

Guidelines for Loans for Machinery and Equipment Export (Phase 3)

Adopted at the 80th Management Committee on November 15, 2019

1. Purpose

These Guidelines are formulated to assist the government in strengthening the guidance on the export of machinery and equipment to assist domestic export manufacturers.

2. Amount and Source of Loans

The total amount of the equipment export loan (hereinafter referred to as the “loan”) is NT\$30 billion from the date of establishment until December 31, 2022. The Executive Yuan National Development Fund (NDF) will contribute two thirds of each loan, and the lending bank will contribute one third. Each lending bank shall be fully responsible for any loan risks.

3. Prospective Borrower

Domestic exporters, foreign importers, domestic whole plants, system integration exporters or foreign importers.

4. Loan Scope

The above-mentioned borrower who exports machinery and equipment and operates the following businesses may apply for the loan:

- (1) Single machinery and equipment
- (2) Renewable energy equipment (including Solar and Wind Power Generation, Biomass Fuel, Hydrogen Energy and Fuel Cell Renewable Energy System and Power Plant, LED Lighting Optoelectronics, Smart Grid, Electric Vehicles, Energy-saving services and other related software and hardware equipment and systems)
- (3) Industrial Equipment (including Agricultural and Forestry machinery and equipment, Mining and Construction machinery and equipment, Food and Beverage and Tobacco Production machinery and equipment, Textile and Garment and Leather production machinery and equipment, Woodworking machinery and equipment, Chemical machinery and equipment, Rubber and Plastic processing machinery and equipment, Electronics and Semiconductor Manufacturing machinery and equipment and Systems, and other unclassified into special machinery and equipment in manufacturing industries)
- (4) Turnkey of machinery and equipment
- (5) Turnkey (including engineering, planning, integration, procurement, supervision, installation, commissioning and technical expertise services)
- (6) System integration (including Electronic Charging, Green Transportation, Intelligent Logistics, Intelligent Health, Intelligent Campus, Electronic Government, Cloud System, etc.).

- (7) To strive for or undertake international procurement projects.
- (8) Other capital assets and necessary equipment ingredients related to machinery and equipment export.

5. Loan Amount

- (1) The loan shall be approved on a case by case basis according to the nature of the transaction, and the maximum amount of the loan applicable to each case is NT\$1 billion.
- (2) The total amount of this loan applied by a single applicant is up to NT\$2 billion. The cumulative amount of the related enterprise shall not exceed NT\$3 billion.
- (3) The loan cases approved by the central competent authorities of the destination enterprise may not be subject to the above restrictions.

6. Priority Loan

Priority shall be given to the application which promote the efficiency of domestic industries.

7. Interest Rate of Loan

The interest rate of loans in US dollar and other foreign currency shall be determined based on the Commercial Interest Reference Rates (CIRRs) or LIBOR rate announced by the OECD. The interest rate is adopted by fixed or floating, and the upper limit of interest rate markup shall be 2.5%.

8. Loan Term

Depending on the needs of the applicant and the lending bank, the maximum period shall not exceed 10 years, and the maximum period for the renewable energy equipment industry shall not exceed 15 years. A reasonable grace period may be granted.

9. Guarantee Conditions

It shall be handled in accordance with the regulation of the lending bank.

10. Handling Unit

Loans will be issued by domestic government-owned and private banks. The Export-Import Bank of Republic of China shall be responsible as the managing bank for handling financing and management business.

11. Loan Application Procedure

- (1) The lending practices are formulated by the lending bank.
- (2) The lending bank shall approve the loan in accordance with the feasibility and repayment ability of the loan plan of the applicant.
- (3) If the scope of application of the loan is hard to identify, the lending bank shall consult with the Export-Import Bank of Republic of China for assistance. If it

cannot be determined, the Export–Import Bank of Republic of China shall consult with the central competent authorities for the confirmation.

- (4) Any matters not specified in these Guidelines shall be handled in accordance with the relevant provisions of the lending bank.

12. 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 Guidelines or uses the loan for other purposes, the lending bank shall recover all loans.

- 13.** If the applicant has got the approval the credit line of Machinery and equipment Export Financing Program (Phase 4) guideline or Loans for Green Energy and Industrial Equipment Export guideline from the lending bank before the execution of these Guidelines, the guidelines of the original loan can be applied. The applicant may apply for the matching funds of the NDF until the expiration of the original loan.

