

**Winstek Semiconductor Corporation, Ltd.**  
**Operating Procedures of Insider Trading Prevention Management**

**Article 1 Purpose**

The procedures are enacted to prevent insider trading, protect investors, and safeguard the interests of the Company; in particular, to avoid the situation where the Company and insiders inadvertently or intentionally violate the insider trading regulations and result in litigation or cause reputational damage to the Company and/or insiders.

**Article 2 Scope**

The Company's insider trading prevention program shall be established in accordance with the provisions of this operating procedure; where another law provides otherwise, the provisions of such law shall prevail.

**Article 3 Definition**

- I. Insider: according to Securities & Exchange Act, insiders include directors, supervisors, managerial officers and shareholders holding more than ten percent of the total shares; cover person of insiders includes i) insider's spouse, minor children and those held under the names of other parties; and ii) representative of juristic person director (supervisor), representative's spouse, minor children and those held under the name of other parties.
- II. Applicable objects of insider trading policy: in addition to above-mentioned insiders and cover person, any person who has learned the information by reason of occupational or controlling relationship, and/or who has learned the information from insiders will be regulated by insider trading policy.

**Article 4 Roles and Responsibilities**

- I. The company President's Office is responsible for establishing and maintaining the operating procedures.
- II. The company spokesman is in charge of releasing the material information to the public.

**Article 5 Operating Procedures**

- I. **Pursuant to the paragraph 1 of Article 157-1 of the Securities & Exchange Act, the following sections of the people of the Company shall be governed in the scope of insider trading regulations, including**
  1. a director, supervisor, and/or managerial officer of the company, and/or a natural person designated to exercise powers as representative pursuant to paragraph 1, Article 27 of the Company Act,

2. 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. a 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.

In addition, according to paragraph 2, Article 22 of the Securities & Exchange Act, the directors, supervisors, managerial officers, or shareholders holding more than ten percent of the total shares, the calculation of shares held by shall include shares held by their spouses and minor children and those held under the names of other parties.

## **II. Insider Trading**

In accordance with, paragraph 1 of Article 157-1, of the Securities & Exchange Act, upon actually knowing of any information that will have a material impact on the price of the securities of the issuing company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the 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 security of the company. Violation of this provision shall constitute insider trading.

Persons in violation of the provisions of paragraph 1, or 2, Article 157-1, of the Securities & Exchange Act shall be held liable to trading counterparts who on the day of the violation undertook the opposite side of the 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 court may also, upon the request of the counterpart trading in good faith, treble the damages payable by the said violators should the violation be of a severe nature. The court may reduce the damages where the violation is minor.

## **III. The phrase "information of, that will have a material impact on the price of the securities" in paragraph 4 of Article 157-1, of the Securities & Exchange Act, shall mean,**

1. The information relating to the finances or businesses of the company of which will have a material impact on the investment decision of a reasonably prudent investor.
2. 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.

#### **IV. The disclosure protocol of material information which may have material impact on the stock price**

The disclosure protocol will be in accordance with “Regulations Governing the Scope of Material Information and the Means of its Public Disclosure under Article 157-1, Paragraph 4 of the Securities and Exchange Act”:

1. For the material information related to Company’s financial and business information, public disclosure of information means a company enters such information into the Market Observation Post System.
2. For the material information associated with market demand and supply, public disclosure of information means a company enters such information into the Market Observation Post System, announces the information on the Market Information System website, publishing the information through two or more daily national newspapers on non-local news pages, national television news, or electronic newspapers issued by any the aforesaid media.

#### **V. The Procedures for Handling Material Inside Information**

1. Company shall implement its handling and disclosure of material inside information in accordance with applicable laws and regulations, the rules of the Taiwan Stock Exchange Corporation or the Over-the-Counter.
2. Company directors, supervisors, 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.

No director, supervisor, managerial officer, or employee with knowledge of material inside information of the Company may divulge the information to others.

No director, supervisor, managerial officer, or employee of the Company may 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.

3. Proper protection of confidentiality shall be given to files and documents containing the

Company'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. Files and documents containing the Company's material inside information shall be backed up and stored in a secure location.

4. Any organization or person outside of the Company that is involved in any corporate action of the Company 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 the Company's thus acquired.
5. Company 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.
6. Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be made by the Company'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 the Company.

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 responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.

7. Company 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.
8. 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.

9. Any director, supervisor, managerial officer, or employee of the Company that becomes aware of any unauthorized disclosure of the Company 's material inside information shall report to the responsible unit and the internal audit department of the Company as soon as practicable.

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 internal audit 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.

10. Company shall take measures to discover those responsible and take appropriate legal action against any personnel under either of the following circumstances:

- (1) Personnel of the Company 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 the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates these Procedures or any other applicable law or regulation.

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

## **Article 6**

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

## **Article 7**

Company should establish and maintain insider data files, and in accordance with the prescribed time limit, declare to the in-charge authority.

## **Article 8**

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