

Taiwan

Employment

Labor Concerns Employees should sign a written disclaimer acknowledging that the option plan is a discretionary benefit offered to employees outside of their normal salaries and can be terminated at any time.

Communications All employee communications should be available in Chinese for employees who are not fluent in English. Government filings must be made in Chinese.

Regulatory

Securities Compliance Offers under option plans will be exempt from local securities law requirements if the offers are not made to the public. It will not be considered as a public offer if the offers are made to fewer than 35 persons, being specific employees, directors and/or supervisors of the affiliated company.

Foreign Exchange Approval is required for any remittance exceeding: (i) US\$50m for a Taiwanese subsidiary; and (ii) US\$5m for each Taiwanese resident.

Data Protection An employer is not required to obtain government approval or a license to collect and process the personal data of the employees, provided that prior consent is obtained from the employees. The employer should have regard to the rights and interests of employees when collecting or utilizing the personal data of employees. The use and handling of personal data should also accord with principles of honesty and integrity and must not exceed the scope of the specific purpose as agreed between the employer and the employee.

Tax

Employee Tax Treatment An income tax charge is imposed on the employee when he exercises his stock option plan. The income tax is calculated by the difference between the purchase price of the Stock and the market value of the shares at the time the Stock has been delivered to the employee. The sale of the Stock is subject to capital gains tax.

Social Insurance Contributions 2% of the Stock dividends shall be contributed to the supplemental premium for second-generation National Health Insurance. The supplemental premium rate will be reviewed on a year to year basis.

Tax-Favored Program None.

Withholding and Reporting The Subsidiary is not required to withhold income taxes from employees. However, the Subsidiary is required to file a non-withholding statement by January of each year.

Employer Tax Treatment A deduction may be available if the Subsidiary: (i) reimburses the Issuer for the cost of option plan benefits; and (ii) such costs are characterized as employee remuneration.

Withholding and reporting are required if the Subsidiary reimburses the Issuer for the costs of the plan.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans. With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.