided (stamped with the corporate seal and the seal of the responsible person). <p>※ Where an overseas Chinese or foreign applicant acquires the equity investment held by its agent, a photocopy of the letter of consent issued by the applicant (the content of which must include details of the transaction and a statement confirming its agreement on such acquisition) should be provided.</p>

7. For Application for Verification of Investment Amount

Required Documents	1. Form C for Overseas Chinese and Foreign Applicants - Application Form for Verification of Investment Amount	<ol style="list-style-type: none"> 1. One original of the application form 2. An overseas Chinese or foreign applicant should engage the same agent who has handled the investment application on its behalf to apply for verification of investment amount. For investment in an existing domestic enterprise, the application may be filed by the invested enterprise; provided, however, that a newly established enterprise whose incorporation registration is not yet completed cannot file such application on behalf of the applicant.
	2. Advice of Inward Remittance (issued by a bank in Taiwan)	<ol style="list-style-type: none"> 1. One original and two photocopies of the Advice should be provided (the original will be returned after verification). 2. If the local bank is not able to provide the original advice of inward remittance, it would be acceptable to provide a photocopy of the remittance telex messages issued by the foreign remitting bank, stamped with the local bank's seals.
	3. Exchange Memo (issued by a bank in Taiwan)	One original and two photocopies of the Memo should be provided (the original will be returned after verification).
	4. Other Documents	<ol style="list-style-type: none"> 1. Establishment of a new enterprise: Photocopies of the passbook of the invested enterprise's preparatory office, or bank account statements 2. Investment in an existing enterprise <ol style="list-style-type: none"> (1) Capital Increase: Photocopies of the invested enterprise's passbook or bank account statements (2) Acquisition of shares or capital contributions from local shareholder(s): <ol style="list-style-type: none"> ① Company limited by shares: Photocopies of receipts for payment of securities transaction tax ② Limited company or others: A declaration issued by the domestic enterprise confirming the completion of the transfer of the capital contribution 3. Other documents: For example, the declaration for inward remittance on behalf of the investor, and documents evidencing delivery of funds (please see the Descriptions and Explanations section below).

Descriptions and Explanations

1. Overseas Chinese or foreign investors' investments in foreign currency should be remitted into Taiwan from overseas. The investor should present the letter of approval issued by this Commission to the bank to process the settlement of foreign currency. The nature of the remittance should be noted as "310-Foreign Equity Investment". There are no restrictions on the methods to handle the excessive portion of the funds remitted in foreign currency (such as repatriation, conversion to deposits in foreign currency, or conversion to New Taiwan Dollars based on other types of remittances).
2. Applications for verification of investment amounts should be filed within two months from the completion of the remittance of funds.
3. Bank accounts for converting remittances to New Taiwan Dollars are limited to the accounts of the investors, their agents, the invested enterprises, and local shareholder transferors.
4. An application for investment made by inward remittance of the funds in foreign currency should be submitted along with the original and two photocopies of the Advice of Inward Remittance and the Exchange Memo. The originals will be returned after verification. If the funds are remitted to an account in foreign currency with a local bank as deposits, and subsequently converted to New Taiwan Dollars, the transaction certificate proving that the investment amount is remitted from overseas should also be attached.
5. Where the remitted funds in foreign currency will be retained for outward remittance, the original and two photocopies of the Advice of Inward Remittance and the transaction certificates for inward remittance should be provided. The originals will be returned after verification.
6. If the amount of investment is carried into Taiwan in cash, one photocopy of the passport of the carrier showing the entry stamp, and the original and two photocopies of the Exchange Memo should be provided (the original will be returned after verification). Where the value of the funds in foreign currency exceeds US\$10,000, a photocopy of the customs declaration should also be provided.
7. If the amount of investment is not remitted or carried into Taiwan by the investor, the investor or the remitter should issue a declaration confirming that the fund is remitted on behalf of the investor.
8. To apply for verification of partial amount of investment when, for instance, (1) the investor intends to reduce the amount of investment, or (2) a part of the amount of investment is to be remitted first to support the domestic enterprise's application for corporate amendment (incorporation) registration, the application for verification of partial investment amount should include the request for approval of an

amendment to (i.e., reduction of the investment amount) the investment plan as originally approved.

9. As remittances via OBU accounts have been deregulated and are deemed as offshore remittances, the relevant transaction certificates proving that amounts of investment are remitted from overseas to OBU accounts are not required.
10. For acquisition of shares from local shareholder(s), if the invested enterprise is a company limited by shares but does not issue share certificates in accordance with Article 161-1 of the Company Act, a photocopy of the Articles of Incorporation of the invested enterprise (which do not contain any provisions governing the issuance of share certificates) and a declaration issued by the invested enterprise to declare that it does not issue any share certificates should be submitted.