

# **Eastern Media International Corporation**

## **Procedures for handling material inside information**

Amended May 9, 2017

### **Chapter 1 General Provisions**

#### **Article 1 Purpose of these Procedures**

These Procedures are specially adopted to establish sound mechanisms for the handling and disclosure of material inside information by this Corporation, in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by this Corporation to the public.

#### **Article 2 Material inside information shall be handled in accordance with applicable laws and regulations and these Procedures**

The Company handles the processing and disclosure of material inside information. It shall be handled in accordance with relevant laws, orders and regulations of the securities authority and these Operating Procedures.

#### **Article 3 Scope of application**

The applicable subjects of these Operating Procedures are as follows:

1. The directors, managers and employees of the Company.
2. The largest shareholders holding more than 10% of shares.
3. People who have learned the news based on occupation or control relationship.
4. Those who have lost one of the three aforementioned statuses less than six months ago.
5. A person who has received information from the persons listed in the preceding four items.

The Company shall urge the subject to comply with the relevant regulations of these Operating Procedures.

#### **Article 4 When buying and selling constitutes insider trading**

When the personnel listed in Article 3 above actually learn about news that has a significant impact on the Company's stock price, after the news is clear, before or within 18 hours after publishing, it is not allowed to buy or sell the Company's stocks or other securities with the nature of equity by themselves or in the name of others.

When involving major company news, the time of its establishment is the date of fact occurrence, agreement date, signing date, payment date, entrustment date, closing date, transfer date, board resolution date, or other date when specific evidence can be obtained, and the first date shall

prevail.

**Article 5 Scope of material inside information**

The material inside information referred to in these Operating Procedures refers to the Company's financial, business or securities market supply and demand, and public acquisitions. Its specific content has a significant impact on its stock price, or is news that has an important influence on the investment decision of the legitimate investor. Its scope is as follows:

1. The material information specified in Article 2 of the Operating Procedures for verification and disclosure of material information of listed companies by the Taiwan Stock Exchange.
2. The matters stipulated in Article 7 of the Implementation Rules of the Securities and Exchange Act.
3. News that has a significant impact on the Company's stock price as stated in Article 157-1, Paragraph 1 of the Securities and Exchange Act, or news that has a significant influence on the investment decision of a legitimate investor.
4. The scope of major news and its disclosure method in Article 157-1 of the Securities and Exchange Act, the management method of the management of the Company's finances and businesses mentioned in Article 2 and has a significant impact on the Company's stock price, or is news that has a significant influence on the investment decision of a legitimate investor.
5. The scope of major news and its disclosure method in Article 157-1 of the Securities and Exchange Act, Article 3 of the Measures for the Administration of the Market Supply and Demand of Company Securities, and has a significant impact on the Company's stock price, or is news that has a significant influence on the investment decision of a legitimate investor.
6. The matters stipulated in Article 36, Paragraph 2 of the Securities and Exchange Act.
7. Article 36-1 of the Securities and Exchange Act authorizes the stipulation of matters that shall be announced or reported in the relevant sub-laws. That is, Article 30, Article 31, and Article 33 of the Guidelines for the Acquisition or Disposal of Assets by Public Offering Companies; Article 22 and Article 25 of the Guidelines for the Processing of Fund Loans and Endorsement Guarantees for Public Issuance of Companies; and a public issuing company's public financial forecast information processing standards and other requirements shall announce and report matters.
8. Significant information referred to in other relevant laws, orders, and

relevant regulations of the Taiwan Stock Exchange.

**Article 6 Responsible unit in charge of the handling of material inside information**

This Corporation shall establish a unit charged with handling material inside information. The responsible unit shall be composed of an adequate number of competent members in accordance with the size, business conditions, and management needs of this Corporation and shall be approved by the board of directors. The unit shall have the following functions and authorities:

1. Draft and revise these Operating Procedures.
2. Responsible for handling relevant internal major information processing operations.
3. Draft all documents related to this operation method, and the preservation system of files and electronic records.
4. Other business related to these Operating Procedures.

**Chapter 2 Confidential operation procedures for material inside information**

**Article 7 Confidentiality firewall operations - Personnel**

This Corporation's 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 this Corporation may divulge the information to others.

No director, supervisor, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of this Corporation 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 this Corporation of which they become aware for reasons other than the performance of their duties.

**Article 8: Confidential firewall operations-Things**

Proper protection of confidentiality shall be given to files and documents containing this Corporation'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 this Corporation's material inside information shall be backed up and stored in a secure location.

For the declaration of material information, it shall be handled in accordance with the control regulations of Article 8 of the Company's "Computer Operation Management Standards" for the declaration of public information.

**Article 9 Operation of confidentiality firewalls**

This Corporation shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:

1. Adopt adequate control measures for the firewalls and perform periodic testing.
2. Enhance measures for custody and maintaining the secrecy of files and documents containing non-public material inside information of this Corporation.

**Article 10 Confidentiality obligations of outside organizations and persons**

Any organization or person outside of this Corporation that is involved in any corporate action of this Corporation 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 this Corporation's thus acquired.

**Chapter 3 Processing Procedures for Disclosure of Material Inside Information**

**Article 11 Methods of Disclosure of Material Information**

In addition to the release of major information on the Market Observation Post System as required by laws and regulations, the methods of public disclosure of material inside information, or other methods permitted by laws and regulations.

**Article 12 Principles of disclosure of material inside information**

This Corporation 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 13 Implementation of the spokesperson system**

Any disclosure of this Corporation's material inside information, except as otherwise provided by law or regulation, shall be made by this Corporation'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 this Corporation.

This Corporation's spokesperson or deputy spokesperson shall

communicate to outside parties only information within the scope authorized by this Corporation, and no personnel of this Corporation other than those serving as this Corporation's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of this Corporation to outside parties without authorization.

**Article 14 Record of disclosure of material inside information**

This Corporation 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.

**Article 15 Response to false media coverage**

If a media agency releases information that is in any respect inconsistent with material information disclosed by this Corporation, this Corporation shall promptly issue a clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.

**Chapter 4 Handling of unusual events**

**Article 16 Reporting of unusual events**

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

Upon receipt of a report made pursuant to the preceding paragraph. 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.

**Article 17 Disciplinary measures**

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

1. Personnel of this Corporation 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 this Corporation

communicates to any outside party any information beyond the scope authorized by this Corporation, or otherwise violates these Procedures or any other applicable law or regulation.

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

## **Chapter 5 Internal control operations and promotion of internal education**

### **Article 18 Internal controls**

These Procedures shall be incorporated into this Corporation's internal control system. The internal auditors shall keep themselves regularly informed of the status of compliance with these Procedures and shall prepare related audit reports, so as to ensure full implementation of the procedures for handling material inside information.

### **Article 19 Awareness campaigns**

At least once per year, this Corporation 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.

This Corporation shall also provide educational campaigns to new directors, supervisors, managerial officers, and employees in a timely manner.

## **Chapter 6 Supplementary Provisions**

### **Article 20**

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