

**NOMURA INTERNATIONAL FUNDING PTE. LTD.**  
**Issue of USD 85,000,000 Callable Zero Coupon Notes due 2048**  
**("Securities")**  
**under the Nomura International Funding Pte. Ltd.**  
**Note, Warrant and Certificate Programme**  
**unconditionally and irrevocably guaranteed as to payment and delivery obligations**  
**by Nomura Holdings, Inc.**

Issue Price: 100 per cent.

Issue Date: 6 June 2018

This information package includes the base prospectus of Nomura International Funding Pte. Ltd.'s Note, Warrant and Certificate Programme dated 15 September 2017 as supplemented by the supplement dated 10 November 2017, 8 December 2017, 29 January 2018, 15 February 2018, 7 March 2018 and 14 May 2018 (together the Base Prospectus) and the pricing supplement for the Securities dated 23 May 2018 (the "**Pricing Supplement**", together with the Base Prospectus, the "**Information Package**").

The Securities will be issued by Nomura International Funding Pte. Ltd. (the "**Issuer**").

Application will be made by the Issuer for the Securities to be listed on the Taipei Exchange (the "**TPEX**", formerly known as the GreTai Securities Market) in the Republic of China (the "**ROC**").

Effective date of listing and trading of the Securities is on or about 6 June 2018.

TPEX is not responsible for the content of the Information Package and no representation is made by TPEX to the accuracy or completeness of the Information Package. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this Information Package. Admission to the listing and trading of the Securities on the TPEX shall not be taken as an indication of the merits of the Issuer or the Securities.

The Securities have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in the ROC, to investors other than "professional institutional investors" as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC.

Lead Manager  
**SinoPac Securities Corporation**

Managers  
**SinoPac Securities Corporation**  
**Yuanta Securities Co. Ltd.**  
**KGI Securities Co. Ltd.**

## **PRICING SUPPLEMENT FOR EXEMPT N&C SECURITIES**

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW**

23 May 2018

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – the Securities are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**NOMURA INTERNATIONAL FUNDING PTE. LTD.**  
**Issue of USD 85,000,000.00 Callable Zero Coupon Notes due 2048**  
**(N&C Securities)**  
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**Note, Warrant and Certificate Programme**  
**unconditionally and irrevocably guaranteed as to payment and delivery obligations**  
**by Nomura Holdings, Inc.**

### **PART A – CONTRACTUAL TERMS**

Any person making or intending to make an offer of the N&C Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the N&C Securities described herein. This document must be read in conjunction with the base prospectus dated 15 September 2017 as supplemented by the supplements dated 10 November 2017, 8 December 2017, 29 January 2018, 15 February 2018, 7 March 2018 and 14 May 2018 (the **Base Prospectus**). Full information on the Issuer, the Guarantor and the offer of the N&C Securities is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer which at the date of this Pricing Supplement is

at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #36-01, Singapore 018983 and at the specified office of the Principal Agent.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus. Any reference in the Conditions, the Agency Agreement or the relevant Global N&C Security to "relevant Final Terms" or "applicable Final Terms" should be read as a reference to "relevant Pricing Supplement" or "applicable Pricing Supplement" in relation to the Securities represented by this Pricing Supplement.

References herein to numbered Conditions are to the terms and conditions of the N&C Securities and words and expressions defined in such terms and conditions shall bear the same meaning in this Pricing Supplement, save as where otherwise expressly provided.

*The purchase of N&C Securities involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the N&C Securities. Before making an investment decision, prospective purchasers of N&C Securities should ensure that they understand the nature of the N&C Securities and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in the Base Prospectus (including "Risk Factors" on pages 105 to 174 thereof) and this Pricing Supplement.*

*The Notes may be called by the Issuer at the Optional Early Redemption Amount per Denomination (for each Note) on any annual Optional Early Redemption Date from and including the date five (5) years following the Issue Date. Accordingly, upon such exercise of such Issuer Call, you will not receive any further upside value in the Notes following such Issuer Call.*

*No person has been authorised to give any information or make any representation not contained in or not consistent with this Pricing Supplement, or any other information supplied in connection with the N&C Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.*

*By investing in the N&C Securities each investor represents that:*

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the N&C Securities and as to whether the investment in the N&C Securities is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the N&C Securities, it being understood that information and explanations related to the terms and conditions of the N&C Securities shall not be considered to be investment advice or a recommendation to invest in the N&C Securities. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the N&C Securities.

- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the N&C Securities. It is also capable of assuming, and assumes, the risks of the investment in the N&C Securities.
- (c) **Status of Parties.** None of the Issuer, the Guarantor and any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the N&C Securities.

1. **Issuer:** Nomura International Funding Pte. Ltd.
2. **Guaranteed N&C Securities:** Yes
- Guarantor:** Nomura Holdings, Inc.
3. **Type of N&C Securities:** Notes
- Qualifying debt securities:** As at the Issue Date, the Notes will qualify as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore

Where any interest, discount income, prepayment fee, redemption premium or break cost (Relevant Income) from any N&C Securities which constitute "qualifying debt securities" for Singapore income tax purposes (Relevant Securities) is derived by a person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person's operations through the Singapore permanent establishment. Any person whose income (including Relevant Income) is not exempt from Singapore income tax is required to declare such income in a return of income under the Income Tax Act, Chapter 134 of Singapore.

4. (i) **Series Number:** 1378
- (ii) **Tranche Number:** 1
5. **Specified Currency or Currencies:** United States Dollars (**USD**)
6. **Aggregate Nominal Amount:**
- (i) **Series:** USD 85,000,000

- |     |  |   |
|-----|--|---|
|     | (ii) Tranche:  | USD 85,000,000  |
| 7.  | Issue Price:   | 100 per cent. of the aggregate nominal amount   |
| 8.  | (i) Specified Denominations:                             | USD 1,000,000   |
|     | (ii) Calculation Amount:                                 | USD 1,000,000   |
| 9.  | (i) Issue Date   | 6 June 2018   |
|     | (ii) Coupon Commencement Date:                           | The Issue Date  |
|     | (iii) Coupon Payment Date(s):                            | Not Applicable  |
|     | (iv) Coupon Calculation Basis:                           | Per Calculation Amount  |
| 10. | Trade Date:  | 16 May 2018 (pricing date)  |
| 11. | Maturity Date:   | Scheduled to be 6 June 2048, subject to adjustment in accordance with the Business Day Convention |
| 12. | Reference Item Linked N&C Securities:                    | Not Applicable  |
| 13. | (i) Coupon Basis:  | Zero Coupon (further particulars specified below)   |
|     | (ii) Payment of interest on early redemption:            | Not Applicable  |
| 14. | Redemption/Payment Basis:                                | As set out in the table contained in Paragraph 24(b)  |
| 15. | (i) Change of Coupon Basis or Redemption/ Payment Basis: | Not Applicable  |
|     | (ii) Conditions on payments:                             | Not Applicable  |
| 16. | Put/Call Options:  | Issuer Call<br><br>(further particulars specified below)  |
| 17. | (a) Status of the N&C Securities:                        | Senior  |
|     | (b) Status of the Guarantee:                             | Senior  |

18. Calculation Agent: Nomura International plc

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

19. Fixed Rate N&C Securities Not Applicable

20. Floating Rate N&C Securities Not Applicable

21. Zero Coupon N&C Securities Applicable

- (i) Accrual Yield: 5.05 per cent. per annum
- (ii) Reference Price: 100 per cent.
- (iii) Any other formula/basis of determining amount payable for Zero Coupon N&C Securities that are Exempt N&C Securities: Conditions 8.6 and 8.10 apply
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: 30/360, unadjusted

22. Dual Currency Interest N&C Securities Not Applicable

23. Reference Item Linked Interest N&C Securities Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

24. Issuer Call: Applicable

- (a) Optional Redemption Date(s): 6 June of each year from and including 6 June 2023 to and including 6 June 2047, as set out in the table below.

- (b) Optional Redemption Amount(s) of each N&C Security and method, if any, of calculation of such amount(s):

Optional Redemption Date	Optional Redemption Amount per Calculation Amount (USD)
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6-Jun-23	1,279,323.22
6-Jun-24	1,343,929.05
6-Jun-25	1,411,797.46
6-Jun-26	1,483,093.24
6-Jun-27	1,557,989.44
6-Jun-28	1,636,667.91
6-Jun-29	1,719,319.64
6-Jun-30	1,806,145.28
6-Jun-31	1,897,355.62
6-Jun-32	1,993,172.08
6-Jun-33	2,093,827.27
6-Jun-34	2,199,565.54
6-Jun-35	2,310,643.60
6-Jun-36	2,427,331.11
6-Jun-37	2,549,911.33
6-Jun-38	2,678,681.85
6-Jun-39	2,813,955.28
6-Jun-40	2,956,060.02
6-Jun-41	3,105,341.06
6-Jun-42	3,262,160.78
6-Jun-43	3,426,899.90
6-Jun-44	3,599,958.34
6-Jun-45	3,781,756.24

6-Jun-46	3,972,734.93
6-Jun-47	4,173,358.04

(c) If redeemable in part:

(i) Minimum Redemption Amount: Not Applicable

(ii) Maximum Redemption Amount: Not Applicable

(d) Notice periods for Issuer Call:

(i) Maximum Period: Not Applicable

(ii) Minimum Period: 5 London, New York and Taipei Business Days prior to the relevant Optional Redemption Date;

*Where:*

**London, New York and Taipei Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London, New York and Taipei.

25. Investor Put: Not Applicable

26. Other redemption events:

(i) Redemption for tax reasons under Condition 8.2:

Notice period required for tax reasons under Condition 8.2:

(a) Maximum Period: 60 days

(a) Minimum Period: 30 days



(ii) Issuer Regulatory  
Call required under Condition  
8.5:

(a) Maximum Period: See Condition 8.5

(b) Minimum Period: See Condition 8.5

(iii) Illegality Redemption under  
Condition 8.6:

Notice period required for an  
Illegality Redemption:

(a) Maximum period: See Condition 8.6

(b) Minimum period: See Condition 8.6

USD 4,384,112.62 per Calculation Amount

26. Final Redemption Amount of  
each N&C Security:

27. Early Redemption Amount(s): As per Condition 8.7

28. Exchange Rate: Not Applicable

#### **PROVISIONS RELATING TO REFERENCE ITEM LINKED SECURITIES**

29. Index Linked N&C Securities: Not Applicable

30. Equity Linked N&C Securities: Not Applicable

31. FX Linked N&C Securities: Not Applicable

32. Commodity Linked N&C Securities: Not Applicable

33. Fund Linked N&C Securities: Not Applicable

34. Inflation Linked N&C Securities: Not Applicable

35. Credit Linked N&C Securities: Not Applicable

36. MOT N&C Securities: Not Applicable

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|-----|--|----------|-----|----------------|
| 37. | Physical Securities:                           | Delivery | N&C | Not Applicable |
| 38. | Provisions applicable to payments in Renminbi: |          |     | Not Applicable |
| 39. | Additional Business Centre(s):                 |          |     | Not Applicable |

#### GENERAL PROVISIONS APPLICABLE TO THE N&C SECURITIES

- |     |   |   |
|-----|---|---|
| 40. | Form of N&C Securities:                           | Bearer N&C Securities;<br><br>Temporary Bearer Global N&C Security exchangeable for a Permanent Bearer Global N&C Security which is exchangeable for Definitive Bearer N&C Securities only upon an Exchange Event |
| 41. | New Global Note:                                  | No  |
| 42. | Additional Financial Centre(s):                   | Not Applicable  |
| 43. | Other special provisions relating to Payment Day: | Condition 7.4.3 shall be deleted and replaced with the following:   |

##### ***“7.4.3 Payment Day***

If the date for payment of any amount in respect of any N&C Security, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay, unless if such date would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Payment Day, but the holder shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10) is:

7.4.3.1 a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign

currency deposits) in London, New York and Taipei.”

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|-----|--|---|
| 44. | Talons for future Coupons or Receipts to be attached to Definitive Bearer N&C Securities (and dates on which such Talons mature):  | No  |
| 45. | Details relating to Partly Paid N&C Securities: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the N&C Securities and interest due on late payment: | Not Applicable  |
| 46. | Details relating to Instalment N&C Securities:   | Not Applicable  |
| 47. | Redenomination applicable:   | Redenomination not applicable   |
| 48. | Other final terms:   | <p>For the purposes hereof, (i) the Business Day Convention shall be the Modified Following Business Day Convention (as such terms are defined in Condition 6.3, notwithstanding that the N&amp;C Securities are not Floating Rate N&amp;C Securities or Non-Exempt Interest N&amp;C Securities), (ii) "Business Day" for such purposes shall be as defined in such Condition 6.3 for which purpose the Additional Business Centres shall be New York and Taipei and (iii) each reference in Condition 6.3 to "Coupon Payment Date" shall be deemed to be "Maturity Date" or "Optional Redemption Date", as applicable.</p> |

## PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprise the final terms required for issue of the N&C Securities described herein pursuant to the Note, Warrant and Certificate Programme of Nomura International Funding Pte. Ltd.

## RESPONSIBILITY

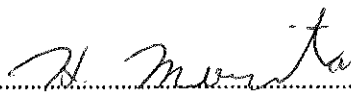
Subject as provided below, each of the Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:  .....

*Duly authorised*

Signed on behalf of the NHI Guarantor:

By:  .....

*Duly authorised*

## **PART B – OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

Listing and Admission to trading: Applicable. An application will be made by the Issuer for the N&C Securities to be listed on the ‘International Bond (Professional Investors Only)’ segment of the Taipei Exchange (“TPEX”).

The N&C Securities will be traded on the ‘International Bond (Professional Investors Only)’ segment of the TPEX pursuant to the applicable rules of the TPEX. Effective date of listing of and trading of the N&C Securities shall be on or about the Issue Date. TPEX is not responsible for the content of this document and the Base Prospectus and any supplement or amendment thereto and no representation is made by TPEX to the accuracy or completeness of this document and the Base Prospectus and any supplement or amendment thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Base Prospectus any supplement or amendment thereto.

Admission to the listing and trading of the N&C Securities on the TPEX shall not be taken as an indication of the merits of the Issuer, the Guarantor or the N&C Securities.

### **2. RATINGS**

Ratings: Not applicable

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the N&C Securities has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

### **4. FURTHER INFORMATION RELATING TO THE RELEVANT REFERENCE ITEM**

None

### **5. USE OF PROCEEDS**

Use of Proceeds: Please refer to the Base Prospectus

### **6. OPERATIONAL INFORMATION**

- |        |  |   |
|--------|--|---|
| (i)    | ISIN:  | XS1824407958  |
| (ii)   | CUSIP:   | Not Applicable  |
| (iii)  | Common Code:   | 182440795   |
| (iv)   | Any clearing system(s) other than Euroclear Ban S.A./N.V. and Clearstream Banking <i>société anonyme</i> , Luxembourg/ The Depositary Trust Company and the relevant identification number(s): | Not Applicable  |
| (v)    | Delivery:  | Delivery against payment  |
| (vi)   | Names and addresses of initial Paying Agents:  | Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB  |
| (vii)  | Names and addresses of additional Paying Agent(s) (if any):  | None  |
| (viii) | Intended to be held in a manner which would allow Eurosystem eligibility.  | No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the N&C Securities are capable of meeting the criteria, the N&C Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the N&C Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. |

## 7. DISTRIBUTION

- |      |                                   |  |
|------|-----------------------------------|--|
| (i)  | Method of distribution:           | Syndicated   |
| (ii) | If syndicated, names of Managers: | SinoPac Securities Corporation, Yuanta Securities Co. Ltd. and KGI Securities Co. Ltd., each of which is either a securities firm or bank in Taiwan licensed by the Financial Supervisory Commission and authorised by the Central Bank of Republic of China (Taiwan) ("Selected Managers"), appointed by way of syndication pursuant to the Subscription Agreement entered into between Issuer and the Selected Managers on or prior to the Pricing Date.<br><br>The nominal amount N&C Securities subscribed by each |

Manager is as follows:

SinoPac Securities Corporation: USD 50,000,000

Yuanta Securities Co. Ltd: USD 25,000,000

KGI Securities Co. Ltd.: USD 10,000,000

SinoPac Securities Corporation shall be the Lead Manager

- |        |   |  |
|--------|---|--|
| (iii)  | Date of Subscription Agreement:                   | 17 May 2018  |
| (iv)   | Stabilisation Manager(s) (if any):                | Not Applicable   |
| (v)    | If non-syndicated, name of relevant Dealer:       | Not Applicable   |
| (vi)   | U.S. Selling Restrictions:                        | <p>The N&amp;C Securities are only for offer and sale outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act and may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person.</p> <p>Each initial purchaser of the N&amp;C Securities and each subsequent purchaser or transferee of the N&amp;C Securities shall be deemed to have agreed with the Issuer or the seller of such Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, such Securities so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person and (ii) it is not purchasing any Securities for the account or benefit of any U.S. person.</p> |
| (vii)  | Prohibition of Sales to EEA Retail Investors:     | Applicable   |
| (viii) | TEFRA Compliance Category:                        | TEFRA D  |
| (ix)   | Additional U.S. Federal Income Tax considerations | Not Applicable   |
| (x)    | Specified Securities for HIRE Act Withholding     | The N&C Securities shall not be treated as Specified Securities (as defined in the Base Prospectus) for the purpose of Section   |

purposes: 871(m) of the U.S. Internal Revenue Code of 1986.

(xi) Prohibition of Sales to Belgian Consumers: Applicable

(xii) Additional selling restrictions

***Taiwan General Selling Restrictions***

The N&C Securities have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than "professional institutional investors" as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the Republic of China, Taiwan (**R.O.C. or Taiwan**) ("**Professional Institutional Investor**"). Purchasers of the N&C Securities are not permitted to sell or otherwise dispose of the N&C Securities except by transfer to a Professional Institutional Investor.

***People's Republic of China Selling Restrictions***

The N&C Securities have not been and will not be offered or sold in the People's Republic of China (excluding Hong Kong, Macau and Taiwan)

***Japan Selling Restriction***

The N&C Securities may not be offered or sold to any person in Japan or to any resident of Japan.

***General***

No action has been or will be taken that would permit a public offering of the N&C Securities or possession or distribution of any offering material in relation to the N&C Securities in any jurisdiction in where action for that purpose is required. No purchase, offer, sale, resale or delivery of any N&C Securities or distribution of any offering material relating to the N&C Securities may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer, the Guarantor, if any, or the Calculation Agent.

**7. ADDITIONAL INFORMATION**

Taxation:

**Taxation**

*The following summary of certain taxation provisions under R.O.C. law is based on current law and practice and the assumption that the N&C Securities will be issued, offered,*



*sold and re-sold directly or indirectly to professional institutional investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the N&C Securities.*

#### **Interest on the N&C Securities**

As the Issuer of the N&C Securities is not a R.O.C. statutory tax withholder, there is no R.O.C. withholding tax on the interest or deemed interest to be paid on the N&C Securities.

R.O.C. corporate holders must include the interest or deemed interest receivable under the N&C Securities as part of their taxable income and pay income tax at a flat rate of 20 per cent. (unless the total taxable income for a fiscal year is under NT\$500,000), as they are subject to income tax on their worldwide income on an accrual basis. The alternative minimum tax ("AMT") is not applicable.

#### **Sale of the N&C Securities**

In general, the sale of corporate bonds or financial bonds is subject to 0.1 per cent. securities transaction tax ("STT") on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act of the R.O.C. prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Therefore, the sale of the N&C Securities will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the N&C Securities will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from income tax. Accordingly, R.O.C. corporate holders are not subject to income tax on any capital gains generated from the sale of the N&C Securities. However, R.O.C. corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the ordinary income tax calculated

pursuant to the Income Basic Tax Act (also known as the AMT Act) of the R.O.C., the excess becomes the R.O.C. corporate holders' AMT payable. Capital losses, if any, incurred by such holders could be carried over 5 years to offset against capital gains of same category of income for the purposes of calculating their AMT.

**Additional Risk Factors:**

An application will be made for the listing of the N&C Securities on the TPEX. No assurances can be given as to whether the N&C Securities will be, or will remain, listed on TPEX. If the N&C Securities fail to or cease to be listed on TPEX, certain investors may not invest in, or continue to hold or invest in, the N&C Securities.

**Annex B**  
**(Managers' Commitments)**

<b>Manager</b>	<b>Commitments (in USD)</b>	<b>Underwriting Commission(in USD)</b>
SinoPac Securities Corporation	50,000,000	50,000
Yuanta Securities Co. Ltd.	25,000,000	50,000
KGI Securities Co. Ltd.	10,000,000	50,000
<b>Total:</b>	<b>85,000,000</b>	<b>150,000</b>