

Measures Governing Investment Permit to the People of Mainland Area

2020.12.30

Article 1 These Measures hereby are formulated in accordance with the provisions of Article 72.2 and Article 73.3 under the Regulations Governing the Relations between the People of Taiwan Area and the People of the Mainland China Area (hereinafter referred to as “these Regulations”).

Article 2 The Ministry of Economic Affairs is the competent authority for these Measures.

The competent authority shall designate its subordinate or entrust other institutions or organizations to handle the approval, verification, management and relative issues in relation to the investment projects and investment plans prescribed in from Article 9 to Article 12.

Article 3 The investors mentioned herein refer to the individuals, juristic persons, organizations, other institutions from Mainland and the companies they invest into in a third area which are, in accordance with these Measures, engaged in investment behaviors in Taiwan area.

The invested companies in a third area mentioned in the preceding paragraph refer to the individuals, juristic persons, organizations and other institutions from Mainland and in one of the following situations:

1. Directly or indirectly holding the shares issued by a company in a third area or the total contributing amount exceeding thirty (30) percent.
2. Having the controlling power over the companies in a third area.

The Statute for Investment by Foreign Nationals shall not apply to the investment in Taiwan area made by the companies in a third area mentioned in the preceding paragraph.

Article 4 Pursuant to the provisions hereof, the investors shall apply for the permit to the following investment behaviors:

- 1.to hold the shares issued by sole proprietorship, partnerships, limited partnerships or capital contribution of the companies or enterprises in Taiwan area, exclusive of single or accumulated investment that is less than 10 percent of the shares by the listed companies, over-the-counter companies and emerging market companies.
- 2.to set up a branch, sole proprietorship, partnership or limited partnership in Taiwan area.
- 3.to provide loans to the invested enterprises in the preceding two subparagraphs for more than one (1) year.
4. by contract or other methods to have controlling power over the sole proprietorship, partnership, limited partnership, non-listed companies, non-over-the-counter companies, and non-emerging stock companies in Taiwan area.
5. the invested companies in a third area mentioned in Article 3.2 to merge the business or the property of non-listed companies, non-over-the-counter companies and non-emerging stock market companies in Taiwan area.

Article 5 Where the shares issued by or capital contribution of the enterprises invested by the investors account for over one third of the total, such enterprises shall be defined as Mainland-funded companies. The provisions hereof shall be applied to the reinvestment of such Mainland-funded companies.

Article 6 The competent authority shall make a restriction on the juristic persons,

organizations, other institutions or third-area companies invested by political party, military, administrative or political agencies(institutions), or organizations of Mainland China to invest in Taiwan.

Article 7 In accordance with these Measures, the investments consist of the following kinds:

- 1.Cash;
- 2.Machinery and equipment or raw materials for own use;
- 3.Patent right, trademark right, copy right, technical know-how and other intellectual property right; and
- 4.Other property in which the investors may invest under the competent authority's approval..

Article 8 The projects, contribution limits and proportions invested by the investors shall be drafted by the competent authority consulting together with the central industry competent authority and the relative authorities, and then submitted to the Executive Yuan for approval.

The investment application sent by the investors shall be forbidden where there one of the following situations occurs:

- 1.position of economic exclusive occupancy, oligopoly or monopoly.
- 2.political, social or cultural sensitivity or impact upon national security.
- 3.Negative influence upon the national economic development or financial stability.

Article 9 Where the investors make investment in accordance with the provisions herein, they shall submit to the competent authority the Investment Plan, identification, Letter of Authorization and other relative documents for

approval. All the foregoing documents shall be required to apply for the amendment to the Investment Plan.

The template and the contents of the application for the investment mentioned in the proceeding paragraph shall be set by the competent authority.

Where the investors make investment under the first paragraph, the competent authority shall, if necessary, require the investors to declare the capital source and other relative issues; any amendment to the declarations shall be submitted to the competent authority within one (1) month.

Article 10 The amount to the approved investment shall be transferred in full within the prescribed period and reported to the competent authority for examination.

Where the investors fail, after the investment approval, to transfer the capital contribution within the prescribed period, the re-investment shall not be allowed after the expiry date. The investors who present legitimate reasons and apply for the investment extension after the expiry date will not be restricted to this provision.

The investors shall apply to the competent authority for verification of the capital contribution within two (2) months after the actual investing; the investment calculation, approval procedures and the document presented shall be subject to the provisions of the Measures Governing Investment Verification by Overseas Chinese or Foreign Nationals.

Article 11 The Mainland-funded companies with paid-up capital over NT\$ 80 million shall present the Financial Statements audited by the independent auditors

within six (6) months after each accounting year, together with the shareholders' list, to the competent authority for record.

The competent authority shall, if necessary, require the Mainland-funded enterprises to submit the Financial Statements and other documents mentioned in the preceding paragraph.

In view of inspecting the documents in the previous two paragraphs or learning the operating status or activities of the Mainland-funded enterprises, the competent authority shall dispatch inspectors to conduct the survey. The Mainland-funded enterprises shall not avoid, prevent or refuse.

Article 12 The investors shall apply for the foreign exchange settlement against the interest accrued on his /her annual income, or against the profit surplus distributed to him/her from his/ her investment.

Where the investor is approved to transfer his/her shares, to withdraw or decrease his/her investment, he/she may apply for exchange settlement, in a lump sum, against the total amount of his/her investment as approved. The foregoing clause is also applicable to the capital gain realized from the investor's investment.

The investors are entitled, in accordance with law, to the foreign exchange settlement but not to transfer. The heirs to the investors or the assigned overseas Chinese, foreign nationals or the individual, juristic person, institutions and other organizations from Mainland area and the companies they invest in a third area will not be restricted to the provisions.

Article 13 The people of Mainland area who come to Taiwan area to be the directors or supervisors in the invested enterprises, pursuant to Article 73.1 under

these Regulations, shall be handled in accordance with the Company Law and other relative rules and regulations.

Where the approved investors are natural persons, they shall be required to come to Taiwan to take the position of directors or supervisors in the invested companies; where the investors are legal entities, people from Mainland area shall be appointed to take the position of directors or supervisors in the invested companies.

Article 14 The competent authority will set the effective date of these Measures.