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Latest Tech Developments/Investments in Taiwan

Tech Developments

Taiwan Semiconductor Manufacturing Company (TSMC), the world's largest contract chipmaker, has recently attracted both local and international attention. Its developments not only affect relevant industry players and supply chains, but also created many new job opportunities and even drove up demand for land. It is generally believed that TSMC's future developments and strategic goals will continue to be the object of keen attention from the public.

Taiwan's development in emerging technologies is also discussed widely at the moment. Taiwan's new law on autonomous vehicles has been promulgated to cope with new developments in AI, machine learning, and big data trends; the overall goal is to provide a friendly environment for testing the application of AI and IoT technology in the transport field. In the blockchain sector, VCs and strategic investors are investing in cryptocurrency and NFTs related projects. The rise of Metaverse is expected to benefit certain Taiwanese hardware manufacturers, while advocates call on the local software industry to up the game and catch up with the boom.

Investments: Trends & Related Topics

It is observed that inbound investments in Taiwan were hardly affected by COVID-19 partly due to the government's effective response to the pandemic. The following are some of the trends and topics in relation to investments and M&A activities in Taiwan:

A. Investments in emerging technology companies

The past few years have seen several small and medium investment projects where the targets are local new technology companies (AI, blockchain, medtech, etc.). The main investors are VCs, large manufacturers or even CVC of large companies. Due to the developments of emerging technologies in Taiwan, we think there will be more transactions of such types in the next several years.



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B. Special Purpose Acquisition Company (SPAC)

US SPAC listing mechanism has also had an impact on investment activities in Taiwan. In the past year, a couple of SPAC-related transactions involving Taiwanese companies were announced. It is now considered a new way for Taiwanese startups to enter the US capital markets. While there seems to be some warning from US regulators that the SPAC phenomenon may be "overheating", it is still expected that there will likely be a number of SPAC-related transactions in Taiwan in the near future.

C. PRC Investments

At end of 2020, Taiwan announced amendments to the regulations governing inbound investments from PRC investors. The rationale behind is to prevent the circumvention of the investment control. Under the amended regulations, PRC investors wishing to control non-listed Taiwanese companies by way of contractual arrangement would be subject to the required prior approval. Also, more rigid criteria are adopted for determining whether an investor falls within the definition of "PRC investor" if the investment is to be made through entity(ies) incorporated in third countries. Given the abovementioned conservative attitude of the government, it is less likely that there would be large Taiwan-related transactions led by PRC investors in the near future.

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