

**DIRECTIONS FOR GOVERNING PAYMENT OF
CONTRIBUTION BY PARTICIPANTS OF INDUSTRIAL
COOPERATION PROGRAM**

(Translation, for reference only. In case of any inconsistency between the Chinese text and its English translation, the Chinese text shall govern.)

1. These Directions are prescribed by the Ministry of Economic Affairs, Republic of China (hereinafter referred to as the "MOEA") to ensure that a local entity which, under the framework of an Industrial Cooperation Program (hereinafter referred to as the "ICP"), participates in an eligible ICP transaction (hereinafter referred to as the "ICP Participant"), shall pay an appropriate contribution (hereinafter referred to as the "Contribution") as feedback.

2. Definition

The Executive Committee shall mean the Executive Committee of Industrial Cooperation Program, MOEA.

3. Scope of Application

- (1) These Directions shall apply to any ICP Participant registered as a profit-seeking enterprise (including a private enterprise or state-owned enterprise).

- (2) These Directions shall not apply to the following ICP Participants:

- i. Government agencies and non-profit-seeking organizations (including foundations and public/private universities); and
- ii. Any individual who has participated in a relevant training program.

4. Calculation of Contribution Payable by ICP Participants

The amount of the Contribution payable by an ICP Participant shall, depending upon the category of the eligible ICP transaction (hereinafter referred to as the "Eligible ICP Transaction") in which the ICP Participant participates, be calculated in accordance with the following:

- (1) Where the Eligible ICP Transaction falls in the category of local procurement, the amount of Contribution payable shall be equal to 0.3% of the amount of credits granted for such Eligible ICP Transaction.

- (2) Where the Eligible ICP Transaction falls in the category of international marketing assistance, the amount of Contribution payable shall be equal to 0.6% of the amount of credits granted for such Eligible ICP Transaction.
- (3) Where the Eligible ICP Transaction falls in the category of technology transfer, joint research and development, local investment, or personnel training, the amount of Contribution payable shall be equal to 0.7% of the amount of credits granted for such Eligible ICP Transaction.
- (4) Where the Eligible ICP Transaction falls in any other category as approved by the Executive Committee, the amount of Contribution payable shall be determined by the Executive Committee within the range from 0.3% to 0.7% of the amount of credits granted for such Eligible ICP Transaction.

5. Reduction or Exemption of Contribution

Where an Eligible ICP Transaction meets either of the following conditions, the Executive Committee may, upon receipt of an application filed by the ICP Participant concerned, halve the amount of the Contribution payable by the ICP Participant:

- (1) Where the Eligible ICP Transaction is related to the performance of the procurement project which gives rise to the ICP performance and the Eligible ICP Transaction; or
- (2) Where the Eligible ICP Transaction is related to an industry, the development of which is highly encouraged and promoted by the Government and the entry barrier to which is comparatively higher (presently referring to the aero-space industries and the bio-tech industries).

For any Eligible ICP Transaction which is special in nature or which has any other special reasons for exemption from payment of the Contribution, the ICP Participant may apply to the Executive Committee for an exemption.

6. Management and Utilization of Contribution

The Contribution paid by an ICP Participant shall be submitted to R.O.C. National Treasury, processed in pursuance of the budgetary procedures with the assistance of the IDB in accordance with the relevant provisions set forth in National Property Act.

7. Operation Procedures

An ICP Participant shall submit to the Executive Committee a duly notarized Letter of Undertaking for Payment of Contribution (hereinafter referred to as the "Letter of Undertaking") in the form as shown in the Attachment attached hereto, together with the corresponding proposal for the Eligible ICP Transaction to be submitted by the foreign contractor which undertakes the Eligible ICP Transaction (hereinafter referred to as the "Contractor") for review and preliminary approval. The Letter of Undertaking shall indicate an estimated amount of the Contribution payable.

In case an ICP Participant fails to submit the Letter of Undertaking as required under the preceding Paragraph, the Executive Committee may refuse to grant its preliminary approval of the ICP proposal submitted by the Contractor.

After completion of the Eligible ICP Transaction by the Contractor, the ICP Participant shall, at the time when the Contractor applies to the Executive Committee for final approval of the Eligible ICP Transaction, submit a report and relevant supporting information regarding the performance and results of such Eligible ICP Transaction for review and determination by the Executive Committee concerning the amount of Contribution payable, and shall subsequently make the payment of the Contribution within the period specified by the Executive Committee.

An ICP Participant which has failed to pay the Contribution in compliance with the preceding Paragraph shall not be allowed to take part in any other Eligible ICP Transaction, unless otherwise permitted by the Executive Committee.