



TAIPEI

20 YEARS OF ADDING VALUE



FOREWORD

On July 11, 1990, when Jones Day Taipei first opened our doors for business, we had one lawyer and one secretary. I recall that when our first client arrived at our office, we did not even have cups to serve tea. Two decades later, Jones Day Taipei, with dozens of lawyers, has firmly established our premier name and presence in the market.

As Jones Day Taipei celebrates our 20th anniversary, we marvel at all of the changes in Taiwan. Whether politically, economically or otherwise, Taiwan is a rather different place and market than it was 20 years ago.

On the political side, Taiwan has developed into a dynamic democracy with direct Presidential elections beginning in 1996, and has since then successfully seen two peaceful transitions of power. At an international level, despite Taiwan's exclusion from the United Nations owing to its unique political status, Taiwan is nevertheless now a member of the World Trade Organization and has also achieved observer status at the World Health Assembly. Tensions between the two sides of the Taiwan Strait for over half a century have also eased in recent years. Since the implementation of full "Three Links" (direct communication, direct trade and direct movement of people and goods) in 2008, the lifting of the outright ban on Chinese inbound investment to Taiwan in 2009, and the signing of the Economic Cooperation Framework Agreement ("ECFA") between China and Taiwan in 2010, cross-Strait activities have been more vibrant than ever.

As for the economy, the last 20 years saw Taiwan move from a manufacturing-based economy to a developed and balanced economy of both manufacturing and services. Many world-class companies have been created and several are global industry leaders, particularly in the technology field. Taiwan's GDP rose from US\$195 billion in 1990 to US\$720 billion in 2009, placing Taiwan 19th in the worldwide GDP ranking whilst having a total population ranking of only 49th. Taiwan now also holds the number four global spot in foreign exchange reserves at US\$275 billion. Public infrastructure has improved by leaps and bounds with metro/underground running in major cities, a high-speed rail system connecting Northern and Southern Taiwan, and a national health insurance system envied by many other countries.

Similarly, Jones Day Taipei has transformed from a one-man office 20 years ago to a full-service law firm in the Taiwan market, practicing across a wide spectrum of disciplines, including Mergers & Acquisitions, Capital Markets, Banking & Finance, Dispute Resolution, and Intellectual Property. From its inception, Jones Day Taipei has aspired to become a leading firm in Taiwan, with a strong commitment to excellence, continuously striving to improve the quality, breadth and depth of legal services provided to our clients. We distinguish ourselves by bringing our extensive international experience and resources and our strong local law expertise together to serve multinationals investing in Taiwan as well as Taiwan industries expanding in and outside of Taiwan.

The 1990s saw a boom in international capital raising, and Jones Day Taipei played a significant role in helping many Taiwan companies issue ECBs, GDRs and ADRs. Then, in this century, Jones Day Taipei led several Taiwan companies to eventual offshore listings in jurisdictions such as the U.S. and Hong Kong. Most recently, we also assisted Taiwan regulatory bodies to develop and implement a program to permit foreign company listings in Taiwan via Taiwan IPOs. Our financial and banking practice also evolved since 2000 with Taiwan warming up to the formation of financial holding companies, sale of non-performing loans, and securitization of financial assets.

Our dispute resolution practice began in the early 1990s with the handling of major infrastructure and construction disputes involving public projects such as the Taipei Municipal Rapid Transit and the Taiwan High Speed Rail. Since 2000, our white collar crimes litigation practice has grown rapidly as insider trading and criminal breach of fiduciary duty became a new focus of prosecutors and other law enforcement authorities in Taiwan. Also, in recent years, our intellectual property practice, and in particular, our capability in handling multi-jurisdiction patent litigation became prominent and renowned in the market.

While Jones Day Taipei celebrates its 20th year in Taiwan, the Firm, founded in 1893, is turning 117 years old. At present, the Firm has 32 offices around the world with more than 2,500 lawyers, and ranks among the world's largest and best law firms. Jones Day operates as One Firm Worldwide, and this structure brings the appropriate talent and experience from across the Firm to bear on matters originating in any office, which enables Jones Day Taipei to provide effective local and international advice at the same time.

Going forward, Jones Day Taipei will, as we have done for the past 20 years, continue to serve our clients' needs with sensitivity to client objectives and awareness of industry trends and economic concerns. Thanks to the Three Links, direct flights between Taipei and dozens of major cities in China make Taiwan even more centrally located than Hong Kong in the region for all business and commercial activities. Taiwan's liberalization of Chinese inbound investment, when compounded with signing of the ECFA, ushers in a new chapter for escalated trade and investment integration in the Greater China Region. Jones Day Taipei is well-positioned to thrive and shine in Taiwan as well as in Greater China.

Some of the major changes in the Taiwan legal market and evolution of Jones Day Taipei's practices over the past 20 years are highlighted herein.



Jack J.T. Huang
Partner-in-Charge, Jones Day Taipei



JACK J.T. HUANG
PARTNER-IN-CHARGE

“M&A is a means to an end. Only a forward-looking M&A strategy will open up new chapters in corporate expansions.”

Practice: Mergers & Acquisitions



MARIANNE CHAO
PARTNER

“Litigation is now part of corporate business strategies. Winning a lawsuit may not be absolutely necessary where the goal is to force a settlement or to wear out competitors.”

Practice: International Litigation & Arbitration



THOMAS T.M. CHEN
PARTNER

“In the Three Links and post-ECFA era, Taiwan must play a key bridging role between multinationals and Chinese enterprises to establish global presence.”

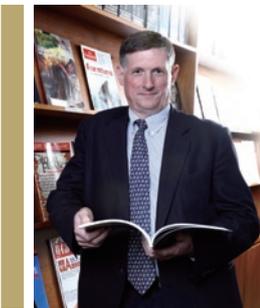
Practice: Mergers & Acquisitions



VICTOR C.M. CHANG
PARTNER

“The ability to switch from being reactive to proactive and to build defenses with good offensive efforts is key to a company’s survival and growth.”

Practice: International Litigation & Arbitration



WILLIAM E. BRYSON, JR.
PARTNER

“The Taiwan market is vibrant, innovative and ever-changing. Legal professionals must always stay abreast of the trends.”

Practice: Banking & Finance



JASON CHEN
PARTNER

“IP practice has transformed from enforcement raids to complex and oftentimes multi-jurisdictional patent and know-how litigation.”

Practice: Intellectual Property



CHUNG-PING LIU
PARTNER

“Capital, financing, and debt markets are intricately linked. As Taiwan cycles through each market, our practices also evolve to cater to changing needs.”

Practice: Banking & Finance



WILLIAM K.W. HSU
OF COUNSEL

“Multinational corporations are used to exploiting patent portfolio to increase profitability. A comprehensive patent strategy has become an integral part of modern corporate management.”

Practice: Intellectual Property



MARKET AND PRACTICE OVERVIEW

MERGERS AND ACQUISITIONS

In 1990, there were very few options available for acquisition or merger of companies under Taiwan law. M&A activities back then were extremely limited. Most acquisitions took the form of cash acquisition of shares, and mergers with foreign companies were virtually impossible.

The substantial overhaul of the Company Law and the promulgation of the Enterprise Mergers and Acquisitions Law (“EMAL”), both in the early 2000s, changed the landscape. These two major changes were brought about to facilitate M&A activities by providing a wider range of structuring options and tax incentives. The new M&A regime set off a stream of frenzied M&A activities that helped transform many Taiwan industries into the powerhouses of today.

Jones Day Taipei’s M&A Practice has developed in parallel with Taiwan’s economic trend. We started out in the early 1990s by helping Taiwan companies in their first wave of overseas acquisitions, and then we began assisting multinationals in forming joint ventures and making other investments in Taiwan. We also advised Taiwan companies in establishing their operations in China as well as in consummating their M&A deals in the past decade.

Our M&A Practice is particularly well-known for having the capability of pushing through many first-of-their-kind deals. For instance, we represented a U.S. acquirer in a true cross-border merger with a Taiwan Stock Exchange (“TSE”) listed company pursuant to the EMAL, achieving the first ever merger-related delisting and going-private by a TSE-listed company. We also advised on the first-ever completed hostile take-over tender in Taiwan involving two prominent financial institutions.

Even in economic downturns, Jones Day Taipei’s M&A Practice continues to thrive. In 2008, amidst the potential collapse of the entire DRAM industry in Taiwan, we represented Micron Technology in successfully taking over Qimonda’s stake in Inotera Memories and thereby creating



a new DRAM coalition among Micron, Inotera and Nanya Technology. Also, in late 2008 to 2009, when foreign life insurance giants began to dispose of their Taiwan operations, we assisted Fubon Financial Holding in its swift takeover of ING Life in Taiwan.

In recent years, Jones Day Taipei’s M&A Practice has consistently occupied top spots in Taiwan M&A deal firm rankings. M&A partners Jack Huang and Tommy Chen have for many consecutive years been selected by Chambers Global and Chambers Asia as Leading Lawyers in the Corporate/Commercial category. Furthermore, Jack Huang has been recognized by Asia Legal Business in 2009 as one of Asia’s Top 25 M&A lawyers.

CAPITAL MARKETS

In 1990, very few mechanisms existed for Taiwan companies to tap into capital from foreign capital markets.

The issuance of Euro-convertible bonds (“ECBs”) has been a major vehicle for Taiwan companies to raise funds from foreign capital markets. Global Depositary Receipts (“GDRs”) became available in 1992. Since 2000, private placement or listing on the NASDAQ or the New York Stock Exchange via American Depositary Receipts (“ADRs”) has



represented another big step forward for Taiwan companies. Listing on the GEM Market or the Main Board in Hong Kong has been another popular means of raising funds for Taiwan companies in recent years. Jones Day Taipei's Capital Markets team has advised on many of these offerings over the years.

In 2008, Jones Day Taipei was instrumental in helping the TSE to develop the foreign company IPO regulations which, for the first time, permit foreign companies to launch IPOs in Taiwan. These new "foreign company IPO" regulations have generated a lot of interest among both Taiwan-invested foreign companies (e.g., Taiwan-invested Cayman Islands companies with investments in mainland China), as well as other full-fledged foreign companies. New regulations which remove investment restrictions on the proceeds of Taiwan Depository Receipts ("TDRs") offerings have given new life to the TDR market, as many interested foreign companies, both fully foreign-owned and Taiwan-owned, have already been listed on other exchanges and thus opt to issue TDRs to raise funds in Taiwan to support their investments in mainland China and elsewhere. Both 2009 and 2010 have witnessed a huge surge in activities in both TDRs and IPOs, and the market continues to grow apace. Jones Day Taipei has a leading presence in this practice.



BANKING AND FINANCE

In 1990, the Taiwan banking market was dominated by government-owned banks. Most foreign bank branches had been established for trade finance business, and the permissible scope of activities of foreign bank branches was very limited. Since then, the financial market landscape has changed dramatically. Amendments to the Banking Law permitted the issuance of new banking licenses, resulting in a virtual overnight doubling of the capitalization of the banking market in Taiwan. By 2000, the effects of the overheated growth of the banking market were being felt. Non-performing loan ("NPL") ratios in the banking sector were 7.5% to 8.0% at the time, though the more accurate unofficial figures were almost twice as much.

● Non-Performing Loans

Legislation to address NPL problems came with the promulgation of the Financial Institutions Merger Act ("FIMA") at the end of 2000. FIMA specifically permits, and establishes rules for the merger of banks, insurance companies, credit cooperatives, securities firms, and other financial institutions. FIMA also tries to create an environment in which banks are incentivized and encouraged to sell NPLs to privately-owned Asset Management Companies ("AMCs").

The first NPL auction was held in 2002. According to official figures, the NPL ratio was reduced to 5% by 2004. Jones Day Taipei has been a leading legal advisor in the NPL market, representing clients in over 100 NPL auctions and negotiated transactions.

● Financial Holding Companies

Additional reforms came with the promulgation of the Financial Holding Company Act ("FHCA") in 2001. Financial Holding Companies ("FHCs"), under the FHCA, can be either foreign or domestic. The FHCA provides many of the same tax benefits as FIMA, thus encouraging the formation of FHCs.

As a result of the FHCA, the financial industry in Taiwan was re-organized almost overnight. New FHCs were formed and shareholdings of banks, insurance companies and securities firms were consolidated into the new FHCs. Acquiring a financial institution became far easier than ever before.



The new laws also provide opportunities for foreigners to invest in distressed banks without being an FHC, or even to invest directly into an FHC without itself being qualified as a foreign FHC. Jones Day Taipei assisted Capmark Financial Group to take a substantial stake in Bowa Bank and also represented Shinsei Bank in its acquisition of a substantial stake in Jih Sun Financial Holding Company.

● **Securitization**

In an effort to help start an effective securitization market, Jones Day Taipei brought our clients and other market players before key authorities and legislators to make comments and recommendations for the establishment of a securitization market in Taiwan, which ultimately led to the promulgation of the Financial Assets Securitization Law ("FASL") in June 2002. The FASL provides incentives and benefits encouraging financial asset securitization.

The securitization market in Taiwan proved to be quite robust. By 2005, many asset classes – including industrial and commercial loan receivables, residential mortgages, consumer credit and cash cards, and auto loans – had been successfully securitized in the Taiwan market. Securitization deals peaked in 2005 totaling NT\$233.6 billion in value. In the wake of the most recent global economic crisis, the Taiwan securitization market has been dormant recently, but should continue to be viable and useful once the economy recovers.

DISPUTE RESOLUTION

● **Multi-Jurisdiction Disputes**

While Taiwan parties may in the past have appeared less inclined to resort to litigation, there is a growing trend in recent years towards disputes that are multi-jurisdictional as the commercial and investment activities of Taiwan become more international. The frequent use of intermediate offshore



entities to hold, conduct and channel such international commercial and investment activities further complicate the picture. The insufficient attention paid by many Taiwan companies to different legal systems encountered in their international activities also increases the risk of cross-border disputes.

Jones Day, with its strong global litigation team and substantial presence in many parts of the world, has often been favored by clients to take on the task of handling such multi-jurisdictional disputes.

● **Infrastructure and Construction Disputes**

As Taiwan's economy rapidly developed over the past 20 years, the number of infrastructure and construction projects has also sharply risen. Jones Day Taipei has been very active in representing various players in disputes arising out of these projects, including, for instance, the Taiwan High Speed Rail and other government transportation and infrastructure projects. Most notably, after more than 15 years of long legal battles with the Taipei Municipal Department of Rapid Transit Systems, Jones Day Taipei managed to successfully win a huge claim for Matra Transport in connection with disputes over the Mucha Line of the Taipei MRT.

● **White Collar Crimes**

Since Enron and WorldCom, and post-Sarbanes-Oxley, Taiwan has followed suit by revising its corporate, securities and financial institution laws and regulations in an effort to boost fiduciary duties and emphasize the importance of corporate governance. More stringent civil and criminal liability measures were introduced. As these regulations continue to evolve, however, considerable grey areas remain, thus leaving Taiwan companies and their management sometimes at a loss to understand why some apparently legitimate business activities in the past could suddenly be regarded as violations of the law.



Over the past several years, there has been a proliferation of criminal investigations and litigation over white-collar crimes, including cases alleging misleading financial statements, siphoning of corporate assets, criminal breach of fiduciary duty, and insider trading. Many of these involve publicly-listed companies and well-known business leaders and executives, and Jones Day Taipei is leading the defense of these companies and their senior management in several such cases.

INTELLECTUAL PROPERTY

In 1990, Taiwan was routinely placed on the Section 301 Watch List by the U.S. Government because of the inadequacy of its intellectual property protection laws and the lax enforcement of such laws. Counterfeit and pirated goods were openly available. Along with its accession to the WTO in 2001, Taiwan took steps to comply with the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights, which ultimately resulted in Taiwan's removal from the Section 301 Watch List in 2010, for the first time ever.

The rise of Taiwan's hi-tech manufacturing industry has also resulted in two significant trends in the enforcement of

intellectual property rights – the enforcement (or defense) of patent rights by Taiwan companies in the U.S., and the enforcement by foreign companies of patent rights in Taiwan. Jones Day Taipei has been at the forefront of these new trends, with both U.S.-licensed and Taiwan-licensed intellectual property lawyers available to assist rights holders in enforcing and defending their rights either in Taiwan or abroad.

The establishment of the new dedicated Intellectual Property Court in 2008 has had a significant impact on legal strategies in respect of intellectual property litigation for Taiwan companies and has increased the level of sophistication of Taiwan as a jurisdiction for handling intellectual property disputes. While patent infringement is no longer a criminal offense in Taiwan, the amount of monetary damages awarded in civil patent infringement lawsuits has significantly been on the rise.

On intellectual property counseling, Jones Day Taipei has frequently advised Taiwan companies on how to manage their growing patent portfolios in a manner which is profitable and which results in the maximum possible protection of their intellectual capital.



The lawyers at Jones Day set the highest standard of excellence in providing “full client service.” They understand what the client needs, and show compassion and patience, in dealing with the difficult situations that arise in the course of legal proceedings. Wish all of our friends at Jones Day a Happy 20th Anniversary! We look forward to celebrating many more 20-year milestones with you in the future!

—— CT&D Corporation / Vice Chairman / Gayle Tsien

Jones Day Taipei, under the direction of Jack Huang, has throughout the years been widely-regarded as the industry leader in intellectual property rights, M&A transactions, and international litigation and arbitration. With the ECFA signed, various industries will soon face different competitive business models and hurdles, which will increase their need for professional legal services.

—— Far Eastern Group / Chairman & CEO / Douglas Hsu

Jones Day has been an important partner of HSBC for many years and has been one of our panel law firms in Taipei since 2002. In this time, the firm, led by Bill Bryson and Jack Huang, has provided wise counsel on a number of important issues, including litigation - although fortunately from our perspective the latter is not a frequent event! Most recently Jones Day provided invaluable assistance on HSBC's acquisition of the Chinese Bank in 2008, the integration of the acquired operations with our legacy business in 2009, our local incorporation as HSBC Bank (Taiwan) Limited and subsequent de-merger on 01 May 2010. Here is to the next 20 years!

—— HSBC Bank (Taiwan) Limited / President & CEO Taiwan / Nicholas G Winsor

As Taiwanese companies compete to increase their global market share and engage in cross-border mergers and acquisitions, technology cooperation, and worldwide strategic expansion, a rising demand for corporate, patent, and intellectual property related professional legal services is inevitable. With years of experience in corporate, commercial and intellectual property legal matters, Jones Day is the best legal services partner in Taiwan for companies looking to expand overseas.

—— MediaTek Inc. / Chairman / Ming Kai Tsai

Jones Day emerged on the Taipei legal market since 20 years ago, and immediately differentiated itself as an international law firm with both Taiwan law and international law capabilities. Once clients realized that they could obtain such a calibre of professional service in one office, based in Taipei, many chose to let Jones Day Taipei manage their entire transactions, without the need to involve other international counsel. Shinsei has been honored to have worked so closely with our friends at Jones Day over the past years, and expects to see Jones Day continue to thrive, along with its clients.

—— Shinsei Bank Limited / General Manager, International Principal Finance / Edward Gilbert

Since TSMC's founding, Jack Huang has provided us with an array of legal services, acting as our external counsel, assisting us on contractual matters, advising our board, and also offering invaluable support throughout our listing process. Thereafter, Jack and his team of excellent lawyers have continued to provide us with professional legal expertise on a variety of legal matters. Congratulations to Jones Day Taipei on its 20th Anniversary!

—— Taiwan Semiconductor Manufacturing Company, Ltd. / Chairman & CEO / Morris Chang

Over the years, the Uni-President Group and the legal professionals of Jones Day have forged a close working relationship built on mutual trust and understanding, a relationship that has helped our respective businesses grow together with the times. As we congratulate Jones Day Taipei on its 20th anniversary, we also look forward to further strengthening and broadening what has already proved to be a valuable and enduring partnership.

—— Uni-President Enterprises Corp. / President / Alex C. Lo

Jack and his team have contributed significantly to the Yulon Group and to myself, whether on the company's management direction, structure, strategic positioning, and so forth. I am grateful for Jack's and Jones Day's support to Yulon.

—— Yulon Group / CEO / Kenneth K.T. Yen

(In alphabetical order by company name)

America

(1,800+ lawyers)

Atlanta
Chicago
Cleveland
Columbus
Dallas
Houston
Irvine
Los Angeles
Mexico City
New York
Pittsburgh
San Diego
San Francisco
Silicon Valley
Washington

Europe

(400+ lawyers)

Brussels
Frankfurt
London
Madrid
Milan
Moscow
Munich
Paris

Asia

(200+ lawyers)

Beijing
Dubai
Hong Kong
New Delhi
Shanghai
Singapore
Sydney
Taipei
Tokyo