

# Taiwan

## Employment

### Labor Concerns

Employees should sign a written disclaimer acknowledging that the purchase 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 purchase 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 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 is imposed on the employee when he exercises his employee stock purchase 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.

Interest accruing on payroll deductions, which are held in a separate trust account onshore (i.e. with a bank in Taiwan) prior to the acquisition of stock, may give rise to an income tax liability in Taiwan. However, interest accruing on payroll deductions which are held in an overseas account of the Issuer may not be subject to Taiwanese income tax.

The employee's income derived from offshore sources, including payroll and interest accrued, may be subject to Taiwan income tax due to the enforcement of new Taiwan income tax law as long as the aggregated amount of the employee's income (including the offshore income) for the accounting year has reached NT\$ 6,000,000, unless the aggregate amount of the offshore income for the accounting year is less than NT\$ 1,000,000.

### 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 allowed if the Subsidiary (i) reimburses the Issuer for the cost of purchase 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.