

Insider Trading Prevention Management Procedures

XU YUAN PACKAGING TECHNOLOGY CO., LTD.

1. Purpose

To prevent the company or insiders from violating insider trading regulations due to a lack of knowledge or intentional misconduct, which could result in lawsuits or damage to the company's reputation, these procedures are established to prevent insider trading, protect investors, and safeguard the company's rights and interests.

2. Scope

The management of insider trading prevention within the company shall comply with these procedures unless other laws and regulations stipulate otherwise.

3. Definitions

3.1 Insiders

According to the **Securities and Exchange Act**, insiders include:

- Company directors, managers, and shareholders holding more than 10% of total shares.
- Related parties of insiders, including:
 1. Spouses, minor children, or those holding shares on behalf of insiders.
 2. Corporate directors' representatives, their spouses, minor children, or those holding shares on their behalf.

3.2 Individuals Subject to Insider Trading Regulations

Apart from the insiders mentioned above, individuals who obtain company-related information due to **their profession or controlling relationships**, as well as those who **receive information from insiders**, are also subject to insider trading regulations.

4. Responsibilities

4.1 General Manager's Office

Responsible for drafting and maintaining these procedures.

4.2 Company Spokesperson

Responsible for **external disclosure of major company information**.

5. Applicability

According to **Article 157-1 of the Securities and Exchange Act**, the following individuals are subject to insider trading prohibitions:

1. Company directors, managers, and designated representatives under Article 27 of the Company Act.
 2. Shareholders holding more than 10% of the company's shares.
 3. Individuals who gain information due to their profession or controlling relationships.
 4. Individuals who, within six months of losing their insider status, still possess such information.
 5. Individuals who receive material non-public information from the above-listed persons.
 6. According to Article 22-2 of the Securities and Exchange Act, the holdings of a company's director, manager, or major shareholder also include shares held by their spouse, minor children, or those held under a third party's name.
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6. Insider Trading Prohibitions

According to **Article 157-1 of the Securities and Exchange Act**, individuals subject to insider trading regulations **must not buy or sell company shares or other equity-related securities before the information is publicly disclosed or within 18 hours after disclosure** if the information significantly affects stock prices.

7. Definition of Material Non-Public Information

According to **Article 157-1, Paragraph 4 of the Securities and Exchange Act**, material non-public information includes:

1. **Financial and business-related matters** significantly affecting stock prices or influencing investment decisions.
 2. **Market supply and demand changes**, such as **public acquisitions**, that significantly impact stock prices or investment decisions.
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8. Disclosure of Material Non-Public Information

According to the **Management Regulations on Disclosure of Material Information under Article 157-1 of the Securities and Exchange Act**, material information shall be disclosed as follows:

1. **Financial and business-related information** shall be **published on the Market Observation Post System (MOPS)**.
 2. **Market supply and demand-related information** shall be disclosed through:
 - MOPS
 - Basic market condition reports
 - At least two national newspapers
 - National TV news reports or related electronic news publications
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9. Internal Management of Material Non-Public Information

1. Internal handling and disclosure of material non-public information must comply with relevant laws, regulations, and rules set by the Taiwan Stock Exchange or the Taipei Exchange.
2. Company directors, managers, and employees must act with due diligence and integrity and sign confidentiality agreements. Those with access to material non-public information must not disclose such information to unauthorized individuals.
3. Employees must not seek, collect, or disclose non-public company information unrelated to their duties.
4. When transmitting confidential documents via paper, email, or other electronic means, appropriate encryption or security measures must be used.
5. Backup copies of confidential documents should be stored securely.
6. External parties involved in mergers, strategic alliances, or major contracts must sign confidentiality agreements and must not disclose internal company information.
7. When disclosing internal company information, the following principles must be followed:
 - Accuracy, completeness, and timeliness
 - Disclosures must be based on legitimate sources
 - Fair and non-discriminatory disclosure
8. Only the company spokesperson or authorized representatives may disclose material non-public information. If necessary, the responsible company official may personally handle disclosures.
9. Statements made by the spokesperson and authorized representatives must be within their authorized scope. Employees must not disclose material information unless authorized.
10. Records of disclosed information should be maintained, including:
 - Date and time of disclosure
 - Method of disclosure
 - Content of disclosure
 - Documents provided
 - Other relevant information
11. If media reports contain incorrect or misleading information, the company shall clarify and request corrections through MOPS.
12. If company personnel discover a leak of confidential information, they must immediately report it to the relevant department and internal audit unit.

13. Disciplinary actions will be taken against any of the following violations:
 - Unauthorized disclosure of material non-public information
 - Spokespersons exceeding their authorized scope or violating disclosure regulations
 14. If an external party leaks confidential company information and causes damage to the company, legal action shall be pursued.
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10. Training and Awareness

The company shall conduct at least one annual training session on insider trading prevention for directors, managers, and employees. New employees shall receive appropriate training upon onboarding.

11. Maintenance of Insider Records

The company shall establish and maintain a database of insiders and report to regulatory authorities as required.

12. Implementation and Amendments

These procedures shall take effect upon approval by the Board of Directors and shall follow the same approval process for amendments.