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## Procedures for Prevention of Insider Trading

### I. Purpose

For the purpose of maintaining the fairness of the securities market, an insider or a potential insider of the Company and a person who has received relevant information shall not use non-public material information for the purpose of trading negotiable securities.

### II. Concept

The Procedures are set forth in order to prevent insiders of the Company from committing the crime of and being liable for insider trading and adversely impacting the Company's reputation, due to lack of understanding of Article 157-1 of the Securities Exchange Act.

### III. Contents

#### Chapter I General Provisions

Article 1: The "insider trading" mentioned in the Procedures means a person, upon actually acknowledging any information that could have a material impact on the share price or principal repayment capacity of the issuing company, after such information becomes precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, purchases or sells, in the person's own name or in the name of another, shares of the company that are listed on an exchange or an over-the-counter market, or other equity securities or non-equity corporate bonds.

Article 2: The "information that could have material impact on the share price of the company" mentioned in the Procedures refers to matters set out in Articles 2, 3 and 4 of *the Regulations Governing the Scope of Material Information and the Means of Its Public Disclosure Under Paragraphs 5 and 6 of Article 157-1 of the Securities and Exchange Act* (please refer to Appendix I), though such matters need not actually take place.

Article 3: The following persons shall be subject to the Procedures:

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1. A director, supervisor, and/or managerial officer (specifically referring to a managerial officer installed in accordance with the provisions of a letter issued by the Securities and Futures Commission on March 27, 2014 (Ref. No.: Tai-Tsai-Cheng-San-Ze-0920001301) of the company, and/or a natural person designated to exercise powers as a representative of a director or a supervisor pursuant to Paragraph 1 of Article 27 of the Company Act.
2. Shareholders holding more than 10% of the company's shares.
3. Any person who has learned the information by reason of occupational or controlling relationship.
4. A person who, though no longer among those listed in the preceding three subparagraphs, has only lost such status within the last six months.
5. Any person who has learned the information from any of the persons listed in the preceding four subparagraphs.

Article 4: The "date of existence of the information" mentioned in the Procedures has the same meaning as described in Article 5 of the *Regulations Governing the Scope of Material Information and the Means of Its Public Disclosure under Paragraphs 5 and 6 of Article 157-1 of the Securities and Exchange Act* (please refer to Appendix I).

Article 5: The "means of public disclosure of information" mentioned in the Procedures has the same meaning as described in Article 6 of the *Regulations Governing the Scope of Material Information and the Means of Its Public Disclosure under Paragraphs 5 and 6 of Article 157-1 of the Securities and Exchange Act* (please refer to Appendix I).

Article 6: A "trading instrument" mentioned in the Procedures means shares or other equity securities, including convertible corporate bonds, corporate bonds with warrants, stock warrants, call/put warrants, certificate of payment for shares, subscription certificates of entitlement to new shares, certificates of entitlement to new shares, certificate of entitlement to new shares converted from bonds, and Taiwan depository receipts and non-equity corporate bonds.

Article 7: The pattern of insider trading mentioned in the Procedures includes, but is not limited to, any of the following:

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1. Trading as a director, responsible person, or representative of the Company.
2. Trading in the name of his/her adult child, spouse, sibling, or a relative.
3. Trading in the name of an affiliated company or a subsidiary.
4. Manipulating trade after having resigned from his/her position as an insider of the Company.
5. Trading on information broadcast in the media.
6. Trading jointly with foreign investors or securities investment trust enterprises.
7. Trading with derivative financial instruments.

Article 8: Responsible Unit

The "Responsible Unit" mentioned in the Procedures means a unit that handles a segment of the Company's business matters designated to it depending on the type of business.

Chapter 2 Administrative Procedures

Article 9: An insider and Responsible Unit, having learned or are handling material information of the Company, shall not disclose such material information to other persons. After such information becomes precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, an insider and Responsible Unit shall not purchase or sell, in one's own name or in the name of another, shares of the Company that are listed on Taiwan Stock Exchange, or other equity securities or non-equity corporate bonds in a way that may be deemed as insider trading.

An insider and/or employee of the Company shall not vet or collect non-public material information of the Company that is unrelated to his/her duties from persons who have knowledge of the Company's material information. In the event that an insider and/or employee becomes aware of non-public material information of the Company, though not during the course of performing his/her duties, he/she shall not disclose such information to another person.

Article 10: The Responsible Unit shall request an entity or person not belonging to the Company execute a confidentiality agreement, prior to participation

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in the Company's merger or execution of material memorandum of understanding, strategic alliance, other business cooperation plans or material contracts, and not to disclose material information of the Company learned therefrom to another person. The Responsible Unit shall remind the said entity or person that, after such information becomes precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, he/she/it shall not purchase or sell, in his/her/its own name or in the name of another, shares of the Company that are listed on Taiwan Stock Exchange, or other equity securities or non-equity corporate bonds in a way that may be deemed as insider trading.

Article 11: Prior to any public disclosure of material information by the Responsible Unit pursuant to the *Taiwan Stock Exchange Corporation Procedures for Verification and Public Disclosure of Material Information of Listed Companies* and the *Taiwan Stock Exchange Corporation Procedures for Press Conferences Concerning Material Information of Listed Companies*, the Responsible Unit shall obtain the prior approval of the spokesperson or an authorized person acting on behalf of the spokesperson of the Company.

Article 12: The insider and/or employee of the Company shall not disclose non-public material information of the Company learned from a disclosure to another person. After such information becomes precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, such insider and/or employee shall not purchase or sell, in his/her/its own name or in the name of another, shares of the Company that are listed on an exchange or an over-the-counter market, or other equity securities or non-equity corporate bonds in a way that may be deemed as insider trading.

#### **IV. Penalty Provisions**

With respect to an insider (managerial officer (inclusive) and lower-rank staff) and employee of the Company,

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1. for anyone who is suspected of committing insider trading but has not yet received a sentence, his/her superior shall submit an opinion to the human resources department to advise on whether a temporary transfer is appropriate, taking into consideration the seriousness of the matter, suitability with regard to the business operations, and the general impact on the Company, subject to the final approval of the division chief in charge of personnel deployment according to the Measures for Delegation of Responsibility.
2. for anyone who is found guilty of committing insider trading by the court but may appeal, his/her superior shall submit an opinion to the human resources department to advise on whether a temporary transfer, suspension or penalty is appropriate, taking into consideration the involvement of such insider or personnel in the matter, suitability with regard to the business operations, and the general impact on the Company, subject to the final approval of the division chief in charge of personnel deployment according to the Measures for Delegation of Responsibility.
3. for anyone who is found guilty of committing insider trading by the court, his/her superior shall submit an opinion to the human resources department to advise on whether a transfer, penalty or discharge is appropriate, taking into consideration the involvement of such insider or personnel in the matter, suitability with regard to the business operations, and the general impact on the Company, subject to the final approval of the division chief in charge of personnel deployment according to the Measures for Delegation of Responsibility.
4. anyone who is found guilty by the court shall compensate the Company for any damages or losses inflicted thereupon; to anyone who is proven not guilty by the court, the Company shall pay salary for the period of the suspension and rescind the imposed penalty.

Who is the "division chief" mentioned in above paragraphs 1 to 3 shall be determined based on the position of the insider or personnel when his/her supervisor submits his/her opinion.

With respect to directors(s),

1. in the event that a director is in violation of laws and regulations during the course of performing his/her duties, the supervisor(s) shall immediately notify the Board of Directors in accordance with Article 218-2 of the Company Act.
2. if a director is found guilty of committing insider trading by the court and Article 30 of the Company Act is applicable, he/she shall be discharged forthwith.

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With respect to supervisor(s),

1. in the event that a supervisor is in violation of laws and regulations during the course of performing his/her duties, such violation shall be handled in accordance with Article 224 of the Company Act.
2. if a supervisor is found guilty of committing insider trading by the court and Article 30 of the Company Act is applicable, he/she shall be discharged forthwith.

**V. Effectiveness and Amendment**

Article 13: Matters not provided herein shall be handled in accordance with relevant laws and regulations and relevant rules or regulations of the Company.