

Guidelines for Loan for Overseas Investment Financing (Phase 10)

Adopted at the 75th Management Committee on May 28, 2019

1. Purpose

These Guidelines are formulated to provide medium- and long-term financing to assist domestic manufacturers in overseas investment, to expand the international market, grasp important resources, and enhance international economic cooperation.

2. Handling bank

The loan shall be handled by banks, and the financing management shall be handled by the Export-Import Bank of Republic of China.

3. Amount and source of funds

- (1) The total amount of the loan is NT\$20 billion from the date of establishment until December 31, 2022. The loan risk is borne by the bank.
 - A. To support the work plan of New Southbound Policy (NSP), for investment in New Southbound countries, the Executive Yuan National Development Fund (NDF) will contribute two thirds of each loan, and the banks will contribute one third.
 - B. For application for investment not in New Southbound countries, the NDF will contribute half of each loan, and the banks will contribute half.
- (2) The countries of the New Southbound region in the Guidelines are countries of the Association of Southeast Asian Nations (ASEAN), South Asia, New Zealand, Australia and other countries listed in NSP Policy Guidelines.

4. Loan Scope

Domestic manufacturers that invest overseas for the following purposes:

- (1) To invest in the development of the local resources for attainment natural raw materials, intermediates or components that domestic industries need.
- (2) To help ensure the product market.
- (3) To introduce the key and high-tech production technology and management knowledge that may facilitate the upgrading of domestic industry.
- (4) To further the vertical integration of the industrial chains or the expansion of the horizontal connection of industries.
- (5) To establish overseas bases, expand global markets and build the international production and marketing networks.
- (6) To acquire technology related to environmental protection, ecological balance, preventing pollutions, etc.
- (7) To boost international economic cooperation.

5. Loan Amount

This loan shall be limited to 80% of the outbound investment amount, provided that the maximum amount of this loan for a single manufacturer shall not exceed NT\$1 billion.

6. Prospective borrower

Domestic manufacturers that have obtained the approval of the competent government authority for overseas investment after its loan application is approved by the NDF Management Committee.

7. Interest Rate of Loan

- (1) The interest rate of loan in New Taiwan Dollar is subject to the upper limit of the average secondary market interest rate of 180-day bills plus 2.25%, or the floating interest rate of the two-year fixed deposit of the post and exchange bureau plus 1.8%, or the Taipei Bills Index Rate (TAIBIR) plus 2.25% or the Taipei Interbank Offered Rate (TAIBOR) of Taipei financial industry plus 2.25%, which is subject to floating adjustment.
- (2) The interest rate of loans in US dollar shall be fixed or floating based on six-month LIBOR or six-month TAFX3 OFFER RATE plus a maximum markup of 3% for both.
- (3) The interest rate of loans in other foreign currency shall be fixed or floating based on the six-month LIBOR plus a maximum markup of 3%.

8. Loan Term

The maximum period shall not exceed seven years, while a reasonable grace period may be given.

9. Guarantee Conditions

Handled in accordance with the regulations of the banks.

10. Loan Application Procedure

- (1) The lending practices are prescribed by the bank.
- (2) The bank shall examine the feasibility and repayment ability of the investment plan of the applicant before approving the loan.

11. Supervision of Use

- (1) The lending bank may request the applicant to appoint an accountant to help establish and improve the accounting system.
- (2) If the applicant violates the regulations or uses the loan for other purposes, the bank shall calculate and retroactively ask for the difference interest and recover all loans at the general loan interest rate instead.

12. Any matters not specified in these Guidelines shall be handled in accordance with the relevant regulations of the bank.

13. In handling the loan, the bank shall disclose and inform the applicant that the loan is a preferential policy loan that is partially funded by the NDF.