

TaiSi Investment Program

**National Development Fund
2015/06**

Purposes

- To encourage the connection of talent, know-how and capital in Taiwan and Silicon Valley through investing in technology startups
- To build up the long term partnership between Taiwan and Silicon Valley through early investment activities
- To facilitate Taiwan to be one of the leading players in the global supply/value chain with the US enterprises

Program Initiative

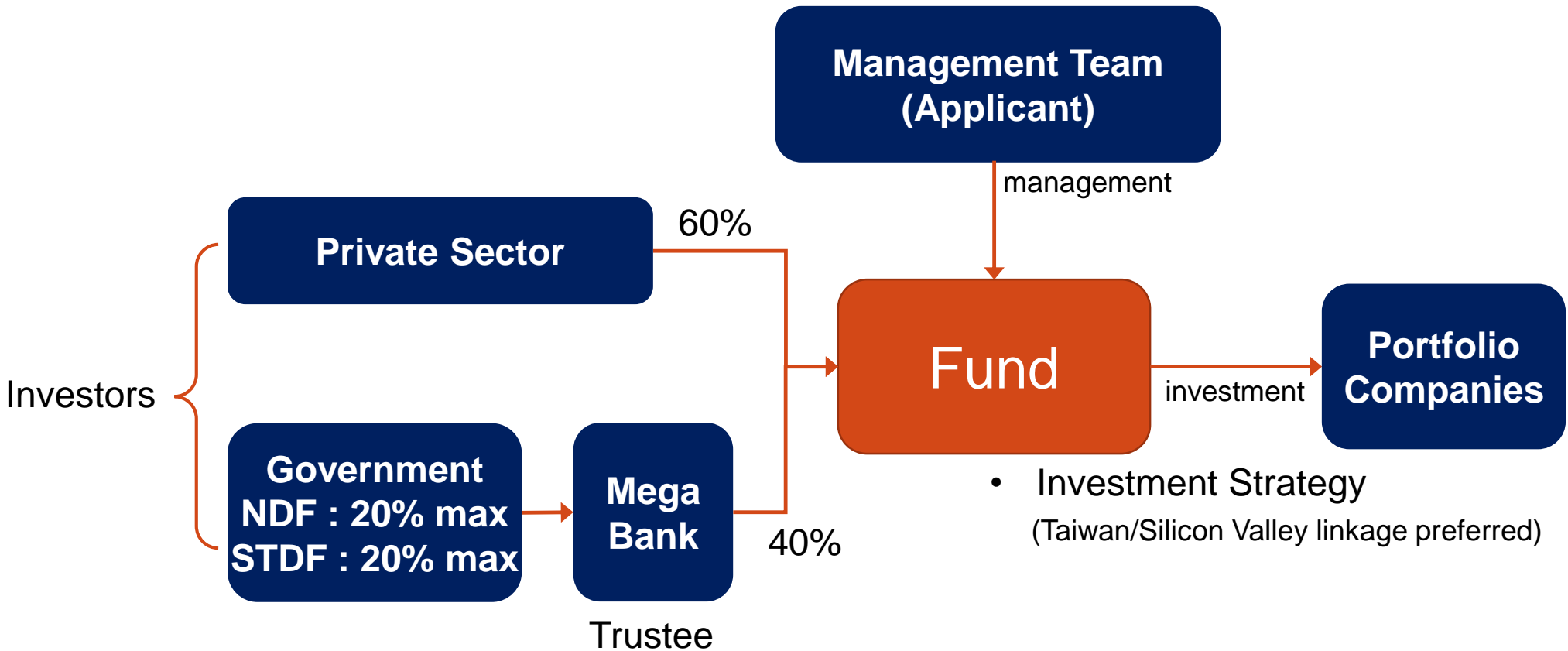
- Initiative Scale

National capital of US\$60 million from the NDF and the National Science and Technology Development Fund (“STDF”) respectively

- Open for application

3-year period commencing from May 29th, 2015

Fund of Funds Structure



Documents Required for Submission

- Tai-Si Investment Plan
- Letter of Intent (20% soft commitment)
- Private Placement Memorandum* or Business Plan*
- Limited Partnership Agreement (Draft)
- Letters of Authorization to Release Credit Information of Team Members
- Affidavit of Application

* with information on fund structure, experience of team members, investment strategy, investment focus, source of deal flows, performance of previous funds, decision making process, post-investment management mechanism, exit strategy and etc.

Who Is Expected as an Applicant?

— In formality

- A new business jointly formed by a Taiwan management company and a foreign venture capital management team
- A Taiwan management company having established a business entity in Silicon Valley
- A foreign venture capital management team having established a branch or subsidiary in Taiwan and a business entity with investment team in Silicon Valley

— In substance

- GPs with successful track records
- GPs with profound experiences of investment in Silicon Valley as well as in Taiwan

Investment Strategy and PPM

- A PPM is required to be submitted, in which, among others, investment strategy is expected to indicate the ways and means by the VC to fulfil the purposes of this program
 - Organization Structure
 - Who are the drivers of the VC?
 - What are their experiences related to the ecosystems in Silicon Valley and in Taiwan?
 - Operation/Management
 - How do they run the fund?
 - Portfolio
 - How to select and mentor the portfolios?

Profit Sharing Scheme (1/2)

- The NDF and the STDF will yield portion of their profits to GP and other LPs of a fund (VCFs) participating in the Program after the fund has invested in Qualified Invested Companies and reaches the profit-sharing threshold

- The Profit Sharing with weighted investment ratio

$$\frac{\text{Weighted \$ Investment in the Qualified Invested Companies}}{\text{\$ Investment amount of the NDF \& the STDF in VCF}} \times 100\%$$

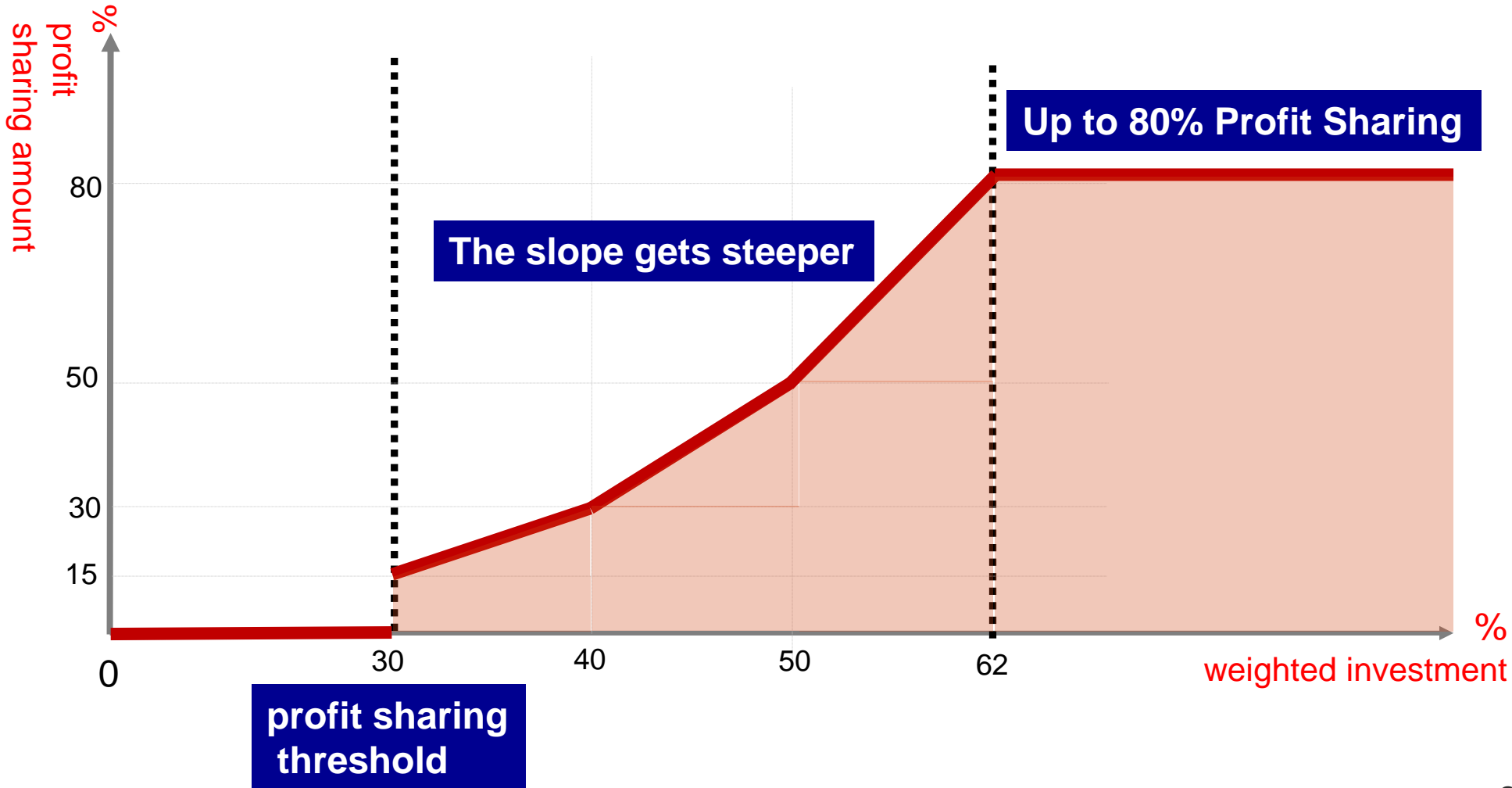
- Threshold:

- $\geq 30\%$ → at least 15% of our parts of profit sharings

- The Ceiling:

- $\geq 62\%$ → 80% of our parts of profit sharings

Profit Sharing Scheme (2/2)



Qualified Invested Companies (1/2)

Category	Descriptions	Weight	
		Non-Silicon Valley	Silicon Valley
I	A Taiwan company has joined a business accelerator approved by MST	80%	100%
	A Taiwan company has set up a Business Entity in Silicon Valley	-	100%
II	A foreign company has entered into any development, design, or pilot production agreement(s) with a Taiwan legal entity	60%	80%

Detail about category I & II, see appendix in page 17

Qualified Invested Companies (2/2)

Category	Descriptions	Weight	
		Non-Silicon Valley	Silicon Valley
III	A foreign company has received funding from a Taiwan legal entity after being invested by a VCF within 2 years	60%	80%
IV	A foreign company has established an approved operational center in Taiwan, or has become a listed company in Taiwan after a VCF or its representative is appointed as a board member	80%	100%

Detail about category III & IV, see appendix in page 18

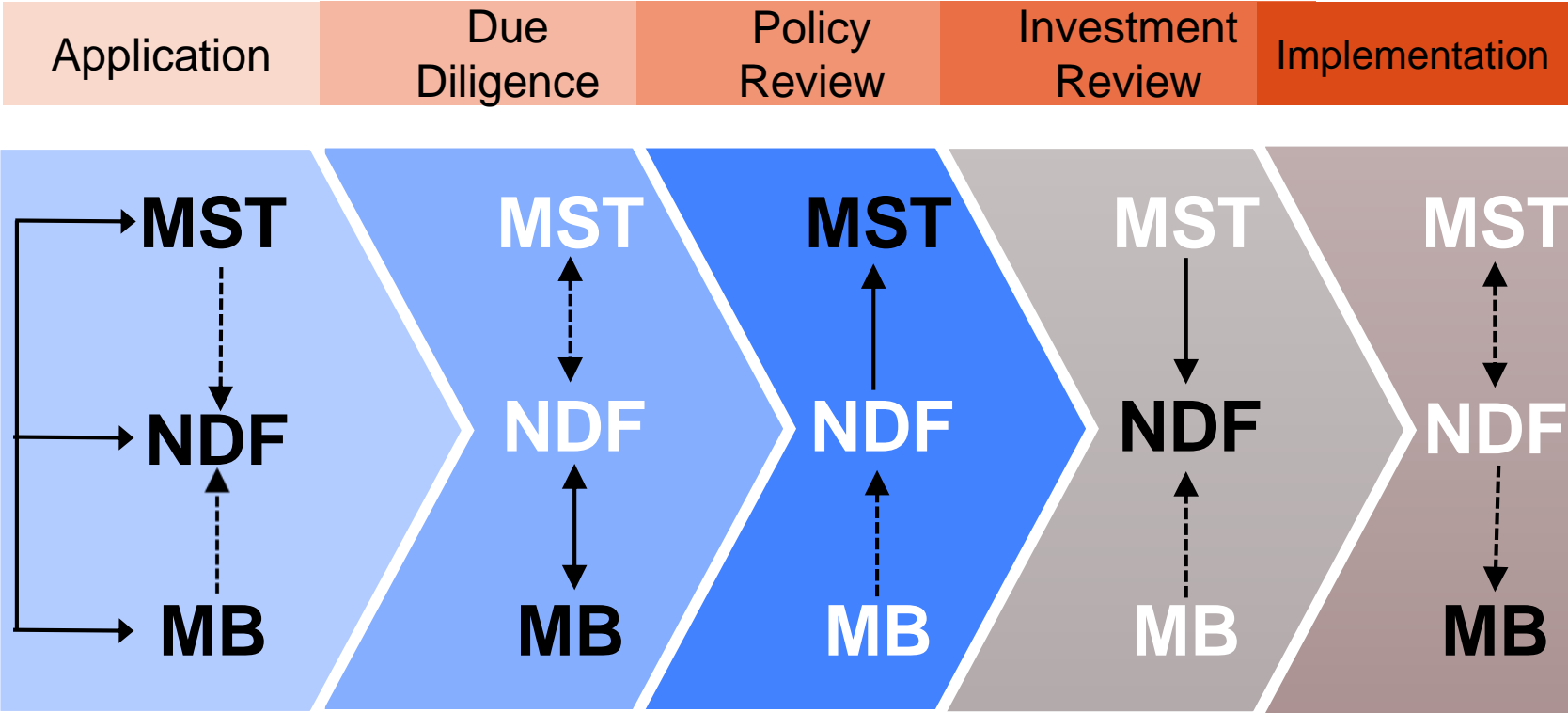
Profit Sharing Structure

– Net profits of investment returns

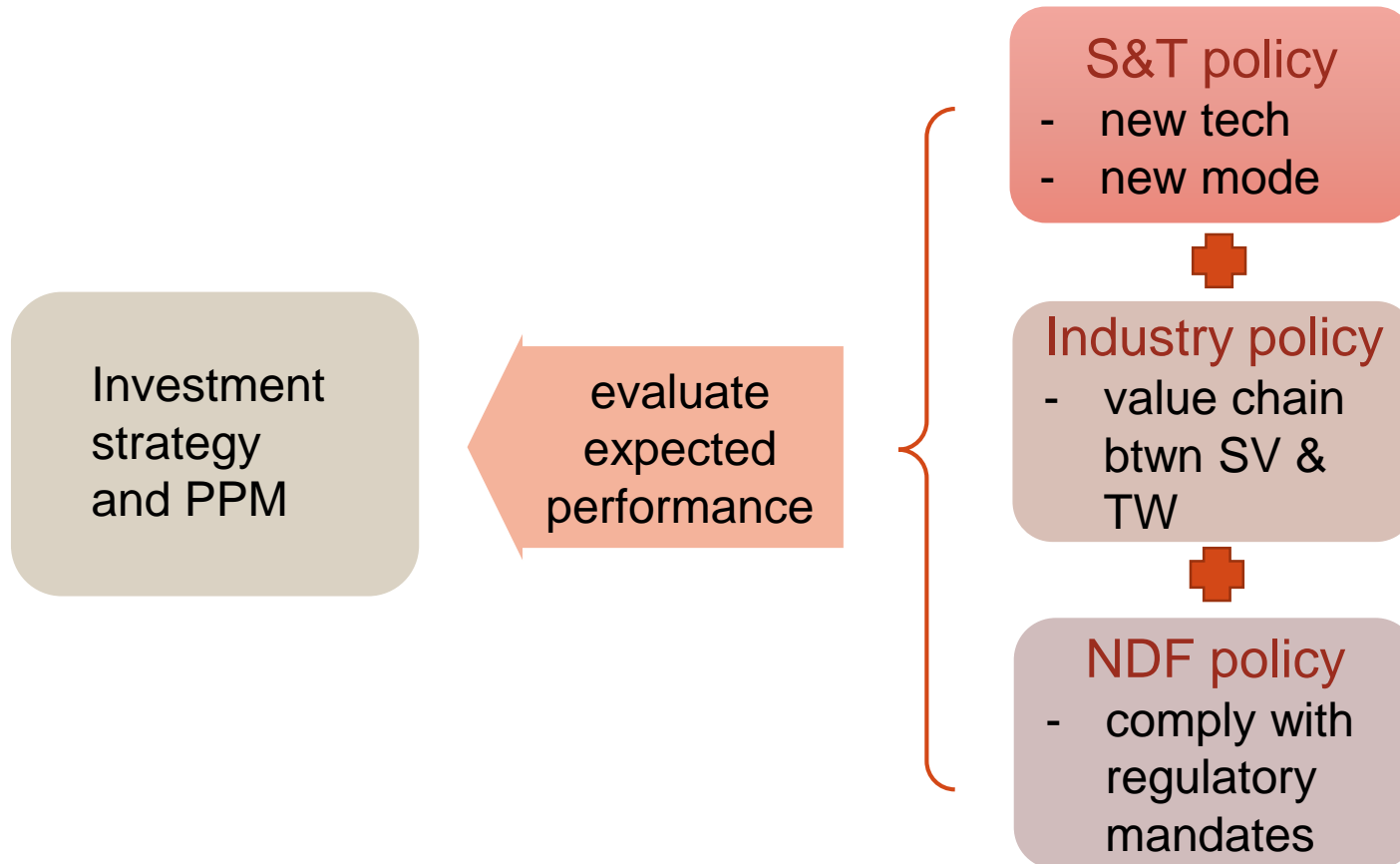
- e.g. 100M net with maximum investment ratio
 - 20% carried interest for GP. The rest 80% is divided between TW and other LPs based on the ratio of their investment. In this case, TW is 40% contribution to the fund and others are 60%

GP 20M	other LPs 48M (60% of 80M)	
	TW 32M (40% of 80M)	
	profit sharing 25.6M (80% of 32M)	TW remains 6.4M (20% of 32M)

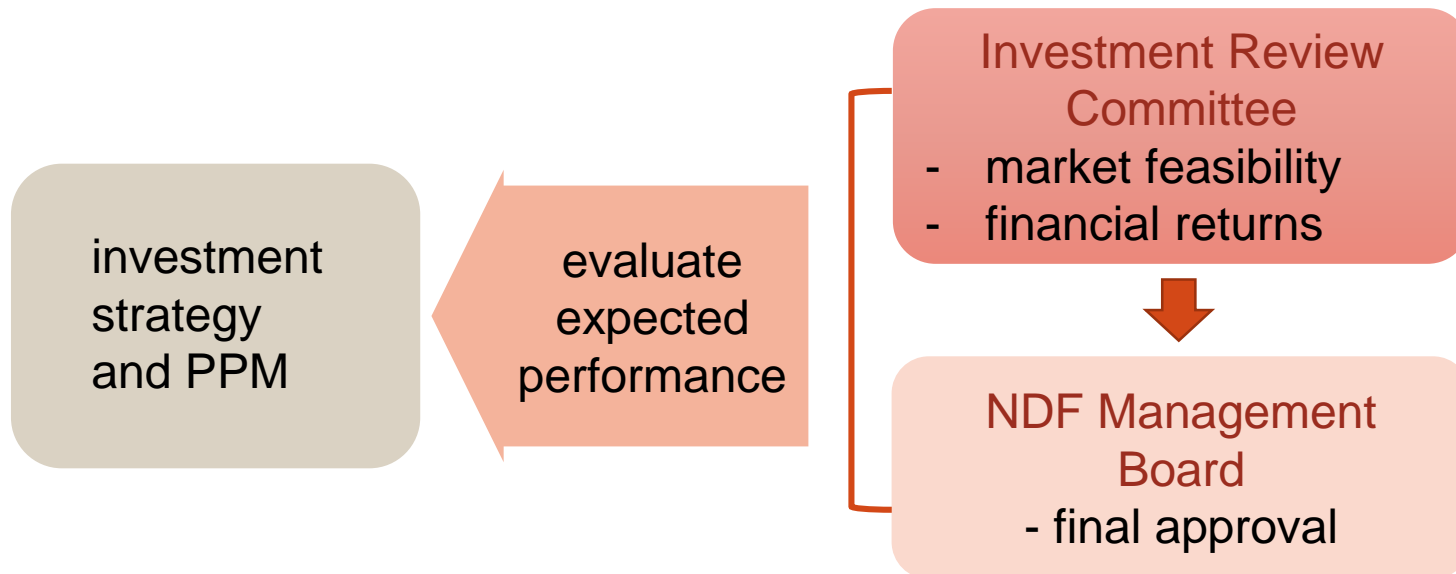
Application Process



Policy Review



Investment Review



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Thanks for your attention!

Appendix

Category I

A Taiwan company which was incorporated no more than five (5) years has joined in a business accelerator approved by MST or has set up a Business Entity in Silicon Valley within one (1) year after being invested by a venture capital fund participating in this Program (a “VCF”)

Category II

A foreign company which has entered into any development, design, or pilot production agreement(s) with a Taiwan legal entity, with sufficient supporting documents such as the relevant binding agreement(s), product delivery certificates and invoices within two (2) years after being invested by a VCF

Appendix

Category III

A foreign company which, within two years after being invested by a VCF, has received funding from an unrelated legal entity other than the VCF, so that such entity holds 10% or more of the foreign company's equity interest or holds the foreign company's shares in value of US\$100,000 or more

Category IV

A foreign company which, after a VCF or its representative is appointed as a board member, has obtained a letter issued by the Ministry of Economic Affairs certifying its establishment of an operational center in Taiwan, or has become a listed company in Taiwan