

## **ENNOSTAR Inc. Procedures for Preventing Insider Trading**

Approved by a resolution of the Board of  
Directors' meeting on January 6, 2021

- Article 1 In order to prevent any person, who has learned the information, from involving insider trading due to failure to know the relevant regulations and laws, the following Procedures are enacted pursuant to Article 8-3 of Regulations Governing Establishment of Internal Control Systems by Public Companies.
- Article 2 According to Article 157-1 of the Securities and Exchange Act, upon obtaining actual knowledge of any confirmed material information that will have a material impact on the price of the securities of the Company, 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 a stock exchange market or an over-the-counter market or any other equity-type security of the Company prior to the public disclosure of such information or within 18 hours after its public disclosure. The persons in violation of the preceding provisions shall be held liable for insider trading.
- Article 3 According to Article 157-1 of the Securities and Exchange Act, the following persons who are subject to the restriction on insider trading:
1. A director, supervisor, and/or managerial officer of the Company, a shareholder that directly or indirectly holds ten (10) percent or more of the Company's total shares, and/or a natural person designated to exercise powers as representative pursuant to Article 27, paragraph 1 of the Company Act.
  2. Any related party of the preceding subparagraph (including spouses, minor children and nominee shareholders).
  3. Any person who has learned the information by reason of an 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.
- Article 4 Material information or contingent news that could significantly affect its ability to pay principal and interest referred to Article 157-1 of the Securities and Exchange Act, shall mean:
1. Information relating to the finances or businesses of the Company, 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.

2. Information relating to the supply and demand of the Company's securities on the market, or tender offer of the Company's 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.

## Article 4-1

The news concerning the Company's finance and business referred to in the first paragraph of the preceding article that has a significant impact on its stock price or has a significant impact on the investment decision of a legitimate investor refers to one of the followings:

1. Matters stipulated in Article 7 of the Implementation Rules of the Securities Trading Law.
2. The Company handles major issuance or issuance of private equity securities, capital reductions, mergers, acquisitions, divisions, share exchanges, conversions or transfers, direct or indirect investment plans, or major changes in previous events.
3. The Company handles the reorganization, bankruptcy, dissolution, or application for the termination of listing of stocks, or the termination of trading in the securities dealers' business offices, or major changes in the previous events.
4. While the directors of the Company were ordered to suspend the exercise of their powers, the board of directors could not exercise their powers. Or the Company's independent directors were dismissed.
5. Disasters, collective protests, strikes, environmental pollution, or other major events that cause significant damage to the Company. Or being ordered to suspend, close, repeal or revoke the relevant permits by the relevant authorities.
6. The Company's affiliates or major debtors or their joint guarantors have been refunded, claimed bankruptcy, reorganization or other major similar events; the main debtor endorsed or guaranteed by the Company cannot pay the bills, loans or other debts due.
7. Those who have suffered significant internal control fraud, unconventional transactions or whose assets have been emptied.
8. The Company ceases part or all of its business dealings with major customers or suppliers.
9. The Company's financial report has one of the following situations:
  - (1) Those who have not announced the declaration pursuant to Article 36 of the Securities Exchange Law.

- (2) There are errors or omissions in the preparation of the financial report, and those errors or omissions stated in the provisions of Article 6 of the Implementing Rules of this Law shall be corrected and re-edited.
  - (3) Accountants issue the audit or review report but the opinion in the report is other than unqualified opinion. However, the qualified opinion resulting from conducting the annual amortization of the loss according to the law or the calculation of the long-term equity investment profit or loss in the first, the third, and the half-year financial reports which calculating base is on the unaudited statements of the investee company, is excluded .
  - (4) Accountants issue the audit report with significant doubts on the continuing business assumptions
10. The announced financial forecast has a significant difference with the actual number or the financial forecast update (revise) has a significant difference with the original numbers.
11. The Company's operating profit or loss or profit or loss before tax has a significant change compared with the same period last year, or a significant change compared with the previous period and the significant change is not caused by seasonal factors.
12. The Company has the following accounting matters that do not affect the current profit and loss but cause significant changes in the current net value:
  - (1) Asset re-assessment
  - (2) Period-end assessment on financial commodities
  - (3) Adjustment of foreign currency conversion
  - (4) Take hedge accounting on financial products
  - (5) The net loss which is not recognized as pension cost
13. The unsuccessful financing plan for repaying corporate debt.
14. To buy back the Company's shares.
15. To conduct or to cease public acquisition of securities of public companies
16. To obtain or dispose of major assets
17. When the Company issues securities overseas, major events that should be announced or reported immediately per the government laws and regulations of the country of listing and the regulations of its securities trading market occur.
18. Others involving the Company's finances and business have a significant impact on the Company's stock price or a significant influence on the investment decisions of legitimate investors.

Article 4-2 The news concerning the market supply and demand of the securities mentioned in the first paragraph of the preceding article that has a significant impact on its stock price or a significant impact on the investment decision of legitimate investors refers to one of the following news

1. Those whoes securities traded on a stock exchange marketor an over-the-counter market have been conducted or ceased public acquisition
2. Major changes in the equity of the Company or its controlling company
3. Any transaction or cause of the sale or purchase of marketable securities, tendering, auctioning, delivery of a material breach of contract, changing the original trading method, stopping trading, restricting trading, or terminating trading on a stock exchange market or an over-the-counter market.
4. Those who perform investigation under the law go to the Company, its controlling company, or an important subsidiary specified in Article 2, Item 2 of the Rules for Accountants to audit Financial Statements.
5. Others related to the market supply and demand of the security, which have a significant impact on the Company's stock price, or have a significant impact on the investment decisions of legitimate investors

Article 4-3 The news that significantly affects its ability to pay principal and interest states in Article 4 means one of the following

1. Those under the circumstances specified in paragraphs 1 to 3 of Article 7 of the Rules for the Implementation of the Securities Exchange Law.
  2. Those under the circumstances specified in Articles 4.1, from section 5 to section 8, and point 4 in section 9 and section 13.
  3. Companies that undergo reorganization, bankruptcy, or dissolution
  4. The Company incurs significant losses that lead to financial difficulties, suspension of business or business ceased.
  5. The amount of the Company's current assets after deducting inventories and prepayments plus the net cash inflows before the maturity of the corporate bonds is insufficient to cover the principal or interest that will be due in the most recent period and other current liabilities.
  6. The interest rate expenses of the issued corporate bonds carrying non-fixed interest rates has increased significantly due to changes in market interest rates, and affected the Company's ability to pay principal and interest.
  7. Others that impact the Company's ability to pay principal and interest.
- The above seven requirements do not apply to the issue of corporate bonds guaranteed by the bank to the Company.

Article 4-4 The valid time of the information set out in the previous three articles shall be the date of fact, agreement, signing, payment, entrustment, transaction, transfer date, audit committee or board resolution date, or any other date that can be determined based on specific evidence and whichever comes first prevails.

Article 5 The announce method to the vital news which impacts stock prices: According to the "Administrative Measures on the Scope of item 5 and Item 6 of Article 157 of the Securities Exchange Law"

1. The disclosure methods in Article 4.1 and Article 4.3 refer to enter the news on the Market Observation Post System by the Company.
2. The disclosure of information in Article 4-2 means disclosure through one of the following methods
  - (1) Enter news on the Market Observation Post System by the Company.
  - (2) Announce the basic market status on the website of the Taiwan Stock Exchange Co., Ltd.
  - (3) Announce the basic market status on the website of the ROC Securities Over-the-Counter Trading Center.
  - (4) Two or more non-local sections in daily newspapers, electronic newspapers or television news channels that publish or broadcast countrywide.

If the news is disclosed through the method in the fourth paragraph of the preceding paragraph, the calculation of the eighteen hours in the first paragraph of Article 157 of the Securities Exchange Law starts from the time when the newspaper delivers, TV news broadcast or shows on the electronic website. And the latter one prevails.

The delivery time of the morning newspaper is from 6 am and the one of the evening newspaper is from 3 pm.

Article 6 The Company shall implement its handling and disclosure of material inside information in accordance with applicable laws, regulations, the rules and regulations of the Taiwan Stock Exchange Corporation.

Article 7 The directors, supervisors, managerial officers, and employees of the Company shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties. And they shall comply with confidential agreements.

The director, supervisor, managerial officer, or employee of the Company with knowledge of material inside information of the Company may not divulge the information to others.

Director, supervisor, managerial officer, or employee of the Company may neither 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 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.

Article 8 Proper protection of confidentiality shall be given to files and documents containing the Company's material inside information 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.

Article 9 Any organization or person outside of the Company who is involved in any corporate action of this Company relating to a merger or acquisition, major memorandum, 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 acquired material inside information of the Company's.

Article 10 The 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.

Article 11 Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be handled by the Company's spokesperson, or by a deputy spokesperson and the scope of such disclosure shall be contained within the authorization of the Company . When necessary, the disclosure may be released directly by the responsible person or the general manager of the Company.

No personnel of the Company other than those serving as the Company's responsible person, general manager, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.

Article 12 The Company shall keep records of the followings 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 13 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 14 When anyone suspects or finds violations of laws and regulations (including corruption), unethical behavior, or the leaks of major internal information and reports, it will be handled in a confidential manner regardless of whether the reporting comes from internal channels or external channels; in addition, any reporting incidents will be ordered to be handled according to the "Procedure of the Specialized Handling Committee". The whistleblower as well as the reporting content will be properly protected according to the law and the whistleblower will be promised not to be treated improperly.

The "specialized report channel and processing procedures" shall be revised, adjusted or added by the corporate governance unit / supervisor to accommodate with the actual operational needs of the Company and the development trend of corporate governance, etc., and it shall be submitted to the chairman for approval and implementation

For the handling of each case, the person involved, his/her supervisor (committee), those who are stakeholders and interested parties should be avoided, and may not act as the processing personnel of the special handling committee.

Article 15 The 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.
3. Any person outside the Company divulges any material inside information of the Company and causes damage to any property or interest of the Company.

Article 16 The Company shall conduct educational sessions to promote awareness among all directors, supervisors, managerial officers, and employees with respect to these Procedures and related laws and regulations.

Article 17      The Company should establish and maintain data files of shareholders that directly or indirectly hold ten (10) percent or more of the Company's total shares, and declare to the competent authority in accordance with the prescribed deadlines and related matters.

If the Company has an audit committee, the Audit Committee shall exercise its relevant functions and powers in accordance with the provisions of Article 14 -5 of the Securities Exchange Law. And the provisions on supervisors of these measures shall be permitted by the Audit Committee.

Article 18      These Procedures, and any amendment thereto, shall take effect upon the approval of the Board of Directors