

CHAILEASE HOLDING COMPANY LIMITED
OPERATING PROCEDURES FOR HANDLING INTERNAL MATERIAL INFORMATION
AND PREVENTING INSIDER TRADING

Confidential document

Approved by the Board of Directors on December 1, 2010

Amended by the Board of Directors on March 15, 2011

Amended by the Board of Directors on November 11, 2022

Amended by the Board of Directors on February 24, 2023

Chapter I GENERAL

Article 1 (Purpose of this Operating Procedure)

This Operating Procedure is adopted to establish well-defined mechanisms of the company for handling and disclosing internal material information, by which to prevent improper disclosure of information and to ensure the consistency and accuracy of information released by the company to the public, and intensifies to prevent insider trading.

Article 2 (Governing Laws and Regulations)

The company shall implement the practices with respect to the handling of internal material information and prevention of insider trading in accordance with applicable laws and order, the rules and regulations of the Taiwan Stock Exchange Corporation, and these operation procedures.

Article 3 (Scope of Application)

This Operational Procedure shall apply to all directors, managerial officers, and employee of the company.

The company shall have any other person who acquires knowledge of the company's internal material information due to that person's capacity or position, occupation, or controlling relationship be bound by and observe the applicable provisions of this Operational Procedure.

Article 4 (Scope of Internal Material Information)

For the purpose of this Operating Procedure, the term "Internal Material Information" refers to the information as provided in the ROC Securities and Exchange Act, other

applicable laws, orders, and relevant rules and regulations of the Taiwan Stock Exchange Corporation.

Article 5 (Special Task Force for Handling Internal Material Information)

The Special Task Forces for handling internal material information of this company is the Legal Department, and that will be announced by the Administrative Department.

The special task force shall have the following functions and authorities:

1. Be responsible for formulating his Operating Procedure and any amendments hereto.
2. Be responsible for receiving and processing any inquiries with respect to the operations for handling internal material information as well as this Operating Procedure, and for review and providing suggestions in connection therewith.
3. Be responsible for receiving any report submitted to inform of any leakage of internal material information, and for formulating countermeasures.
4. Be responsible for designing a system to preserve all documents, files, electronic records, and other materials related to this Operating Procedure.
5. Other activities related to this Operational Procedure.

Chapter II Management of Prevention of Insider Trading

Article 6 (Persons)

The prohibition of insider trading shall be applied to the following persons:

1. A director, supervisor, and/or managerial officer of this company, and/or a natural person designated to exercise powers as representative pursuant to Article 27 paragraph 1 of the Company.
2. The shareholders holding more than ten percent of the shares of the company.
3. Any person who has learned the information by reason of occupational or controlling relationship.
4. The person who, though no longer among those listed in one of 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 named in the preceding four subparagraphs.

The director, supervisor, managerial officer of the company, and the shareholders holding more than ten percent of the shares of the company, and also applicable to shares owned by their respective spouse, minor children, and nominees.

Article 7 (Prohibition of Insider Trading)

Upon actually knowing of any information that will have material impact on the price of the securities of the issuing company, after its public disclosure of such information or within 18 hours after its public disclosure, the abovementioned persons shall not purchase or sell, 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 any other equity-type securities of this company.

Upon actually knowing of any information that will have a material impact on the ability of the issuing company to pay principal or interest, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the person listed in the preceding paragraph shall not sell, in the person's own name or in the name of another, the non-equity-type corporation bonds of such company that are listed on an exchange or an over-the-counter market.

The phrase "information that will have a material impact on the price of the securities" in paragraph 1 shall mean information relating to the finances or businesses of this company, or the supply and demand of such securities on the market, or tender offer of such securities, the specific content of which will have a material impact on the price of the securities, or will have a material impact on the investment decision of a reasonably prudent investor.

The director of the company shall not trade its shares during the lock-up period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 8 (Disclosure of Information of Material Impact on the Price of the Securities)

Any material impact on the ability of the issuing company to pay principal or interest relating to the finance or business of this company will be announced on Market Observation Post System.

Any impact information about the supply and demand on the market will be announced by one of following manners:

1. The company enters such information into the Market Observation Post System.
2. The Taiwan Stock Exchange Corporation and the Taipei Exchange public announces the information on the Market Information System website.
3. Coverage of the information by two or more daily national newspapers on non-local news pages, national television news, or electronic newspapers issued by any the aforesaid media.

Article 9 (Insider Trading)

The Impact information about material impact on the price of the Securities, payment ability for principal or interest of this company, or the supply and demand on the market are included but not limited the following conditions:

1. The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing.
2. Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company.
3. Serious drop in the output, complete or partial suspension of work, lease of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business.
4. Any event specified under Article 185, paragraph 1 of the Company Act.
5. Judgment by the competent court to prohibit the transfer of the company's shares under Article 287, paragraph 1, item 5 of the Company Act.
6. Change in the chairman of the board, general manager or one-third or more of the directors of the company.
7. Change in the auditing and certifying accountant. However, where the change is due to internal adjustments in the accounting office, this matter shall not be included in the above definition.
8. Execution, amendment, termination, and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of this company.
9. The company carries out any material transaction of public offering and issuance or private placement of equity-type securities, capital reduction, corporation merger, acquisition, or split, share exchange conversion, or transfer of shares from others, direct or indirect investment project, or there is any material change in any of the above matters.
10. The company is in proceedings for reorganization, bankruptcy, dissolution, or application for stock delisting or termination of OTC securities trading, or there is any material change in any of the above matters.

11. 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.
12. Occurrence of a disaster, group protest, strike, or environmental pollution, or any other material event where the company incurs a material loss, or where a relevant authority orders suspension of work, suspension of business, or termination of business, or revokes or voids a relevant permit.
13. 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 a joint and several guarantor of a principal debtor; or inability by a principal obligor, in favor of whom the company has made an endorsement or guarantee, to settle a matured negotiable instrument, loan, or other obligation.
14. Occurrence of a significant event of internal control-related malpractice, non arm's-length transaction, or defalcation of company assets.
15. Suspension of part or all of business transactions between the company and a principal client or supplier.
16. Upon occurrence of any of the following with respect to a financial report of the company:
 - (1) Failure to make a public announcement or a filing in accordance with laws.
 - (2) An error or omission in a financial report prepared by the company, and that have been required a correction to and further a restatement of the financial report.
 - (3) 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 have not been audited or reviewed by a certified public accountant
 - (4) A certified public accountant issues an audit or review report indicating substantial doubt about the going-concern assumption.

17. A significant discrepancy between financial forecasts already publicly disclosed and actual figures or between updated (or corrected) financial forecasts and original forecasts.
18. 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.
19. When any of 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:
 - (1) Revaluation of assets.
 - (2) Valuation of financial instruments.
 - (3) Foreign currency translation adjustment.
 - (4) Financial instruments accounted for using hedge accounting.
 - (5) Net losses not recognized as retirement fund costs.
20. The fundraising plan for corporate bond redemption cannot be carried out.
21. The company buys back its own shares.
22. The company makes or suspends a public tender offer to acquire securities issued by a public company.
23. The company acquires or disposes of a major asset.
24. If the company has issued securities overseas, 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.
25. The company suffers a material loss, and the loss is likely to result in financial difficulty, suspension of business, or termination of business.
26. The amount of the company's current assets, with inventory and prepaid expenses deducted and net cash inflows generated before the maturity date of corporation bonds added, is insufficient to cover the principal or interest due in the near future for the most recent period and other current liabilities.
27. The interest of any already issued corporate bonds is calculated at a non-fixed interest rate, and the interest expenses have risen significantly due to market interest rate fluctuations and affect the ability of the company to pay principal or interest.
28. Any material change in the shareholding of the company or its controlling company.

29. The company's securities traded on the centralized securities exchange market or the OTC securities market are subject to an event of bidding, auctioning, material default in settlement, change of the original method of trading, or suspension, limitation, or termination of trading, or there is any circumstance that may lead to any such event.
30. Persons duly charged with exercising searches under the law conduct a search of the company, its controlling company, or any of its major subsidiaries as defined in Article 2-1, paragraph 2 of the Regulation Governing Auditing and Attestation of Financial Statements by Credited Public Accountants.

Chapter III Operating Procedures for Confidentiality

Article 10 (Confidentiality Firewall Operations – Personnel)

The company's directors, supervisor, managerial officers and employees shall exercise the duty of care and fiduciary of a good administrator and act in good faith when performing their duties.

No director, Supervisor, Managerial officer or employee having knowledge of any internal material information of the company may divulge such information to others. Neither to buy or sell the shares or other securities within the period of the internal material information is non-public or after the period of they be announced under laws or regulations.

No director, supervisor, managerial officer or employee of the company may seek to obtain or collect any internal material information of the company from a person have knowledge of such information and such information is not within the scope of their office functions. They also may not divulge to others any non-public internal material information of the company coming to their knowledge not as a result of performing their duties.

Article 11 (Confidentiality Firewall Operations – Management of Documents and Information)

When transmitted the company's internal material information in writing, such documents shall be maintained in proper protection. When transmitted by e-mail or other electronic means, such document shall be protected with proper encryption, digital signature or other security technologies.

Files and documents containing the company's internal material information shall be kept in safe place.

Article 12 (Operation of Firewall)

The company shall ensure the establishment of firewalls specified in the preceding 2 articles, and also take the following steps:

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

Article 13 (Confidentiality Operation for Outside Organizations and staffs)

Any organization or person outside of the company that is involved in any corporation action of the company relating to a merger and acquisition, major memorandum of understanding, strategic alliance or other business partnership plan, or the execution of a material contract shall be required to sign a non-disclosure agreement, and may not divulge the company's internal material information thus acquired to others.

Chapter IV Procedures for Disclosure

Article 14 (Principles and the evaluation process for Disclosure of Material Inside Information)

When making internal material information to outside parties, the company shall comply with the following principles:

1. The disclosure of the information shall be processed in accordance with relevant regulation, order, "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" or the Frequent Asked Question of the same.
2. The information shall be disclosed in an accurate, complete and timely manner.
3. The information shall be disclosed on a well-founded basis.
4. The information shall be disclosed on a fair basis.

The material policy resolution of the Company, occurrence of important event that in accordance with "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", or the resolution of the Company was made after conducting further evaluation of materiality, and the events regarding to finance, business, having material effect on shareholders' equity or securities prices shall be processed in accordance with the Company's "Procedure of Public Disclosure and Filing of the Information" and disclose the material information in time.

Article 15 (Implementation of Spokesperson System)

Any disclosure of the company's internal material information shall, unless otherwise provided by laws or regulations, be made by the company's spokesperson, or, as the case may be, by any person duly acting as a deputy spokesperson following an established sequential order for acting in such capacity; when necessary, the disclosure may be made directly by chairman, president of this company.

The company's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the company, and no personnel of the company other than those serving as the company's chairman, president, spokesperson, or deputy spokesperson may disclose any internal material information of the company to outside parties without authorization.

Article 16 (Records of Disclosure of Material Inside Information)

The company shall keep records of the following in respect of any disclosure of information to outside parties:

1. Who disclosed the information, on what date, and at what time.
2. How the information was disclosed.
3. What information was disclosed.
4. What written material was delivered.
5. The governing regulation and the content of evaluation regulated in Article 14 of this procedure.
6. Any other relevant details.

The above-mentioned relevant records shall be preserved no less than five years.

Article 17 (Response to false releases by media agency)

If any media agency releases information that in any respect is inconsistent with material information disclosed by the company, the company shall, having regard to the nature of the information, make a clarification announcement on the Market Observation Post System and also request the media agency to correct the information.

Chapter V Reporting to Unusual Events

Article 18(Notification of Unusual Events)

Any director, supervisor, managerial officer or employee of the company shall report to **the special task force of internal material information** and the Audit Department of the company as soon as possible if becoming aware of any unauthorized disclosure of the company's internal material information.

Upon receipt of a report under the preceding paragraph, the Special Task Force of internal material information shall formulate corresponding measures to be taken, and when necessary may invite members from the relevant departments to meet for discussion of such measures, and shall document the results of the measures so taken for future reference. The Audit Department shall also perform such audits as their duties may require.

Article 19 (Disciplinary Measures)

The company shall pursue disciplinary action and take appropriate legal measures against any personnel to whom either of the following applies:

1. Any personnel of the company without authorization discloses internal material information to any outside party or otherwise violates this Operating Procedure or any other applicable laws or regulations.
2. The spokesperson or deputy spokesperson of the company communicates to any outside party any information beyond the scope authorized by the company or otherwise violates this Operating Procedure or any other applicable laws or regulations.

If any person outside the company divulges any internal material information of the company and thereby causes damage to any property or interest of the company, the company shall pursue appropriate measures to hold legally liable the person divulging such information.

Chapter VI Internal Control System & Training Education

Article 20 (Internal Control System)

The Operating Procedure shall be incorporated into the company's internal control system. The Audit Department shall keep themselves regularly informed of the compliance status with regard to this Operating Procedure and shall prepare audit reports accordingly, so as to enforce the implementation of operating procedures for handling internal material information.

Article 21 (Training Education)

The Special Task Force of Internal Material Information shall deliver this Operating Procedure in written or other manners to directors, supervisors, managerial officers or employee for training education at least once per year.

The company shall also provide training education to new directors, supervisors, managerial officers or employee in a timely manner.

Chapter VII Supplementary Provision

Article 22

The Operating Procedure shall be implemented upon approval by the board of directors; any amendment thereto shall be subject to the same procedure.