



Financial Investment Promotion and Incentives

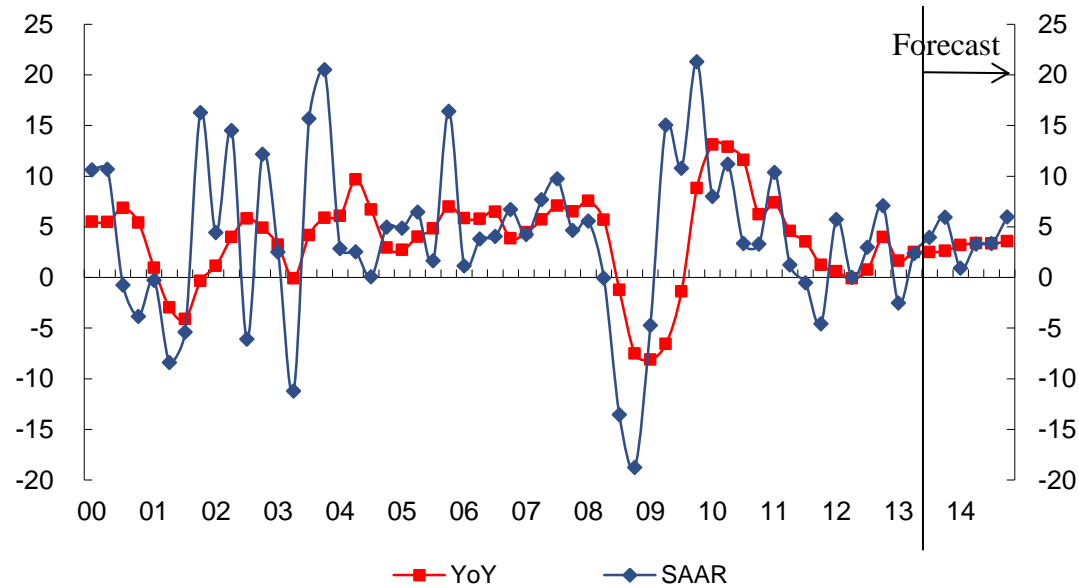
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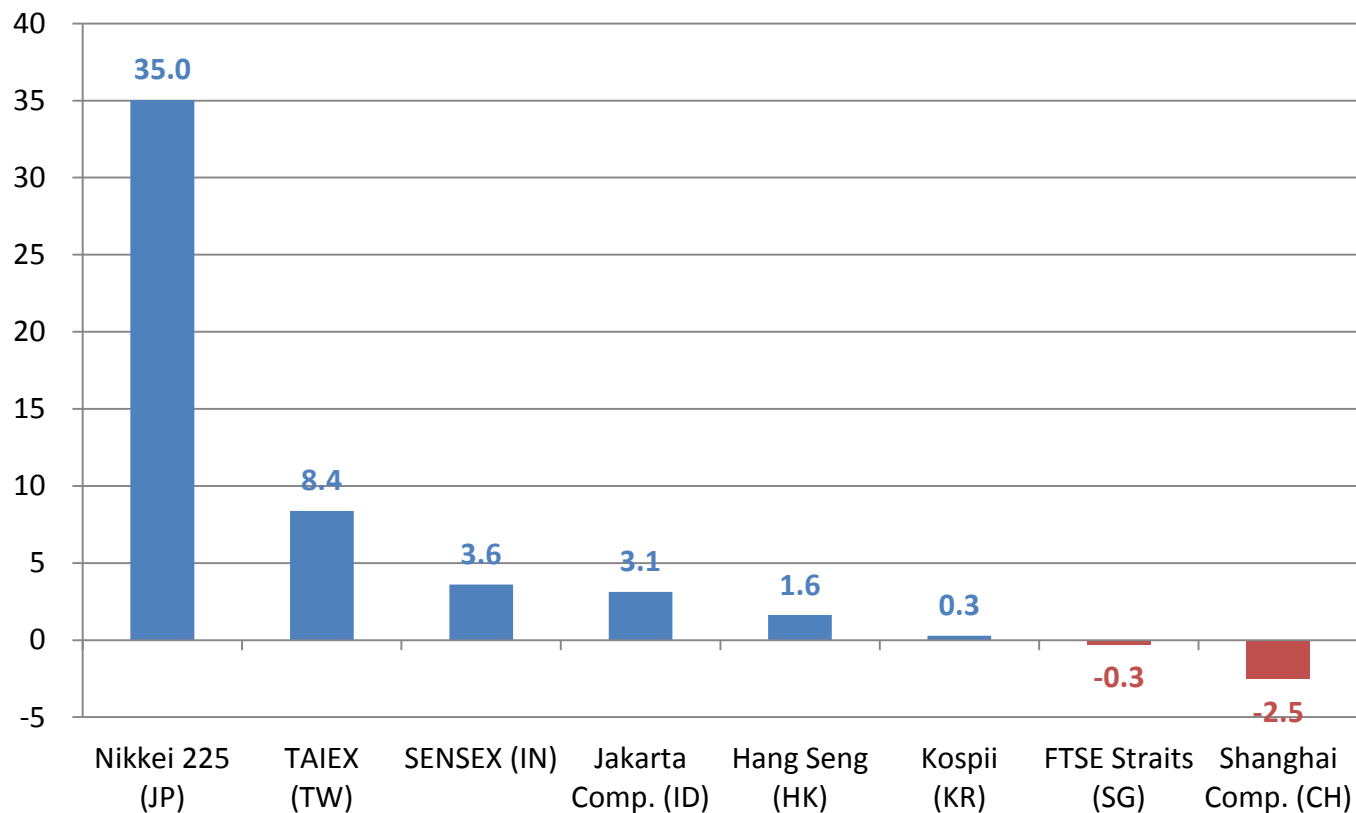
25 Oct 2013

TW GDP Forecast

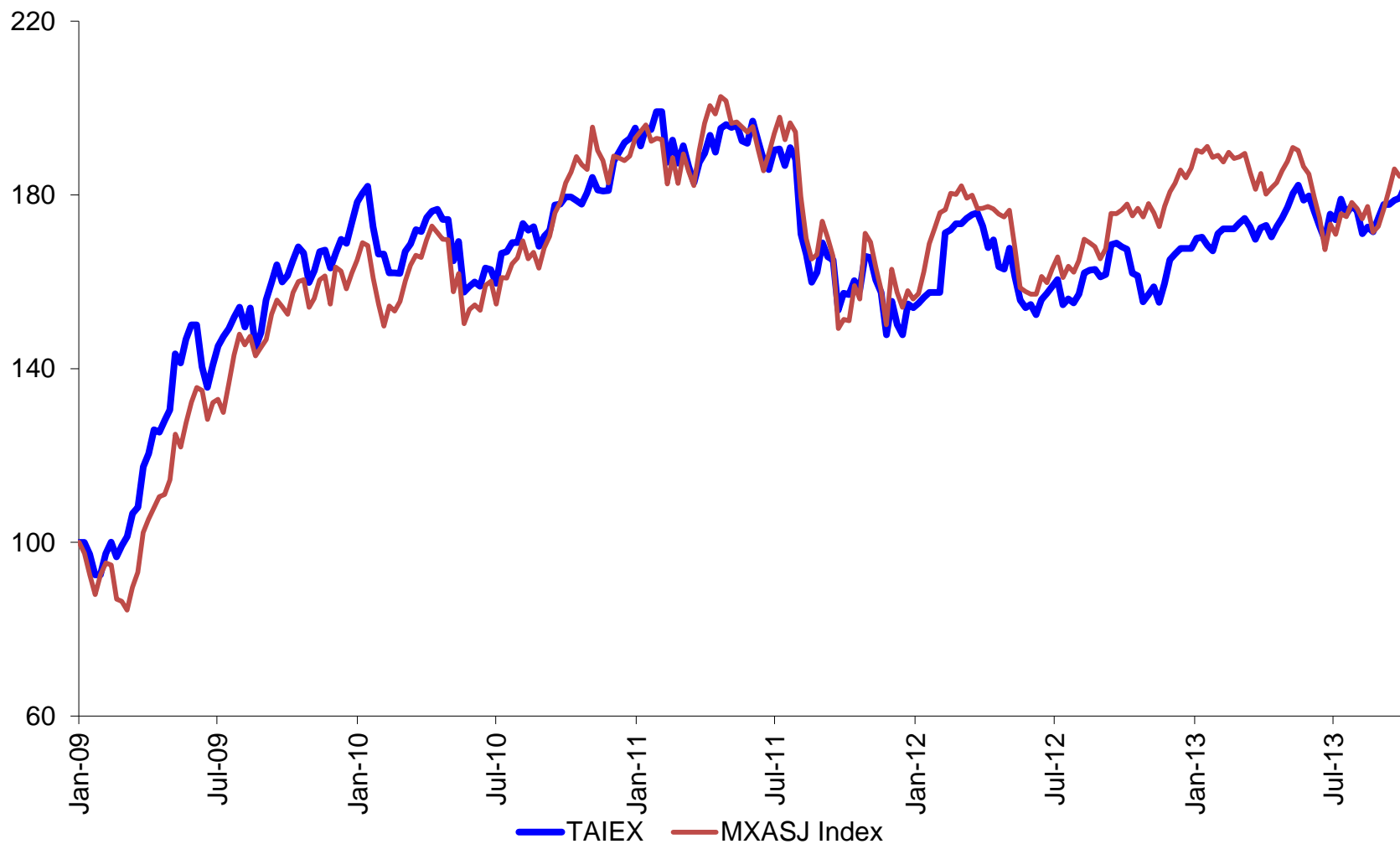


| | 2012 | 2013E | 2014E | 1Q13 | 2Q 13 | 3Q 13E | 4Q 13E | 1Q 14E | 2Q 14E | 3Q 14E | 4Q14E |
|---------------------------------|--------|-------|-------|-------|-------|--------|--------|--------|--------|--------|-------|
| % YoY | | | | | | | | | | | |
| GDP | 1.32 | 2.31 | 3.37 | 1.62 | 2.49 | 2.47 | 2.61 | 3.17 | 3.38 | 3.34 | 3.55 |
| GDP SAAR | | | | -2.53 | 2.34 | 3.94 | 5.92 | 0.90 | 3.29 | 3.34 | 5.96 |
| CPI | 1.93 | 1.07 | 1.39 | 1.80 | 0.80 | 0.06 | 1.64 | 1.50 | 1.46 | 1.51 | 1.06 |
| Private Consumption | 1.47 | 1.59 | 1.91 | 0.30 | 1.69 | 2.44 | 1.90 | 2.27 | 1.79 | 1.62 | 1.97 |
| Government Consumption | 0.46 | 0.12 | 0.15 | 1.26 | -0.18 | -0.22 | -0.21 | 0.21 | 0.17 | 0.08 | 0.14 |
| Private Investment | -2.11 | 5.91 | 4.82 | 7.35 | 6.47 | 4.52 | 5.42 | 3.93 | 3.73 | 6.03 | 5.53 |
| Government Investment | -12.51 | -6.55 | 1.12 | -6.76 | -9.31 | -6.97 | -3.95 | 3.76 | 2.14 | -0.01 | -0.14 |
| Public Enterprise Investment | -8.27 | 4.52 | 1.38 | 18.46 | 0.82 | -3.97 | 6.43 | -13.57 | 11.01 | 9.51 | -2.18 |
| Inventory (contribution to GDP) | -0.06 | 0.02 | 0.09 | 0.34 | -1.11 | 0.10 | 0.69 | -0.33 | 0.60 | 0.13 | -0.05 |
| Exports | 0.11 | 4.61 | 4.77 | 5.03 | 5.16 | 3.66 | 4.65 | 4.65 | 4.55 | 4.42 | 5.42 |
| Imports | -2.08 | 4.82 | 3.63 | 6.66 | 3.15 | 3.67 | 5.94 | 3.04 | 4.13 | 3.38 | 3.93 |

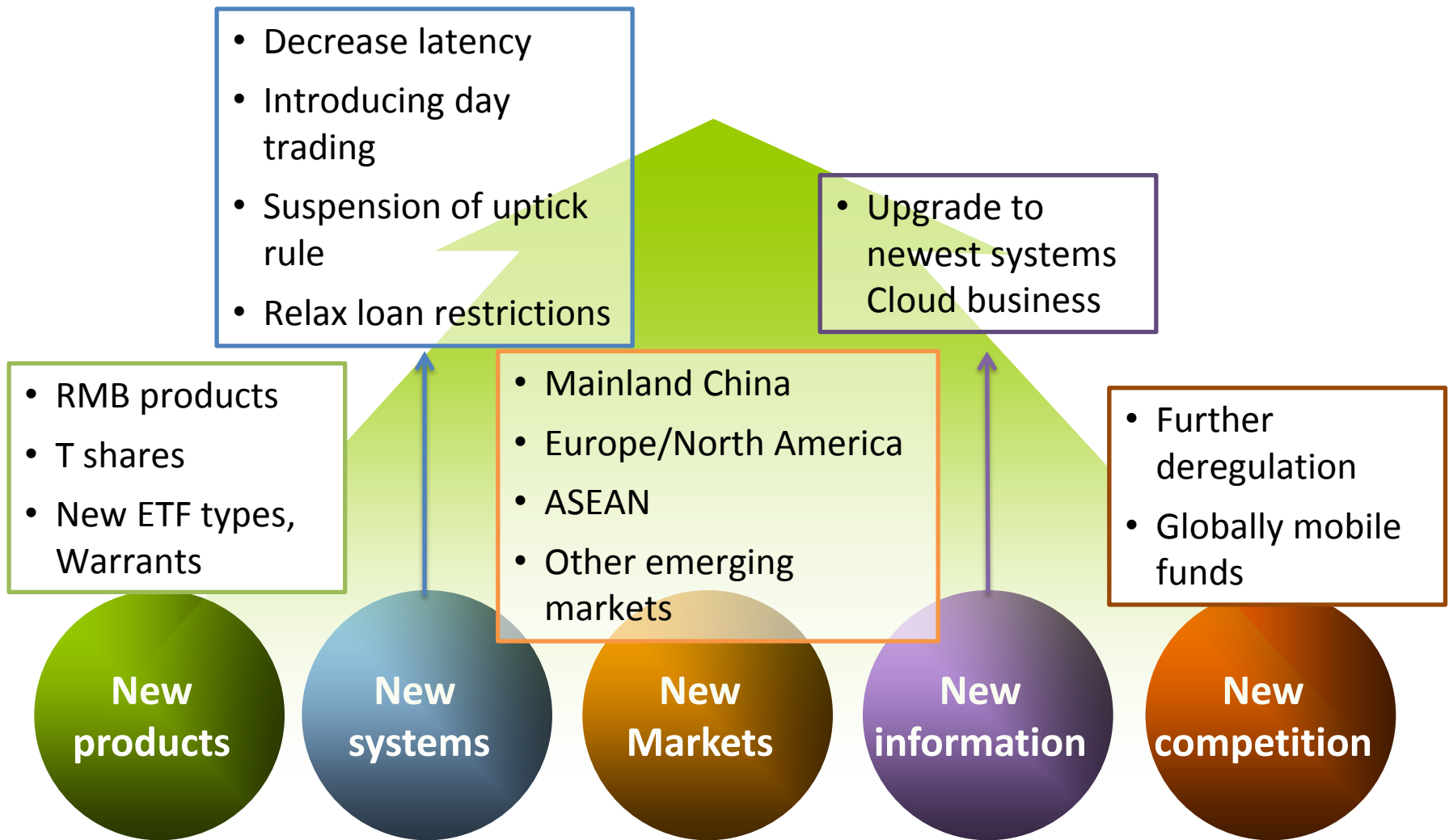
2013 Major Asian Equity Indices Return (% YTD)



TAIEX vs MSCI Asia ex JP index



Capital Markets- 5 opportunities



Regulator FSC's New Measures

- **FSC unveiled three new measures in a bid revive to flagging interest in the local stock exchange:**
 - Allow same-day trading on cash rather than via margins currently
 - Raise the number of stocks that investors can sell short below their previous closing prices
 - Allow securities houses to trade stocks at the 7-percent daily limit
- **FSC Eases issuing regulations to spur the development of bond market.**
 - Eliminate the requirement that an issuer should obtain a credit-rating report before issuing a bond.
 - Instituted a tiered system for managing bond investors.
 - Simplify the application process for ordinary corporate bonds issued by domestic issuers and sold exclusively to qualified institutional investors.

Other New Measures

- **TAIFEX to introduce negotiated block trading:**
 - Starting December 2, the Taiwan Futures Exchange (TAIFEX) will introduce negotiated block trading for TAIEX Futures (TX), Mini-TAIEX Futures (MTX), TAIEX Options (TXO) and Single Stock Futures alongside the current continuous matching of block trades.
- **Security firms now allowed to engage in offshore securities business.**
 - Securities firms that meet requirements regarding their scale of operations, financial soundness, and comprehensive internal control systems will be eligible to apply for permission to establish an offshore securities branch subject to a separate set of accounts.
 - Provisions regarding tax preferences for offshore securities branch, which will remain in effect for 15 years, were adopted with reference to the current taxation system for offshore banking branches.

Potential RMB Products

- RMB Deposits/ Loans
- RMB Forex Business
- Equity Markets
 - RMB Denominated Shares
 - The channel creates opportunities for companies to raise RMB in Taiwan and invest in China through RFDI.
- Bond Markets
 - RMB Denominated bonds (Formosa bonds)
- Mutual Fund Markets
 - RQFII Funds & RQFII ETFs
 - Asset management firms are ready to launch RQFII products, waiting for the 100 billion RQFII quota to be released.

Development Opportunities

- **Free Economic Pilot Zones:**
 - Greatly loosening all restrictions on the flow of goods, people, money, information and knowledge, to create a more favorable environment for doing business.
 - Enterprises in the zones may freely transfer money as required by their actual business needs. OBUs will serve the financial needs of foreign nationals in the zones for transactions not involving NTD.
- **TWSE building a trading platform for foreign currency-denominated products.**
 - To attract more companies operating in China to list, to establish TWSE as a funding center for hi-tech and innovative firms.
 - To introduce international investment products to meet investors' demand.



Thank you for your Attention!

Q&A