

Approved by the Board of Directors November 7, 2009

Amended by the Board of Directors January 21, 2011

## HTC Corporation

### Operational Procedures for Handling Material Inside Information and Preventing Insider Trading

#### Article 1 Purpose of these Operational Procedures

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, and to strengthen the prevention of insider trading.

#### Article 2 Legal Compliance

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

#### Article 3 Scope of Application

These Operational Procedures shall apply to all directors, supervisors, managerial officers, and employees of the Corporation.

The Corporation shall see to it that any other person who acquires knowledge of 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.

#### Article 4 Scope of Material Inside Information

For the purposes of these Operational Procedures, the term "material inside information" refers to material information as defined in the Securities and Exchange Act, other applicable laws and regulations, and the applicable rules and regulations of the Taiwan Stock Exchange Corporation.

#### Article 5 Restriction on Trading of Securities

No director, supervisor, or managerial officer of the Corporation within the scope of Article 3 of these Operational Procedures who has actual acquired knowledge of any material inside information within the meaning given in Article 4 hereof may buy or sell, in his own name or in the name of another, stock or other equity securities of the Corporation once the information is precise, and before this information is made public or within 18 hours after it is made public.

No director, supervisor, or managerial officer of the Corporation within the scope of Article 3 of these Operational Procedures who has actual acquired knowledge of any information that will have a material impact on the ability of Corporation to pay principal or interest may sell, in his own name or in the name of another, the non-equity-type corporate bonds of the Corporation that are listed on an exchange market once the information is precise, and before this information is made public or within 18 hours after it is made public. The closer definition of the term “information that will have a material impact on the ability of Corporation to pay principal or interest” as described in this paragraph shall be interpreted through and governed by the Securities and Exchange Act, other applicable law and regulations, and the applicable rules and regulations of the Taiwan Stock Exchange Corporation.

Notwithstanding the foregoing, if there is any legal or regulatory amendment providing otherwise, the amended provision shall govern.

#### Article 6 Special Task Force for Handling Material Inside Information and Preventing Insider Trading

The Corporation shall establish a special task force charged with the responsibility for handling material inside information and preventing insider trading, to be composed of three persons jointly appointed by the chief financial officer and the chief legal officer.

The special task force shall have the following functions and authorities:

1. Be responsible for formulating the drafts of these Operational Procedures and any amendments hereto.
2. Be responsible for receiving and processing any inquiries with respect to the handling operations for material inside information as well as these Operational Procedures, and for review and deliberation and giving of recommendations in connection therewith.
3. Be responsible for receiving any report submitted to inform of any unauthorized disclosure of material inside information, and for formulating corresponding measures to be taken.
4. Be responsible for designing a system for preserving all documents, files, electronic records, and other material related to these Operational Procedures.
5. Be responsible for establishing and maintaining data files recording the information on the Corporation's directors, supervisors, managerial officers, any shareholders holding more than ten percent of the shares of the Corporation, any spouse or minor children thereof, and any holding of the Corporation's shares through nominees as reported to the Corporation by the directors, supervisors, and managerial officers concerned.
6. Other activities related to these Operational Procedures.

#### Article 7 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.

**Article 8 Confidentiality Firewall Operations – Management of Documents and Information**  
Files and documents containing the Corporation's material inside information, when transmitted in writing or by electronic means, shall be marked "confidential" or other similar designation for proper protection of confidentiality.

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

#### **Article 9 Operation of Confidentiality Firewalls**

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

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.

#### **Article 10 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.

#### **Article 11 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.

#### Article 12 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.

#### Article 13 Record of Disclosure of Material Inside Information

The Corporation shall keep 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.

#### Article 14 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, having regard to the nature of the information, elect either to make a clarification announcement on the Market Observation Post System (MOPS) or to request the media agency to correct the information.

#### Article 15 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 legal 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 their duties may require.

#### Article 16 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 other 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.

#### Article 17 Internal Controls

These Operational Procedures shall be incorporated into the Corporation's internal control system. 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 and for preventing insider trading.

#### Article 18 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 informational 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.

#### Article 19

These Operational Procedures, and any amendment hereto, shall be implemented upon approval by the board of directors.