

# Procedures for Handling Material Inside Information and Insider Trading

Doc. Name	Procedures for Handling Material Inside Information and Insider Trading
Date	The fourth amendment was made on March 12, 2020
Article 1	<p>These Procedures are specifically adopted to establish sound mechanisms for the handling and disclosure of material inside information in order to prevent improper information disclosures, ensure all employees comply with the regulations for insider trading and short-swing trading, and to ensure the consistency and accuracy of information released by the Company to the public.</p>
Article 2	<p>The Company shall implement its handling and disclosure of material inside information in accordance with applicable laws and regulations, and these Procedures.</p>
Article 3	<p>These Procedures shall apply to all directors, managerial officers, employees (involved as a result of performing their job duties) consultants of the Company, and any other person who acquires knowledge of the Company's material inside information due to their position, profession or relationship. The Company and its directors, managerial officers, and employees (involved as a result of performing their job duties) shall ensure such persons comply with the applicable provisions of these Procedures.</p>
Article 4	<p>Directors and managerial officers shall sign and submit the relevant insider declarations to the Company within 5 days after the appointment date. The Company shall keep the declarations for auditing, and file the copies of the declaration within 10 days after the appointment date to the TWSE. The Company's directors, managerial officers, employees (involved as a result of performing their job duties), and consultants shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties, and shall sign confidentiality agreements. Directors, managerial officers, employees (involved as a result of performing their job duties) or consultants with knowledge of material inside information of the Company shall not disclose such information to others before it is issued by the Company through its publication system. The Company's directors, managerial officers, employees (involved as a result of performing their job duties) or consultants shall not inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.</p>
Article 5	<p>Any organization or person outside of the Company that is involved in any corporate action with the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance or other business partnership plans and the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company's thus acquired.</p>
Article 6	<p>The Company adheres to the following principles and keeps proper records when disclosing material inside information:</p> <ol style="list-style-type: none"> <li>1. The information disclosed shall be accurate, complete, and timely.</li> <li>2. There shall be a well-founded basis for the information disclosure.</li> </ol>

3. The information shall be disclosed fairly.

Article 7 If a media agency releases information that is in any respect inconsistent with material information disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.

Article 8 If the Company's directors, managerial officers, employees (involved as a result of performing their job duties), and consultants are aware of the leakage of material inside information, they should report to the internal audit department as soon as possible. The internal audit department shall discuss with the financial department or relevant departments, formulate countermeasures before submitting a report to the general manager or the person in charge, and record the results for future reference upon confirming any leakage of material inside information.

Article 9 If the Company's employees disclose material inside information or violate these Procedures or other laws and regulations without authorization, the Company will impose a maximum penalty of dismissal and claim reimbursement for the loss of goodwill and other related losses.

Article 10 Prohibition of insider trading

1. Regulated Subjects:

- 1.1 The Company's directors, managerial officers, and employees who have received information based on their job relationships (involved as a result of performing their job duties), consultants, their spouses and minor-aged children, and holders in the name of others.
- 1.2 Shareholders who hold more than 10% of the Company's shares and their related parties (including their spouses and their minor-aged children, and any persons who hold stocks on an insider's behalf).
- 1.3 Those who have lost the statuses listed in the preceding two subparagraphs within six months.
- 1.4 Those who are informed of the information from the persons listed in the preceding three subparagraphs.

2. Prohibition:

- 2.1 It is prohibited to buy or sell the Company's stocks or other related equity securities 12 hours before and after material inside information of the Company is disclosed.
- 2.2 Any change to insiders, such as directors, audit committee members, managerial officers, and shareholders holding more than 10% of the shares and their related persons (including spouses and their minor-aged children, and any persons who hold stock on an insider's behalf) shall be declared within two days.

3. Regulations:

- 3.1 Matters that have a significant impact on shareholders' equity or stock prices in accordance with Article 7 of the Securities Exchange Act Enforcement Rules.
- 3.2 The Company carries out any material transaction of public offering and issuance or private placement of equity-type securities, capital reduction, corporate merger, acquisition, sale, share exchange, conversion transfer of

- shares from others, direct or indirect investment project or there is any material change in any of the above matters.
- 3.3 The Company is in proceedings for reorganization, bankruptcy, dissolution application for stock delisting, termination of OTC securities trading or there is any material change in any of the above matters.
  - 3.4 A member of the Company's board of directors is subject to a provisional injunction ruling suspending his or her exercise of powers, making it impossible for the board of directors to exercise its powers or all independent directors of the Company are removed from office.
  - 3.5 Occurrence of a natural disaster, group protest, environmental accident or any other material event where the Company incurs a material loss or where a relevant authority orders suspension of work, suspension of business termination of business or revokes or voids a relevant permit.
  - 3.6 Dishonor of a negotiable instrument, filing for bankruptcy or reorganization or any other similar event of a material nature with respect to a related party of the Company or to a principal debtor or to the guarantors of a principal debtor; or inability by a principal obligor, in which the Company has made an endorsement or guarantee to settle a matured negotiable instrument, loan or other obligation.
  - 3.7 Occurrence of a significant event of internal control-related malpractice, non arms-length transaction or defalcation of company assets.
  - 3.8 Suspension of part or all of business transactions between the Company and a principal client or supplier.
  - 3.9 Upon the occurrence of any of the following with respect to a financial report of the Company:
    - A. Failure to make a public announcement or a filing in a manner consistent with the requirements of Article 36 of the Securities Exchange Act.
    - B. An error or omission in a financial report prepared by the Company, with respect to which Article 6 of the Securities and Exchange Act Enforcement Rules requires a correction to and further a restatement of the financial report.
    - C. A certified public accountant issues an audit or review report containing an opinion other than an unqualified or modified unqualified opinion. The same does not apply, however, in cases where the certified public accountant issues a qualified audit or review report for the reason of annual amortization of losses, as permitted by law, or for the reason that an amount of long-term equity investment and profit/loss thereupon presented in the first-quarter, third-quarter, or semiannual financial report is calculated on the basis of financial statements of the investee Company that has not been audited or reviewed by a certified public accountant.
    - D. A certified public accountant issues an audit or review report indicating substantial doubt about the going-concern assumption.
  - 3.10 A significant discrepancy between financial forecasts already publicly disclosed and actual figures or between updated (or corrected) financial forecasts and

original forecasts.

- 3.11 The Company's operating income or income before tax shows a significant change from the same period of the previous year or shows a significant change compared with the previous period and the change is not caused by seasonal factors.
  - 3.12 When any of the following accounting events occurs to the Company, and the event, although it does not affect the profit/loss of the current period, has resulted in a material change in the net worth of the current period:
    - A. Revaluation of assets.
    - B. Valuation of financial instruments.
    - C. Foreign currency translation adjustments.
    - D. Financial instruments accounted for using hedge accounting.
    - E. Net losses not recognized as retirement fund costs.
  - 3.13 The fundraising plan for corporate bond redemption cannot be carried out.
  - 3.14 The Company buys back its own shares.
  - 3.15 The Company makes or suspends a public tender offer to acquire securities issued by a public company.
  - 3.16 The Company acquires or disposes of a major asset.
  - 3.17 If the Company has issued securities overseas, the occurrence of a material event that requires prompt public announcement or filing, as provided in the government laws and regulations or securities exchange market rules and regulations of the country where the securities are listed.
  - 3.18 Other matters relating to the finances or businesses of the Company that would have a material impact on its stock price or on the investment decisions of a reasonably prudent investor.
4. Liability for damages violated
- Persons in violation of the provisions shall be held liable to trading counterparts, who on the day of the violation undertook the opposite-side trade with bona fide intent, for damages in the amount of the difference between the buy or sell price and the average closing price for ten business days after the date of public disclosure. The damages payable by the said violators shall be tripled should the violation be of a severe nature. The Company will impose a maximum penalty of dismissal and claim reimbursement for the loss of goodwill and other related losses.

Article 11 Prohibition of short-swing trading

- 1. Regulated Subjects
 

The Company's directors, managerial officers, and employees who have received information based on their job relationships (involved as a result of performing their job duties), consultants, their spouses and their minor-aged children, and holders in the name of others.
- 2. Prohibition
 

Any profit realized from selling stock of the Company and other marketable securities of equity nature within six months after acquiring it or repurchases listed stock of the

Company within six months after selling it.

3. Liability for Violation:

Those who violate the regulations shall return their profit to the Company. The Company will, depending on the situation, impose a maximum penalty of dismissal and claim reimbursement for the loss of goodwill and other related losses.

Article 12 The Company's directors, managerial officers, employees (involved as a result of performing their job duties), and consultants should participate in the education and promotion of this operating procedure and related laws and regulations at any time.

These Procedures shall take effect after being approved by the board of directors. Subsequent amendments thereto shall be affected in the same manner.