

Accounting Standard for Business Enterprises No. 11 - Share-based Payments

Chapter I General Provisions

Article 1 These Standards are formulated in accordance with the Accounting Standards for Enterprises - Basic Standards for the purpose of regulating the recognition, and measurement of share-based payments, and the disclosure of relevant information.

Article 2 The term "share-based payment" refers to a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties.

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

The term "equity-settled share-based payment" refers to a transaction in which an enterprise grants shares or other equity instruments as a consideration in return for services.

The term "cash-settled share-based payment" refers to a transaction of payment of cash or any other asset obligation calculated and determined on the basis of shares or other equity instruments undertaken by the enterprise in return for services.

The term "equity instrument" as mentioned in these Standards? refers to the equity instruments of the enterprise's own.

Article 3 The following items shall be governed by other accounting standards:

(1) The Accounting Standards for Enterprises No. 20 - Business Combination shall apply to a transaction in which an enterprise issue the equity instrument and obtains the net assets of another enterprise in a business combination.

(2) The Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments, shall apply to a transaction in which equity instruments are granted as a consideration for other financial instruments.

Chapter II The Equity-settled Share-based Payments

Article 4 The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees.

The fair value of the equity instruments shall be confirmed in accordance with Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

Article 5 As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly.

The "grant date" refers to the date on which the share-based payment agreement is approved.

Article 6 As to a equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant.

If, on the balance sheet date, the subsequent information indicates that the number of vested equity instruments is different from the previous estimate, an adjustment shall be made and on the vesting date, the estimate shall be adjusted to equal the number of the actually vested equity instruments.

The " vesting period" refers to the period during which the specified vesting conditions are to be satisfied.

As to a share-based payment with a specified service period as the vesting condition, the vesting period shall be from the grant date to the vesting date.

As to a share-based payment with specified performances as the vesting condition, the length of the vesting period shall be estimated in accordance with the most likely performance outcome.

The "vesting date" refers to the date on which the vesting conditions are met and the employees and other parties have the right to obtain the equity instruments or cash from an enterprise.

Article 7 An enterprise shall, after the vesting date, make no adjustment to the relevant costs or expenses as well as the total amount of the owner's equities which have been confirmed.

Article 8 An equity-settled share-based payment in return for the service of any other party shall be conducted in accordance with the following circumstances, respectively:

(1) If the fair value of the service of any other party can be measured in a reliable way, the fair value of the service on the acquisition date by any other service party shall be included in the relevant costs or expenses, and the owner's equities shall be increased accordingly.

(2) If the fair value of the service of any other party can not be measured in a reliable way, but the

fair value of the equity instruments can be measured in a reliable way, the fair value of the equity instruments on date of the service acquisition shall be included in the relevant costs or expenses , and the owner's equities shall be increased accordingly.

Article 9 On the vesting date, an enterprise shall, based on the number of the equity instruments of which the right is actually exercised, calculate and confirm the amount of the paid-in capital or capital stock to be transferred in, and transfer it in the paid-in capital or stock capital.

The "vesting date" refers to the date on which the employees and other parties exercise the right, acquire cash or equity instruments.

Chapter III The Cash-settled Share-based Payments

Article 10 A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by an enterprise. .

Article 11 As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly.

Article 12 As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date with in the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise.

If, on the balance sheet date, the subsequent information indicates that fair value of the current liability undertaken by the enterprise are different from the previous estimates, an adjustment shall be made and on the vesting date the estimate shall be adjusted to equal the actually exercisable right.

Article 13 An enterprise shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

Chapter IV Disclosure

Article 14 An enterprise shall, in the notes, disclose the information related to the cash-settled share-based payments as follows:

- (1) The total amounts of the equity instruments that are granted, exercised and invalidated in the current period;
- (2) The range of the vesting prices for the share options or other equity instruments issued outward at the end of period, and the remainder of the contractual period;
- (3) The weighted average prices of the share options or other equity instruments exercised in the current period which are calculated based on the vesting date prices; and

(4) The measures for the confirmation of the fair value of the equity instruments.

The enterprise may disclose the information of homogeneous share-based payments on a consolidated basis.

Article 15 An enterprise shall, in its notes, disclose the effects of the share-based payment transactions on the current financial status and operating outcomes, which shall at least include the information as follows:

- (1) The total amount of the expenses as result of equity-settled share-based payments, which is recognized in the current period;
- (2) The total amount of the expenses as a result of cash-settled share-based payments, which is recognized in the current period; and
- (3) The total amount of the employee services and other party services as a result of the share-based payments in the current period .