



Taiwan Hon Chuan Enterprise Co., Ltd

Operating Procedures for Handling Internal Material Information and Preventing Insider Trading

Date : 2020.03.23 (Announced)

Article 1 Purpose of these Procedures

These Procedures are specially adopted to establish sound mechanisms for the handling and disclosure of material inside information by this Corporation, in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by this Corporation to the public.

Article 2 Legal compliance

The Corporation shall implement management practices with respect to the handling and disclosure of material inside information and the prevention of insider trading in accordance with applicable laws and regulations, the rules and regulations of the Taiwan Stock Exchange Corporation, and these Procedures.

Article 3 Scope of application

These Procedures shall apply to all directors, managerial officers, and employees of the Corporation. This Corporation shall ensure that any other person who acquires knowledge of this Corporation's material inside information due to their position, profession, or relationship of control shall comply with the applicable provisions of these Procedures.

Article 4 Scope of material inside information

For the purposes of these Procedures, the term "material inside information" refers to material information as defined in the Securities and Exchange Act, other applicable laws and regulations, and the applicable rules and regulations of the Taiwan Stock Exchange Corporation.



Article 5 Restriction on trading of securities

1. No director or managerial officer of the Corporation within the scope of Article 3 of these Operational Procedures who has actual acquired knowledge of any material inside information within the meaning given in Article 4 hereof may buy or sell, in his own name or in the name of another, stock or other equity securities of the Corporation once the information is precise, and before this information is made public or within 18 hours after it is made public.
2. No director or managerial officer of the Corporation within the scope of Article 3 of these Operational Procedures who has actual acquired knowledge of any information that will have a material impact on the ability of Corporation to pay principal or interest may sell, in his own name or in the name of another, the non-equity-type corporate bonds of the Corporation that are listed on an exchange market once the information is precise, and before this information is made public or within 18 hours after it is made public. The closer definition of the term “information that will have a material impact on the ability of Corporation to pay principal or interest” as described in this paragraph shall be interpreted through and governed by the Securities and Exchange Act, other applicable law and regulations, and the applicable rules and regulations of the Taiwan Stock Exchange Corporation.
3. Notwithstanding the foregoing, if there is any legal or regulatory amendment providing otherwise, the amended provision shall govern.

Article 6 Responsible unit for handling material inside information and preventing insider trading

The Corporation establishes a responsible unit charged with the responsibility for handling material inside information and preventing insider trading, to be composed of persons appointed by the General Administration Department and the Financial Department.

The responsible unit shall have the following functions and authorities:

1. Responsibility for formulating the drafts of these Procedures and any amendments to them.
2. Responsibility for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Procedures.



3. Responsibility for receiving reports on unauthorized disclosures of material inside information and formulation of corresponding measures.
4. Responsibility for designing a system for preserving all documents, files, electronic records, and other materials related to these Procedures.
5. Be responsible for establishing and maintaining data files recording the information on the Corporation's directors, managerial officers, any shareholders holding more than ten percent of the shares of the Corporation, any spouse or minor children thereof, and any holding of the Corporation's shares through nominees as reported to the Corporation by the directors and managerial officers concerned.
6. Other activities related to these Procedures.

Article 7 Confidentiality firewall operations - management of personnel

1. This Corporation's directors, managerial officers, and employees 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.
2. No director, managerial officer, or employee with knowledge of material inside information of this Corporation may divulge the information to others.
3. No director, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of this Corporation 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 this Corporation of which they become aware for reasons other than the performance of their duties.

Article 8 Confidentiality firewall operations - management of documents and information

1. Proper protection of confidentiality shall be given to files and documents containing this Corporation's material inside information when transmitted in written form. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures.
2. Files and documents containing this Corporation's material inside



information shall be backed up and stored in a secure location.

Article 9 Operation of confidentiality firewalls

This Corporation shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:

1. Adopt adequate control measures for the firewalls and perform periodic testing.
2. Enhance measures for custody and maintaining the secrecy of files and documents containing non-public material inside information of this Corporation.

Article 10 Confidentiality obligations of outside organizations and persons

Any organization or person outside of this Corporation that is involved in any corporate action of this Corporation relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or 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 this Corporation's thus acquired.

Article 11 Principles of disclosure of material inside information

This Corporation shall comply with the following principles when making external disclosures of material inside information:

1. The information disclosed shall be accurate, complete, and timely.
2. There shall be a well-founded basis for the information disclosure.
3. The information shall be disclosed fairly.

Article 12 Implementation of the spokesperson system

1. Any disclosure of this Corporation's material inside information, except as otherwise provided by law or regulation, shall be made by this Corporation's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. When necessary, the disclosure may be made directly by a responsible person of this Corporation.
2. This Corporation's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope



authorized by this Corporation, and no personnel of this Corporation other than those serving as this Corporation's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of this Corporation to outside parties without authorization.

Article 13 Record of disclosure of material inside information

This Corporation shall keep records of the following in respect of any disclosure of information to outside parties:

1. The person who discloses the information, the date, and the time.
2. How the information is disclosed.
3. What information is disclosed.
4. What written material is delivered.
5. Any other relevant details.

Article 14 Response to false media coverage

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

Article 15 Reporting of unusual events

1. Any director, managerial officer, or employee of this Corporation that becomes aware of any unauthorized disclosure of this Corporation's material inside information shall report to the responsible unit and the Legal Affairs Office of this Corporation as soon as practicable.
2. Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the Legal Affairs Office and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.

Article 16 Disciplinary measures

This Corporation shall take measures to discover those responsible and take appropriate legal action against any personnel under either of the following



circumstances:

1. Personnel of this Corporation disclose material inside information without authorization to any outside party, or otherwise violate these Procedures or any other applicable law or regulation.
2. A spokesperson or deputy spokesperson of this Corporation communicates to any outside party any information beyond the scope authorized by this Corporation, or otherwise violates these Procedures or any other applicable law or regulation.

If any person outside this Corporation divulges any material inside information of this Corporation, thereby causing damage to any property or interest of this Corporation, this Corporation shall pursue appropriate measures to hold the person divulging the information legally liable.

Article 17 Internal controls

These Procedures shall be incorporated into this Corporation's internal control system. The internal auditors shall keep themselves regularly informed of the status of compliance with these Procedures and shall prepare related audit reports, so as to ensure full implementation of the procedures for handling material inside information and for preventing insider trading.

Article 18 Awareness campaigns

1. At least once per year, this Corporation shall conduct educational campaigns to promote awareness among all directors, managerial officers, and employees with respect to these Procedures and related laws and regulations.
2. This Corporation shall also provide educational campaigns to new directors, managerial officers, and employees in a timely manner.

Article 19 Implementation and amendment

These Procedures, and any amendments to them, shall be implemented upon approval by the Board of Directors.