

# Zhen Ding Technology Holding Limited

## Report for Illegal & Misconduct Rule

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### Article 1 Objectives

To prevent disputes or legal cases involving the company or inside individuals resulting from misunderstandings of regulatory norms or intentional violations of inside trading regulations, which could harm the company's reputation and investor confidence, this rule has been established. Its purpose is to prohibit inside trading and safeguard the interests of investors and the company.

### Article 2 Definitions

- (1) Insiders: In compliance with the regulations on inside transactions outlined in the Securities Trading Acts, the insiders of the company include directors (including independent directors), managers, and shareholders who possess more than 10% of the company's shares. The related parties of the insiders encompass:
  - a. Spouses, minor children of insiders, and nominees.
  - b. Representatives of legal persons, directors, supervisors, spouses, minor children, and nominees.
- (2) Objects regulated for insider trading: In addition to the insiders mentioned above, it also includes individuals who have acquired the information through professional or controlling relationships, as well as recipients who have learned the information from insiders.

### Article 3 Scope

The company's management operations to prevent insider trading shall be governed by the provisions outlined in this rule. Nevertheless, if other laws dictate differently, those laws shall take precedence.

### Article 4 Duties

- (1) The company's Corporate Governance and Investor Relations Department is responsible for formulating and maintaining this rule and its related procedures.
- (2) The company's spokesperson is responsible for disseminating crucial company information to the public.

### Article 5 Operations

- (1) According to Article 157-1, Paragraph 1 of the Securities and Exchange Act, and the company is subject to the prohibition on insider trading, which includes:

- a. The company's directors (including independent directors), managers, and natural persons designated as representatives to perform duties in accordance with Article 27, Paragraph 1 of the Company Law (as per Article 27, Paragraph 1 of the Company Law, government or legal entities as shareholders may be elected as a director or supervisor, but a natural person representative must be designated to perform the duties).
- b. Shareholders holding more than 10% of the company's shares.
- c. Individuals who acquire information through professional or authoritative relationships.
- d. It has been less than 6 months since the person lost their status as stated above.
- e. Persons who learned the information from the individuals mentioned in the preceding four paragraphs. Furthermore, as per Article 22-2 of the Securities and Exchange Act, the shareholdings of the company's directors (including independent directors), managers, or shareholders who possess more than 10% of the company's shares should encompass their spouses, minor children, and nominees.

## (2) Insider Trading

- a. According to Article 157-1, Paragraph 1 of the Securities and Exchange Act, individuals bound by insider trading regulations are prohibited from making any comments about the company upon learning of significant news that could affect its stock price. This restriction applies before the news is publicly disclosed and for 18 hours after its release. This rule encompasses the company's listed stocks any other stocks traded at the securities dealer's business premises. Any act of buying or selling equity securities that violates this provision constitutes insider trading.
- b. Directors are prohibited from trading their stocks during the closed period, which are 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.

## (3) Article 157-1, paragraph 5 of the Securities and Exchange Act stipulates that the scope of information that significantly affects the stock price of the company includes:

- a. Information that the company's financials, business operations, or has a significant impact on the stock price or investors.
- b. Information involving the market supply and demand of securities, public tender offers, which significantly impact the company's stock price or investors.

- (4) The public disclosure method of information that significantly affects stock prices is governed by the regulations outlined in Article 157-1, Paragraphs 5 and 6 of the Securities and Exchange Act on the "Scope of Significant Information and its Disclosure Methods" significant information pertaining to the company's finances, operations, and market supply and demand will be disclosed through the Taiwan Stock Exchange Market Observation Post.
- (5) Dedicated Task Force Handling Material Insider Information: The Corporate Governance and Investor Relations Department is responsible managing the Dedicated Task Force Handling Material Insider Information. The task force is comprised of members based on the company's size, business circumstances, and management requirements. Its responsibilities include:
- a. Drafting and revising these rules and procedures.
  - b. Handling inside major information processing operations and providing consultation, review, and recommendations related to these rules and procedures.
  - c. Receiving reports related to the leakage of significant inside information and formulating response strategies.
  - d. Drafting and maintaining all documents, files, electronic records, and other data related to this rule.
  - e. Establishing and maintaining information about directors (including independent directors), managers, and shareholders who own more than 10% of the company's shares, as well as their spouses, minor children, and nominees.
  - f. Other business related to this rule.

## **Article 6 Inside Confidential Firewall and Operations**

### **(1) Members Firewall**

- a. Members should behave with good faith and loyalty, execute business in accordance with the principles of honesty and credit, and sign a confidentiality commitment or declaration.
- b. Members shall not disclose significant inside information known to others, nor shall they buy or sell the company's stocks or other securities with equity during the period specified by laws and regulations before or after inside significant information is disclosed.
- c. Members shall not inquire or collect non-job-related undisclosed significant inside information of the company from those who are aware of such information within the firm. Furthermore, they shall not disclose to

others any undisclosed significant inside information of the firm that they have learned, not related to the execution of their duties.

(2) Information Firewall

- a. When transferring physical critical inside information files within the company, appropriate protection should be provided; via email or other electronic means, encryption or electronic signatures must be used.
- b. Files containing important information within the company should be backed up and stored in a secure location.

(3) Operation: The company should ensure the establishment of the two aforementioned firewalls and take the following measures:

- a. Implement appropriate firewall management and control measures and conduct regular testing.
- b. Strengthen the management measures for the storage, encryption, and decryption processes of inside confidential files and documents within the company.

### **Article 7 External Agencies and Personnel Confidential Operations**

Entities or individuals external to the company who are engaged in the company's mergers and acquisitions, crucial memoranda, strategic alliances, other business collaboration plans, or the execution of important contracts must sign a confidentiality agreement. They are prohibited from disclosing any substantial inside information of the company to third parties.

### **Article 8 The Principle of Disclosure**

The company should adhere to the following principles when disclosing significant inside information to the public.

- (1) Disclosure of information should be accurate, consistent, complete, and timely.
- (2) Disclosure of information should be based on legal grounds.
- (3) Information should be disclosed fairly.

### **Article 9 Implementation of the Spokesperson System**

- (1) Disclosure of significant inside information should be managed by the company's spokesperson or deputy spokesperson, unless specified by laws or regulations. The authorization order must be verified, and no other individuals are permitted to speak publicly. Nevertheless, this restriction does not apply to special or temporary assignments. In such cases, the company's responsible individual may directly address the issue or delegate authority to a designated person for project-specific handling.

- (2) The statements made by the spokesperson and deputy spokesperson of the company should be within the scope authorized by the company. Except for the company's responsible person, spokesperson, deputy spokesperson, and project-assigned authorized personnel, company personnel are not allowed to disclose inside significant information without authorization.

#### **Article 10 Record Revealed**

The company should retain the following records for external information disclosure:

- (1) Personnel, date, time, and subject of information disclosure.
- (2) Methods of Information Disclosure.
- (3) Information Disclosure.
- (4) Content of written materials to be delivered.
- (5) Other relevant information.

#### **Article 11 Response to False Media**

Response to inaccurate media reports: If the content reported by the media does not align with the information disclosed by us, we should promptly provide clarification on the Market Observation Post System.

#### **Article 12 Reporting of Abnormal Situations**

- (1) Directors (including independent directors), managers, and employees of the company who become aware of any significant inside information leakage should promptly report it to the designated unit and the internal audit department.
- (2) After receiving the report mentioned in the preceding paragraph, the taskforce should formulate a response strategy. If needed, it may also schedule meetings with internal audit and other departments to discuss the response. The outcomes of the response should be documented for future reference, and internal audit should carry out audits as per their responsibilities.

#### **Article 13 Handling Violations**

If any of the following situations occur, the company shall investigate the relevant personnel's responsibilities and take appropriate legal measures:

- (1) Employees of the company who address significant inside information to external parties without authorization or violate the company's operating procedures or other legal regulations.
- (2) The company's spokesperson or authorized representative should refrain from making public statements that go beyond the company's authorized scope or contravene the company's operating procedures or other legal regulations.

- (3) Any individual external to the company who discloses substantial inside information of the company, resulting in harm to the company's interests.

**Article 14 Internal Control**

This rule is integrated into company's internal control system. Internal auditors should consistently monitor its compliance and generate audit reports to guarantee the enforcement crucial inside information processing operation procedures.

**Article 15 Educational Training**

The company shall manage the implementation of this rule and provide education on relevant laws and regulations to the individuals involved in this procedure.

**Article 16 Implementation and Revision**

This rule will be implemented after approval by the board of directors, and the same applies when revisions are made.