

**Avantech Co., Ltd.**  
**Guideline for Insider Trading Prevention Management**

**Article 1 Purpose**

For the purpose of avoiding situations in which the Company or insiders inadvertently or intentionally violate insider trading regulations and result in litigation or cause reputational damage to the Company or insiders, this Guideline is established to prevent insider trading, protect investors, and safeguard the interests of the Company.

The rules in this Guideline shall apply to the Company's insider trading prevention management operations; unless another law provides otherwise, the provisions of such law shall prevail.

**Article 2 Scope**

Pursuant to Paragraph 1, Article 157-1 of the Securities and Exchange Act, the following persons shall be governed in the scope of insider trading regulations:

1. The Company's director, manager, and 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 Company's shares.
3. A person who has learned 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.

The calculation of shares held by persons in Subparagraphs 1 and 2 shall include shares held by their spouses and minor children and those held under the names of other parties.

**Article 3 Material Information (I)**

The reference in Article 157-1 of the Securities and Exchange Act to information relating to the finances or businesses of a company that would have a material impact on its stock price or on the investment decisions of a reasonably prudent investor means any of the following:

1. Matters provided in Article 7 of the Securities and Exchange Act Enforcement Rules.
2. The Company carries out any material transaction of public offering and issuance or private placement of equity-type securities, capital reduction, corporate 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.
3. 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.
4. 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.

5. 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.
6. 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 guarantors of a principal debtor; or inability of a principal obligor, to whom the Company has made an endorsement or guarantee, to settle a matured negotiable instrument, loan, or other obligation.
7. Occurrence of a significant event of internal control-related malpractice, non-arms-length transaction, or defalcation of company assets.
8. Suspension of part or all of business transactions between the company and a principal client or supplier.
9. 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 a manner consistent with the requirements of Article 36 of the Securities and Exchange Act.
  - (2) An error or omission in a financial report prepared by the Company, with respect to which Article 6 of the Securities and Exchange Act Enforcement Rules requires 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, and 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.
10. A significant discrepancy between financial forecasts already publicly disclosed and actual figures or between updated (or corrected) financial forecasts and original forecasts.
11. The Company buys back its own shares.
12. The Company makes or suspends a public tender offer to acquire securities issued by a public company.
13. The Company acquirers or disposes of a major asset.
14. 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.

15. Other matters relating to the finances or businesses of the company that would have a material impact on its stock price or on the investment decisions of a reasonably prudent investor.

#### **Article 4 Material Information (II)**

The reference in Article 157-1 of the Securities and Exchange Act to information relating to the market supply and demand of such securities that would have a material impact on its stock price or on the investment decisions of a reasonably prudent investor means any of the following:

1. The Company's securities traded on the centralized securities exchange market or the OTC securities market are subject to a public tender offer or suspension of a public tender offer.
2. Any material change in the shareholding of the Company or its controlling company.
3. 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.
4. Any other matter relating to the market supply and demand of such securities that would have a material impact on the company's stock price or on the investment decisions of a reasonably prudent investor.

#### **Article 5 Material Information (III)**

The reference in Paragraph 6, Article 157-1 of the Securities and Exchange Act to information that will have a material impact on the ability of the company to pay principal or interest means any of the following:

1. Any matter set out in Subparagraphs 1 to 3, Article 7 of the Securities and Exchange Act Enforcement Rules.
2. Any matter set out in Subparagraphs 5 to 8, Item 4 of Subparagraph 9, and Subparagraph 13 of Article 3 herein.
3. The Company is in proceedings for reorganization, bankruptcy, or dissolution.
4. The Company suffers a material loss, and the loss is likely to result in financial difficulty, suspension of business, or termination of business.
5. The amount of the Company's current assets, with inventory and prepaid expenses deducted and net cash inflows generated before the maturity date of corporate bonds added, is insufficient to cover the principal or interest due in the near future for the most recent period and other current liabilities.
6. 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.
7. Any other matter that could affect the ability of the Company to pay principal or interest.

The provisions of the preceding paragraph do not apply to companies issuing corporate bonds under a bank guarantee.

### **Article 5-1 Precise Date of Existence of Information**

The precise date of existence of the information described in the preceding three articles shall be the precise date based on concrete evidence. The court shall determine whether the date of existence of material information is precise according to the circumstances at hand, rather than basing the precise date on whether a specific procedure has been completed, such as the signing of a written agreement or passing of a company's internal resolutions.

### **Article 6 Public Disclosure of Information**

Public disclosure of information prescribed in Articles 3 and 5 means a company enters such information into the information reporting website that is designated by the securities authority.

Public disclosure of information prescribed in Article 4 means any of the following:

1. The Company enters such information into the Market Observation Post System.
2. The Taiwan Stock Exchange Corporation publicly announces the information on the Market Information System website.
3. The GreTai Securities Market publicly announces the information on the Market Information System website.
4. 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.

In the case of information publicly disclosed under Subparagraph 4 of the preceding paragraph, the period of 18 hours referred to in Paragraph 1, Article 157-1 of the Securities and Exchange Act shall begin with the later of the time of delivery of the newspaper, first broadcasting of the television news, or posting of the news on the electronic website, as the case may be.

### **Article 7 Insider Trading**

Upon actually learning any information listed in Article 3 or 4 that will have a material impact on the price of shares 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 listed in Article 2 of this Guideline shall not purchase or sell, in the person's own name or in the name of another person, the shares of the company or other equity-type securities of such company that are listed on an exchange or an over-the-counter market. Violation of this provision shall constitute insider trading.

Upon actually learning any information listed in Article 5 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 persons listed in Article 2 of this Guideline shall not purchase or sell, in the person's own name or in the name of another person, the non-equity-type corporate bonds of such company that are listed on an exchange or an over-the-counter market. Violation of this provision shall also constitute insider trading.

### **Article 8 Liability for Violations**

Persons engaging in insider trading in violation of Article 157-1 of the Securities and Exchange Act shall be held liable or jointly and severally liable for damages, and they shall be held criminally liable in accordance with Article 171 of the Securities and Exchange Act.

### **Article 9 Education and Awareness Programs**

At least once a year, the Company shall conduct educational campaigns to promote awareness among all directors and managers with respect to this Guideline and related laws and regulations. The Company shall provide educational campaigns to directors and managers in a timely manner. Directors and managers of the Company shall, within five days of assumption of office, sign a relevant legal declaration for insider trading, and the form shall be kept for reference. Within ten days of assumption of office, a photocopy of the director and independent director's declaration shall be sent to Taiwan Stock Exchange for reference.

### **Article 10 Internal Control Mechanism**

The Company's internal auditors shall occasionally determine the compliance status of the Company and prepare it into an audit report so as to facilitate the implementation of this Guideline.

### **Article 11 Reporting of Changes**

The Company shall establish and maintain insider data files, and report them to the authority in-charge in accordance with the prescribed time limit and method. Information reporting (Real-Time Reporting System for Employment (Dismissal) of Insiders) of changes to insiders, including the Company's directors, managers, and shareholders holding more than ten percent of the Company's shares, and parties related to them (including the insider's spouse, minor children, and those held under the names of other parties) shall be conducted within two days of the occurrence of fact.

**Article 12** This Guideline, and any amendments thereof, shall be implemented upon approval by the board of directors.

**Article 13** This Guideline was established on March 6, 2015.

Amendment 1 was made on March 28, 2017.

Amendment 2 was made on March 6, 2020.