

## Kwong Fong Industries Corporation

### Prevent insider trading management and internal material information processing operating procedures

#### Article 1 Purpose

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 Scope

This Corporation shall implement its handling and disclosure of material inside information in accordance with applicable laws and regulations, the rules and these Procedures.

#### Article 3 Definition

1. Insiders: According to the regulations on insiders in the Securities and Exchange Law, the scope of insiders includes directors, managers and shareholders holding more than 10% of the total shares of the Company; The insider's relationship includes:
  - (1) The insider's spouse, minor children and holders in the name of others.
  - (2) The representative director of the legal person, the spouse of the representative, the minor children and the holders in the name of others are all insiders of the Company.
2. Objects of insider trading: In addition to the insiders mentioned above, it also includes those who have learned the news based on their professional or control relationship, as well as the recipients of the news from insiders.

#### Article 4 Dedicated Units and Record Keeping

The Finance Department of the Company is responsible for the evaluation, review, presentation and release of material information, and the "Application for Publication of Material Information" and the "Material Information Assessment Checklist" shall be recorded in writing and submitted to the decision of the spokesperson of the Company, and the evaluation records, documents and related information shall be kept for at least five years.

The Company shall keep the following records of the release of material information:

1. Assessment content.
2. Signature or seal, date and time of the evaluator, review and decision-making personnel.
3. The content of the material information released and the applicable legal basis.

## Article 5 Contents

1. In accordance with the provisions of Paragraph 1 of Article 157-1 of the Securities and Exchange Act, the following persons are subject to the prohibition of insider trading, including:
  - (1) Directors and managers of the Company and natural persons appointed to perform their duties as representatives in accordance with the provisions of Paragraph 1 of Article 27 of the Company Law (According to the provisions of Paragraph 1 of Article 27 of the Company Law, when the government or legal person is a shareholder, it may be elected as a director). provided that a representative of a natural person shall be appointed to perform his or her duties).
  - (2) Shareholders holding more than 10% of the shares of the Company.
  - (3) Persons who have learned of information based on their occupation or control relationship.
  - (4) Those who have not yet been 6 months after losing the status described in the preceding three paragraphs.
  - (5) Persons who have received information from the persons listed in the preceding four paragraphs.

In addition, in accordance with Article 22-2 of the Securities and Exchange Act, the directors, managers or shareholders holding more than 10% of the shares of the Company shall include their spouses, minor children and holders in the name of others.

### 2. Insider trading

Insider trading is constituted if the subject of insider trading violates the provisions of Article 157-1, Paragraphs 1 and 2 of the Securities and Exchange Act, and the laws and regulations stipulate as follows:

- (1) When the subject of the Insider Trading Regulation actually learns of the news that the Company has a significant impact on its stock price, it shall not buy or sell the stocks or other securities with the nature of equity listed on the Company or traded in the business premises of the securities firm on its own or in the name of others within 18 hours after the information is clear.
- (2) When the Company is actually aware of the news that has a significant impact on its ability to pay principal and interest, it shall not sell the non-equity corporate bonds of the Company listed or traded in the business premises of a securities firm by itself or in the name of others before or within 18 hours after the disclosure of such information.
- (3) In order to prevent insider trading, the directors and managers of the Company and the natural persons who are designated to perform their duties as representatives in accordance with the provisions of Paragraph 1 of Article 27 of the Company Law (including their spouses, minor children and holders in the name of others) shall not trade their

shares during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.

3. In accordance with the provisions of Paragraphs 5 and 6 of Article 157-1-1 of the Securities and Exchange Act, the scope of information that materially affects the stock price and ability to pay principal and interest of the Company includes:

- (1) News related to the company's finances and business, which has a significant impact on the company's stock price, or has a significant impact on the investment decisions of legitimate investors.
- (2) News involving market supply and demand and public acquisition of the securities, the specific contents of which have a significant impact on the price of the Company's shares, or have a significant impact on the investment decisions of legitimate investors.
- (3) Other circumstances that may affect the company's ability to pay principal and interest.

4. The disclosure method of news that materially affects the stock price and the ability to pay principal and interest: In accordance with the provisions of the Administrative Measures for the Scope of Major News and the Disclosure Method of Items 5 and 6 of Article 157-1 of the Securities and Exchange Law:

- (1) Material information involving the Company's finances, business aspects and ability to pay principal and interest, the method of disclosure refers to the public information observation station entered by the Company;
- (2) For material news involving market supply and demand, the method of disclosure refers to the Company's input into the public information observation station, the website of the Taiwan Stock Exchange or the Securities OTC Trading Center for basic market situation reporting, and the non-local pages of two or more newspapers distributed nationwide, national television news or electronic newspapers issued by pre-existing media.

5. Operating procedures for handling major information:

- (1) Procedures for evaluating and verifying material information:  
The release of material information by the Company shall be handled in accordance with the relevant laws, orders, and the Taiwan Stock Exchange's procedures for verifying and disclosing the material information of listed companies on securities, relevant questions and answers, and this operating procedure to ensure the timeliness, correctness and completeness of the information.

If the major decision or occurrence of an important event of the Company's resolution complies with the Taiwan Stock Exchange's procedures for the verification and public handling of material information of listed securities companies, the responsible entity shall fill in the Application for Publication of Material Information (Appendix 1) and the Material Information Assessment Checklist (Appendix 2) on the date of occurrence and submit it to the Company's material information unit for review and review, and then send it to the spokesperson of the Company for signature and decision, and release the material information before the time limit prescribed by the law.

- (2) The directors, managers and employees of the Company shall perform their business in good faith with the care and loyalty of a good manager, and sign a confidentiality agreement.  
Directors, managers and employees who are aware of the Company's material internal information shall not disclose the material internal information to others. The directors, managers and employees of the Company shall not inquire about or collect undisclosed material internal information of the Company from persons who know the Company's internal material information, nor shall they disclose to others any material internal information that is not disclosed by the Company for the purpose of conducting business.
- (3) When the company's internal material information files are transmitted in writing, they shall be appropriately protected. Transmissions by e-mail or other electronic means must be handled with appropriate security technologies such as encryption or e-mail stamps. The archives of the company's internal material information should be backed up and kept in a safe place.
- (4) The Company shall ensure the establishment of the firewall specified in the preceding two paragraphs and take the following measures:
  - A. Adopt appropriate control measures and conduct regular testing.
  - B. Strengthen the storage and confidentiality measures of the company's undisclosed internal important information files.
- (5) Institutions or personnel other than the Company shall sign confidentiality agreements due to their participation in mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans or important contracts of the Company, and shall not disclose material internal information of the Company to others.
- (6) The Company shall adhere to the following principles when disclosing material internal information to the outside world:

- A. Information disclosure should be accurate, complete and timely.
  - B. The disclosure of information should have a basis.
  - C. Information should be disclosed fairly.
- (7) 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.
- (8) This Corporation shall keep records of the following in respect of any disclosure of information to outside parties:
- A. The person who discloses the information, the date, and the time.
  - B. How the information is disclosed.
  - C. What information is disclosed.
  - D. What written material is delivered.
  - E. Any other relevant details.
- (9) 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.
- (10) 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, the responsible unit shall formulate corresponding measures. 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. The internal auditors shall also perform such audits as their duties may require.
- (11) 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:

- A. 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.
- B. 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.
- C. 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.

Article 6	<p>Internal controls</p> <p>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.</p>
Article 7	<p>Awareness campaigns</p> <p>At least once a year, the Company conducts education and publicity on this operating procedure or relevant laws and regulations for directors, managers, shareholders holding more than 10% of the shares and employees. New directors, managers and employees should also be provided with education and publicity in a timely manner.</p>
Article 8	<p>Insider data building</p> <p>The Company shall establish and maintain the data files of the insiders, and report to the competent authority in accordance with the prescribed time limit and method.</p>
Article 9	<p>Implement</p> <p>These operating procedures shall be implemented after approval by the Audit Committee and the Board of Directors, and shall be the same when amended.</p>
Article 10	<p>These rules were enacted on August 12, 2022 and were first revised on November 11, 2022</p>