

Subparagraph 1, Paragraph 2, Article 3 of “Regulations Governing the Permission of Investment by Nationals in Mainland Area”

The calculation method of thirty (30) percent prescribed by the Article 3, Paragraph 2, Subparagraph 1 of the *Measures Governing Investment Permit to the People of Mainland Area* shall be the following:

- (1) Third-area company investor (i.e. the investment applicant) shall calculate its Mainland Area shareholding percentage in the following method:

Direct Mainland Area shareholder of the investment applicant shall account all of its shareholding to the investment applicant as the investment applicant’s Mainland Area equity.

- (2) Direct third-area company shareholder of the investment applicant (hereinafter referred to as the “second-tier shareholder”), if having more than thirty (30) percent of shares held by (or being controlled by) Mainland Area individual, legal person, organization or any other institution, shall be deemed to be a Mainland Area investor, and shall account all of its shareholding to the first-tier shareholder as the first-tier shareholder’s Mainland Area equity.
- (3) Direct third-area company shareholder of the second-tier shareholder (hereinafter referred to as the “third-tier shareholder”), if having more than thirty (30) percent of shares held by (or being controlled by) Mainland Area individual, legal person, organization or any other institution, shall be deemed to be a Mainland Area investor, and shall account all of its shareholding to the second-tier shareholder as the second-tier shareholder’s Mainland Area equity.

Accordingly, the second-tier shareholder, if having more than thirty (30) percent of shares held by (or being controlled by) Mainland Area individual, legal person, organization or any other institution in aggregate, shall be deemed to be a Mainland Area investor, and shall account all of its shareholding to the first-tier shareholder as the first-tier shareholder’s Mainland Area equity, etc.