Hong Kong

Stock Option Plans

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination, and/or less favorable treatment of, employees on certain grounds including gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee’s receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that Plan documents be translated.

Government filings may generally be made in English.

Electronic execution of award agreements is permitted provided certain conditions, which are not onerous, are met.

Regulatory

Securities Compliance

Neither the grant nor the exercise of Options is likely to trigger any securities or prospectus requirements provided: (i) participation in the Plan is offered to employees only; and (ii) the Plan documentation contains specific wording which applies when the exemption is relied upon.

Foreign Exchange

There are no foreign exchange restrictions applicable to the Plan.

Data Protection

In Hong Kong, employers are required to notify employees in a Personal Information Collection Statement of, among other things, the purpose for the collection of data and whether it is obligatory or voluntary for the employee to supply the data and, where it is obligatory, the consequences for the employee if he or she does not provide the data requested. There is generally no requirement to register data processing activities and databases with the local data protection authorities.

Tax

Employee Tax Treatment	An employee is generally subject to income tax on the gain on exercise (i.e., the excess of the market value of the Stock acquired over the aggregate exercise price). No tax is payable on the gain upon sale of the Stock.
Social Security Contributions	Social security contributions are not payable.
Tax-Favored Program	There is no tax-favored program applicable to the Plan.
Withholding and Reporting	The Subsidiary does not have any withholding obligations. The Subsidiary must report any taxable benefit arising from the exercise of the Options as part of its normal annual return of compensation paid to its employees. Employees are also responsible for reporting the taxable benefit in their own tax returns and for paying the applicable tax.
Employer Tax Treatment	A deduction is generally available if the Subsidiary reimburses the Issuer for costs of the Plan.

Hong Kong

Restricted Stock and RSUs

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated.

There are laws which prohibit discrimination, and/or less favorable treatment of, employees on certain grounds including gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that Plan documents be translated.

Government filings may generally be made in English.

Electronic execution of award agreements is permitted provided certain conditions, which are not onerous, are met.

Regulatory

Securities Compliance

Neither the grant nor the vesting of Restricted Stock or RSUs is likely to trigger any securities or prospectus requirements provided that: (i) participation in the Plan is offered to employees only; and (ii) the Plan documentation contains specific wording which applies when the exemption is relied upon.

Foreign Exchange

There are no foreign exchange restrictions applicable to the Plan.

Data Protection

In Hong Kong, employers are required to notify employees in a Personal Information Collection Statement of, among other things, the purpose for the collection of data and whether it is obligatory or voluntary for the employee to supply the data and, where it is obligatory, the consequences for the employee if he or she does not provide the data requested. There is generally no requirement to register data processing activities and databases with the local data protection authorities.

Tax

Employee Tax Treatment	For Restricted Stock, an employee is generally subject to income tax on the value of the Restricted Stock when it vests. For RSUs, an employee is generally subject to income tax on the value of the Stock received on vesting. No tax is payable on the gain upon sale of the Stock.
Social Security Contributions	Social security contributions are not payable.
Tax-Favored Program	There is no tax-favored program applicable to the Plan.
Withholding and Reporting	The Subsidiary does not have any withholding obligations. The Subsidiary must report any taxable benefit arising from the Plan as part of its normal annual return of compensation paid to its employees. Employees are also responsible for reporting the taxable benefit in their own tax returns and paying the applicable tax.
Employer Tax Treatment	A deduction is generally available if the Subsidiary reimburses the Issuer for costs of the Plan.

Hong Kong

Employee Stock Purchase Plans

Employment

Labor Concerns	There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated. There are laws which prohibit discrimination, and/or less favorable treatment of, employees on certain grounds including gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan and the exercise of any discretion.
Communications	A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights. Although there is no legal requirement to do so, it is recommended that Plan documents be translated. Government filings may generally be made in English. Electronic execution of award agreements is permitted provided certain conditions, which are not onerous, are met.

Regulatory

Securities Compliance	No securities or prospectus requirements will be triggered provided: (i) participation in the Plan is offered to employees only; and (ii) the Plan documentation contains specific wording which applies when the exemption is relied upon.
Foreign Exchange	There are no foreign exchange restrictions applicable to the Plan.
Data Protection	In Hong Kong, employers are required to notify employees in a Personal Information Collection Statement of, among other things, the purpose for the collection of data and whether it is obligatory or voluntary for the employee to supply the data and, where it is obligatory, the consequences for the employee if he or she does not provide the data requested. There is generally no requirement to register data processing activities and databases with the local data protection authorities.

Tax

Employee Tax Treatment	An employee is generally subject to income tax on the value of the discount when Stock is purchased. No tax is payable on the gain upon sale of the Stock.
Social Security Contributions	Social security contributions are not payable.
Tax-Favored Program	There is no tax-favored program applicable to the Plan.
Withholding and Reporting	The Subsidiary does not have any withholding obligations. The Subsidiary must report any taxable benefit arising from the Plan as part of its normal annual return of compensation paid to its employees. Employees are also responsible for reporting the taxable benefit in their own tax returns and for paying the applicable tax.
Employer Tax Treatment	A deduction is generally available if the Subsidiary reimburses the Issuer for costs of the Plan.