

TECO Electric & Machinery Co., Ltd.

Preventing Insider Trading Rules and Major Internal Information Processing Procedures

(Summary Translation) This English version is a translation of the Chinese version.
If there is any inconsistency or discrepancy between the Chinese and English versions,
the Chinese version shall prevail for all intents and purposes.

I. Purpose

These Operational Procedures are adopted specifically to establish well-defined mechanisms of the Corporation for handling and disclosing material inside information, by which to prevent improper information disclosure and to ensure the consistency and accuracy of information released by the Corporation to outside parties.

II. Legal Compliance

The Corporation shall implement management practices with respect to the handling and disclosure of material inside information in accordance with applicable laws and regulations, the rules and regulations of the Taiwan Stock Exchange Corporation, and these Operational Procedures.

III. Scope of Application

These Operational Procedures shall apply to all directors, supervisors, managerial officers, and employees of the Corporation. The Corporation's material inside information due to that person's capacity or position, occupation, or controlling relationship shall be bound by and observe the applicable provisions of these Operational Procedures.

IV. Operational Procedures and Controls Points

A. Material Inside Information Security Operations Control Points

1. Confidentiality Firewall Operations-Management of Personnel

The Corporation's directors, supervisors, managerial officers, and employees shall exercise the duty of care and fiduciary duty of a good administrator and act in good faith when performing their duties, and shall sign a confidentiality agreement.

No director, supervisor, managerial officer, or employee having knowledge of any material inside information of the Corporation may divulge the information to others.

No director, supervisor, managerial officer, or employee of the Corporation may seek to obtain any material inside information of the Corporation from a person

having knowledge of such information, nor may they gather or collect, any non-public material inside information of the Corporation not within the scope of their office functions. They also may not divulge to others any non-public material inside information of the Corporation coming to their knowledge not as a result of performing their duties.

2. Confidentiality Firewall Operations-Management of Documents and Information

Files and documents containing the Corporation's material inside information, when transmitted in writing, should be appropriate confidentiality protection.

Files and documents containing the Corporation's material inside information, when transmitted by electronic means, should be handled by appropriate security techniques such as encryption or electronic signature to protect confidentiality when electronically transmitted.

Files and documents containing the Corporation's material inside information shall be backed up and stored in safe places.

3. Operation of Confidentiality Firewalls

The Corporation shall ensure the establishment of the firewalls specified in the preceding two articles, and also take the following step:

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

4. Confidentiality Obligations of Outside Organizations and Persons

Any organization or person outside of the Corporation that is involved in any corporate action of the Corporation relating to a merger or acquisition, major memorandum of understanding, strategic alliance or other business partnership plan or the signature of a major contract shall be required to sign a confidentiality agreement, and may not divulge the Corporation's material inside information thus acquired to others.

B. Material Inside Information Security Operations Operational Procedures

1. Principles of Disclosure of Material Inside Information

The Corporation shall comply with the following principles when making external disclosures of material inside information:

- (1) The information shall be disclosed on an accurate, complete, and timely basis.
- (2) The information shall be disclosed on a well-founded basis.

(3) The information shall be disclosed on a fair basis.

2. Implementation of Spokesperson System

Any disclosure of the Corporation's material inside information shall, except as otherwise provided by law or regulation, be made by the Corporation's spokesperson, or, as the case may be, by any person duly acting as a deputy spokesperson following an established sequential order for acting in such capacity; 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 personnel of the Corporation other than those serving as the Corporation's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of the Corporation to outside parties without authorization.

3. Records of Disclosure of Material Inside Information

The Corporation shall keep the records of the following in respect of any disclosure of information to outside parties:

- (1) Who discloses the information, on what date, and at what time.
- (2) How the information is disclosed.
- (3) What information is disclosed.
- (4) What written material is delivered.
- (5) Any other relevant details.

4. Response to False Media Coverage

If a media agency releases information that in any respect is inconsistent with material information disclosed by the Corporation, the Corporation may elect either to make a clarification announcement on the Market Observation Post System (MOPS) or to request the media agency to correct the information.

C. Handling of Unusual Events

1. Reporting of Unusual Events

Any director, supervisor, managerial officer, or employee of the Corporation shall report to the special task force and the legal division of the Corporation as soon as practicable if becoming aware of any unauthorized disclosure of the Corporation's material inside information.

Upon receipt of a report under the preceding paragraph, the special task force shall formulate corresponding measures to be taken, and when necessary may invite members from the internal auditor and other divisions to meet for discussion of such measures, and shall document the results of the measures so

taken for future reference. The internal auditors shall also perform such audits as duties may require.

2. Disciplinary Measures

The Corporation shall pursue disciplinary action and take appropriate legal measures against any personnel to whom either of the following applies:

- (1) Any personnel of the Corporation without authorization discloses material inside information to any outside party or otherwise violates these Operational Procedures or any other applicable law or regulation
- (2) The spokesperson or deputy spokesperson of the Corporation communicates to any outside party any information beyond the scope authorized by the Corporation or otherwise violates these Operational Procedures or any applicable law or regulation.

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

D. Internal Controls and Awareness Campaigns

1. Internal Controls

The internal auditors shall keep themselves regularly informed of the compliance status with regard to these Operational Procedures and shall prepare audit reports accordingly, so as to enforce the implementation of operational procedures for handling material inside information.

2. Awareness Campaigns

The Corporation shall, at least once per year, conduct informational campaigns to promote awareness among all directors, supervisors, managerial officers, and employees with respect to these Operational Procedures and applicable laws and regulations.

The Corporation shall also provide information training to new directors, supervisors, managerial officers, and employees in a timely manner so that they may become aware of the provisions of applicable laws and regulations.