

PharmaEssentia Corporation

Operating Procedures for Handling Material Nonpublic Information and Preventing Insider Trading

Article 1 Purpose

Operating Procedures for Handling Material Nonpublic Information and Preventing Insider Trading (hereinafter “the Procedures”) are enacted to establish sound mechanisms for the handling and disclosure of material nonpublic information by PharmaEssentia Corporation (hereinafter “the Corporation”), thereby preventing improper information disclosures, ensuring the consistency and accuracy of information released to the public, and strengthening the prevention of insider trading.

Article 2 Legal compliance

The Corporation shall implement its handling and disclosure of material nonpublic information as well as prevention of insider trading in accordance with applicable laws and regulations, orders, and the Procedures.

Article 3 Scope of application

The Procedures apply to all directors, supervisors, managerial officers, and employees of the Corporation. The Corporation shall ensure that any person who has acquired knowledge of the Corporation’s material nonpublic information, as stipulated in Article 157-1, paragraph 1 of the Securities and Exchange Act, complies with the applicable provisions of the Procedures.

Article 4 Definition of material nonpublic information

Material nonpublic information hereof refers to information that has a substantial effect on the Corporation’s stock price; such information is detailed as follows.

1. Material information proposed by competent authorities regarding the procedure for verifying material information of listed companies and disclosure of such information
2. Matters that shall be announced or declared, as requested by subsidiary laws to Article 36-1 of the Securities and Exchange Act
3. The scope of the Regulations Governing the Scope of Material Information and the Means of its Public Disclosure Under Article 157-1, Paragraph 4 of the Securities and Exchange Act

4. Matters stipulated in Article 7 of the Securities and Exchange Act Enforcement Rules

Article 5 Responsible unit in charge of handling material nonpublic information and preventing insider trading

The general manager, the Financial Affairs Office, or persons designated by the general manager shall concurrently serve as the responsible unit for handling material nonpublic information and preventing insider trading. The responsible unit has the following functions and authorities:

1. Formulating the drafts of the Procedures and any amendments to them
2. Receiving inquiries in connection with the methods of handling material nonpublic information, as well as consultation, review, and recommendations related to the Procedures
3. Receiving reports on unauthorized disclosures of material nonpublic information and formulation of corresponding measures
4. Designing a system to preserve all documents, files, electronic records, and other materials related to the Procedures
5. Other activities related to the Procedures

Article 6 Confidentiality firewall operations: personnel management

This Corporation's directors, supervisors, managerial officers, and employees shall exercise the due care and fiduciary duty of a good administrator and act in honesty and good faith when performing their duties and shall sign intellectual property rights, confidentiality, and noncompete agreements.

No director, supervisor, managerial officer, or employee with knowledge of material nonpublic information of the Corporation may divulge the information to others.

No director, supervisor, managerial officer, or employee of the Corporation may inquire about or collect any material nonpublic information of the Corporation not related to their individual duties from a person with knowledge of such information, and nor may they disclose to others any material nonpublic information of the Corporation of which they become aware for reasons other than the performance of their duties.

Article 7 Confidentiality firewall operations: document and information management

Proper protection of confidentiality shall be provided to files and documents containing the Corporation's material nonpublic information when transmitted in written form. Transmission of such files and documents by e-mail or other electronic means shall only be performed by appropriate personnel.

Files and documents containing the Corporation's material nonpublic information shall be backed up and stored in a secure location.

Article 8 Operation of confidentiality firewalls

In addition to ensuring that the firewalls specified in the preceding two articles have been established, the Corporation shall adopt the following measures:

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 nonpublic, material nonpublic information of the Corporation

Article 9 Confidentiality obligations of external organizations and persons

Any organization or person outside of the Corporation that is involved in any action of the Corporation related 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 of the Corporation's material nonpublic information thus acquired.

Article 10 Principles of disclosure of material nonpublic information

The Corporation shall comply with the following principles when making external disclosures of material nonpublic 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 11 Implementation of the spokesperson system

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

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

Article 12 Record of disclosure of material nonpublic information

The Corporation shall keep records of the following in respect of any disclosure of information to external 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 13 Response to false media coverage

If a media agency releases information that is in any respect inconsistent with material information disclosed by the Corporation, the Corporation shall, based on the nature of the content released, issue a clarification on the Market Observation Post System and request the media agency to correct the information.

Article 14 Reporting of unusual events

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

On 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.

Article 15 Disciplinary measures

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

1. Corporation personnel disclosing material nonpublic information without authorization to any outside party, or otherwise violating the Procedures or any other applicable law or regulation.

2. A spokesperson or deputy spokesperson of the Corporation communicating to any outside party any information beyond the scope authorized by the Corporation, or otherwise violating the Procedures or any other applicable law or regulation.

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

Article 16 Internal controls

The Procedures shall be incorporated into the Corporation's internal control system. The internal auditors shall keep themselves regularly informed of the status of compliance with the Procedures and shall prepare related auditing reports to ensure full implementation of the procedures for handling material nonpublic information.

Article 17 Awareness campaign

At least once per year, the Corporation shall conduct educational campaigns to promote awareness among all directors, supervisors, managerial officers, and employees with respect to the Procedures and related laws and regulations.

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

Article 18 Implementation and amendment

The Procedures and any amendments hereof shall be implemented upon approval by the Board of Directors.