

Employee stock option issuance and stock subscription methods in 2020

1. Issue Purpose :

In order to attract and retain the professional talents and to enhance the staff's centripetal force and sense of belonging to the company, and jointly create the interests of the company and shareholders. Formulated the **employee stock option issuance and stock subscription methods in 2020** based on the "Securities and Exchange Act " and "Regulations Governing the Offering and Issuance of Securities by Securities Issuers".

2. Issue period :

Within one (1) year from the date on which the report of the Plan filed with the competent authority becomes effective (the "Effective Date"), the Company may, depending actual needs, issue the options covered herein (the "Options") in more tranches. The actual issue date(s) will be determined by the Chairman of the Board of Directors of the Company (the "Chairman").

3. Conditions of eligibility for subscription rights :

The Plan applies only to full-time employees of the Company or its domestic or foreign subsidiaries. The Chairman shall nominate and submit to the Board of Directors for approval the employees who are entitled to Options and the number of the Options to be granted to him/her based on his/her seniority, ranking, performance, over-all contribution (including possible contribution in the future), special achievement, etc. Only those who have the status of manager should submit to the remuneration committee for approval. The total number of employee stock options and new shares of one employee shall not exceed three thousandths or one percent stipulated in Article 60-9 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers".

4. Number of total issued units : 10,000 units.

5. Conditions :

5.1 Exercise price :

The exercise price of the Options shall be at least no less than the closing price of the Company's common shares on the date that the Options are issued.

5.2 Exercise period :

(1) The Options will expire at the end of the sixth year from the issue date (the "Expiry Date"). The Options may not be transferred, except by inheritance.

The Options shall become exercisable from the date two (2) years after the issue

date thereof (the "Waiting Period"), and the percentage of exercisable Options in different time periods are set forth below.

Numbers of Years after the Issue Date Accumulated % of Options Exercisable as below:

2 years	40%
3 years	70%
4 years	100%

- (2) The stock option holder has been terminated by the company due to violation of Article 12 of the Labor Standards Law after the company has granted the employee stock option certificates. Or if an employee has manager status and is terminated by the company due to major negligence such as a violation of the appointment contract or the company's working rules, the company has the right to withdraw and cancel the stock options that have not yet exercised the right.
- (3) Before the option holder exercises the option, it shall meet the performance indicators set by the option holder. Performance indicators authorize the chairman of the company to set separately with the warrantees when the warrants are granted, and they are set out in the "Agreement of Employee Stock Option Certificates". The achievement of performance indicators will be assessed by the company's remuneration committee and reported to the board of directors for approval.

5.3 The class of shares with which to exercise stock option:

The underlying shares of the Options should be the common share of the Company.

6. The handling process in case of inheritance/employee resignation:

If an employee's employment is terminated, he/she shall exercise options in accordance with the following provisions:

6.1 Voluntary Resignation:

Exercisable Options can be still exercised within one (1) month after the termination of employment relationship. Unexercised Options shall be cancelled immediately on the termination date.

Option holders who are unable to continue their employment with physical disability due to occupational disasters can exercise within one year from the date of resignation or the date of issue of the warrants for two years (Mainly on the later date).

The granted rights and obligations are not affected with transfer to affiliated company.

6.2 Retirement:

Option holders who are retired can exercise within one year from the date of retirement or the date of issue of the warrants for two years (Mainly on the later date).

6.3 On Leave Without Pay:

In case the employee is approved to be on leave without pay, exercisable Options can

be exercised within one (1) month from the effective date of the leave. If Options are not exercised within such three-month period, the Options cannot be exercised until the employee's reinstatement.

6.4 Death:

Option holders who are dead, their heirs can exercise within one year from the date of death for one year. If warrants do not exercise, they shall become invalid on the day of death.

Option holders who are dead due to occupational disasters, their heirs can exercise within one year from the date of death or the date of issue of the warrants for two years (Mainly on the later date).

6.5 If the subscribers or their heirs fail to exercise the stock options within the above-mentioned period, they shall be deemed to have waived their rights.

7. Other terms and conditions for exercising stock option: Any Option that elapses shall be cancelled.
8. Method for performance of contract: The Company will issue new common shares as the underlying shares.
9. Adjustment of exercise price:

9.1 The exercise price of the Options shall be subject to adjustment in accordance with the following formula upon any changes in Company's paid-in capital resulting from capitalization of retained earnings or capital reserves:

$$NEP = OEP \times [N + (A \times n)/C] / [N + n]$$

Where

NEP = New Exercise Price, the exercise price after adjustment.

OEP = Old Exercise Price, the exercise price before adjustment.

N = the number of outstanding common shares.

n = the number of new common shares.

A = Amount of contribution per share.

C = Current price per share

9.2 The exercise price of the Options shall be subject to adjustment in accordance with the following formula upon pay cash dividends on ordinary shares:

$$NEP = OEP \times (1 - \%)$$

Where

NEP = New Exercise Price, the exercise price after adjustment.

OEP = Old Exercise Price, the exercise price before adjustment.

% = The ratio of cash dividends issued to ordinary shares to current price per share

9.3 The exercise price of the Options shall be subject to adjustment in accordance with the following formula upon any decrease in Company's common shares resulting from the

capital reduction:

$$NEP = OEP \times [(P-R)/P] \times (\text{pre-capital reduction} / \text{post-capital reduction})$$

Where

NEP = New Exercise Price, the exercise price after adjustment.

OEP = Old Exercise Price, the exercise price before adjustment.

P = Closing price of the last trading day before capital reduction for new stocks

R = The refund price of capital reduction.

9.4 If the capital reduction is not for the return of shareholders' shares, the amount of "refund of shares per share for capital reduction" is zero.

10. Procedures for exercising option:

10.1 Except for the following periods, it is necessary to fill in the subscription request form for newly issued ordinary shares of the company.

(1) The statutory period of cessation of transfer before the general meeting or temporary meeting.

(2) The period from the three business days before the announcement date of the suspension of transfer and ex-rights of gratuitous allotment, the date of ex-dividend announcement of the suspension of transfer of cash dividends or the announcement of the suspension of transfer of cash dividends and the base date of right distribution.

(3) Other situations with legal cessation of transfer period.

10.2 The Company shall inform the employee to make payments for the exercised Options to a designated bank upon the receipt of the Exercise Notice. The Exercise Notice shall not be withdrawn once the payment has been made.

10.3 The Company shall, upon confirmation of payment(s), instruct its stock affairs agent to register the employee and the number of shares subscribed by him/her by way of exercise of the Options onto the Company's shareholders' registry and shall, within five (5) business days, issue common shares to such employee through central depository clearance system. However, if the employee opts to defer assessment of the taxable income on shares received on exercise of the Options according to the law, the Company shall deposit such shares to the Company's custodial book-entry account registered in the employee's name. The relevant operations shall be handled in accordance with the Company's internal procedures and relevant laws and regulations.

10.4 The Company will register change of capital for exercised options with the competent authority in fifteen (15) days following the end of each quarter.

11. Rights and obligations after exercising options: Common shares delivered after exercising the Options shall have the same rights, obligations and privileges as holders of common shares of the Company.

12. Confidentiality: Unless otherwise requested by the competent authorities or laws and regulations, employees shall keep confidential the information relating to the Options or its

content.

13. Implementation Rules:

The related operations of the warrants, the number of warrants granted, the exercise of the warrants, the payment of subscriptions, the issuance of stocks, and the schedule of process would be recorded in the “Agreement of Employee Stock Option Certificates”.

14. Any other matters that need to be specified:

14.1 This method shall be approved by more than two-thirds of the directors present and one-half of the present directors. It will take effect after being submitted to the competent authority for approval and the same as if there are amendments to the stock warrants before issuance.

14.2 If the regulations need to be revised with the requirements of the competent authority, the chairman shall be authorized to revise it, and then submit it to the latest board of directors for ratification.

14.3 Any other matter not set forth in the Plan shall be dealt with in accordance with the applicable laws and regulations.