

2018

All Cosmos Bio- Tech  
Holdings Corporation

Board of Directors



**[INTERNAL CONTROL POLICIES  
AND PROCEDURES –  
PROCEDURAL RULES OF  
PREVENTION OF INSIDER TRADING]**

THE INFORMATION CONTAIN HEREIN IS THE INTERNAL CONTROL POLICIES AND PROCEDURES FOR ALL COSMOS BIO- TECH HOLDING CORPORATION.

## MANAGEMENT OF THE PREVENTION OF INSIDER TRADING

**Policy:** The purpose of this Policy Statement is both to inform the legal responsibilities in this area, and to make clear for the misuse of sensitive information is contrary to Company policy and will be dealt with severely. Insider trading is a crime, punishable by a criminal fine and imprisonment.

**General:** Insider trading means dealing in securities of a company based on unpublished price sensitive information by persons who could be privy to such information, and use it to secure a price advantage, as compared to general investors. Such dealing erodes the investors' confidence in the integrity of management and is unhealthy for the capital markets.

### A) Definitions

(a) Price sensitive information' means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company.

(b) Article 157-1 of the Securities and Exchange Act stipulates that the following persons are subject to the restriction on insider trading:

(b.1) Insiders:

(i) "insider" means any person who, is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access, connection, to unpublished price sensitive information in respect of securities of a company, or who has received or has had access to such unpublished price sensitive information;

(ii) A director, supervisor, and/or managerial officer of the company, and/or a person designated to exercise powers as representative.

(iii) Shareholders holding more than ten percent of the shares of the company.

(b.2) Defacto insiders:

(i) Any person who has learned the information by reason of occupational or controlling relationship with the company.

(ii) A person who, though no longer among those listed in (one of) the preceding subparagraphs, has only lost such status within the last six months.

(b.3) Tippees:

- (i) Any person who has learned the information from any of the persons named in the preceding subparagraphs.

(b.4) Dependant Family Members” shall include:

- (i) Spouse
- (ii) Children
- (iii) Parents
- (iv) Other family members of the Directors / Designated Employees as may be notified by him/her (Insider)

(b.5) “Trading Window” shall mean that period specified by the Compliance Officer during which Insiders and their Dependant Family Members are prohibited from any form of dealing in the Company’s Securities. The Closed Period shall be announced by the Compliance Officer from time to time.

(b.6) The phrase “material information” shall mean:

- (i) Information relating to the finances or businesses of the company, or the supply and demand of such securities on the market, or any tender offers of such securities, which will have a material impact on the price of the securities. It also refers to any other information which will have a material impact on any investment decisions of a reasonably prudent investor.
- (ii) Information that will have a material impact on the ability of the company to pay principal or interest. In order to more clearly define the material information, the governing authority promulgated "Regulations Governing the Scope of Material Information and the Means of its Public Disclosure under Article 157-1, Paragraph 5 and 6, of the Securities and Exchange Act" on Dec. 22, 2010.

## **B) Compliance Officer**

- (a) The Head of Internal Auditor and in his absence the Senior Internal Audit Executive shall be the Compliance Officer to ensure compliance and effective implementation of the Regulations and also the Code across the Company. The Compliance Officer shall hold the position so long as he/she is in the employment of the Company. In the performance of his/her duties, the Compliance Officer shall have access to all information and documents relating to the securities of the Company.

- (b) The Compliance Officer shall act as a focal point for dealings with Securities and Exchange Act, in connection with all matters relating to the compliance and effective implementation of the Regulations and this Code.
- (c) The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of “Price Sensitive Information”, pre-clearing of designated employees’ and their dependents’ trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the Company.
- (d) The Compliance Officer shall maintain a record of the designated employees and any changes made in the list thereto. The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Securities and Exchange Act and the Code adopted by the Company.

**C) Prohibition of Insider Trading:**

- (a) Insider trading at any time by an Insider or his/her Dependant Family Members on the basis of “Unpublished Price Sensitive Information” (UPSI) is prohibited.
- (b) Insiders and their Dependant Family Members are prohibited at all times from counselling or procuring any person (including a body corporate) to deal in the Company’s securities on the basis of UPSI.
- (c) Insiders and their Dependant Family Members are prohibited at all times from directly or indirectly communicating UPSI to any person including a body corporate.
- (d) Paragraph1, Article 157-1 of the Securities and Exchange Act stipulates that "upon actually knowing of any information that will have a material impact on the price of the securities of the issuing company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the person holding such information shall not purchase or sell, in the person's own name or in the name of another ,shares of the company which are listed on an exchange or an over-the-counter market, or any other equity-type security of the company."
- (e) Paragraph2, Article 157-1 of the Securities and Exchange Act stipulates that "upon actually knowing of any information that will have a material impact on the ability of the issuing company to pay principal or interest, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the person holding such information shall not sell, in the person's own name or in the name of another, the non-equity-type corporate bonds of such company that are listed on an exchange or an over-the-counter market."

**D) Reporting requirements for transactions & securities**

- (a) Insiders shall disclose to the Compliance Officer in writing, the details of the securities held by him / her and his / her Dependant Family Members, the date from which securities are held, the number of securities held at the time of implementation of the Code of Conduct for prevention of the Insider Trading or joining the Company or becoming the Director of the Company and such other information relating to the Securities as the Compliance Officer may require.
- (b) Insiders shall furnish a periodic statement of any transactions in securities by them and their Dependant Family Members.
- (c) Insiders shall disclose biannually their holding including of Dependant Family Members, if any, in the Company's securities.
- (d) Insiders and their Dependant Family Members shall notify to the Company the details of securities held by him / her within 2 working days of becoming a director / designated employee of the company.
- (e) Insiders holding more than 5% shares or voting rights in the Company shall notify the same to the Company within 2 working days of the receipt of allotment advice or acquisition of shares or voting rights.
- (f) The Compliance Officer shall maintain records of all disclosures made by the Insiders and their Dependant Family Members.
- (g) The Compliance Officer shall place before the Chairperson and/or the Managing Director a statement of all transactions disclosed to have been entered into by the Insiders and their Dependant Family Members.
- (h) The Managing Director shall place before at each Board Meeting, a statement of all transactions entered into by the Insiders and their Dependant Family Members and pre-clearance granted by the Compliance Officer/Managing Director from the date of the last Board meeting till the day prior to the next Board meeting.

**A) Pre-clearance of trades**

- (a) Insiders and their Dependant Family Members who intend to deal in the securities of the Company should seek pre-clearance from the Compliance Officer.
- (b) An application may be made in such form as the Company may notify in this regard, to the Compliance Officer indicating the estimated number of securities that the designated employee/officer/director intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the Company in this behalf.
- (c) Insiders and their Dependant Family Members are required to submit an undertaking to the Compliance Officer at the time of pre-clearance to the effect that:

- a) He / she have no access to UPSI up to the signing of the undertaking;
- b) In the event he / she access to UPSI after the date of the undertaking but before the execution of the transaction, he / she shall not deal in the security; and
- c) He / she have made full disclosure.

## **B) Other restrictions**

As a further preventative measure, all officers, directors and employees of the Company as well as members of any such person's family residing in the same household) are to refrain from buying or selling Company securities unless the transaction is approved in advance, in writing, by the Company.

Insiders and their Dependant Family Members are required to complete the transaction within a week of the pre-clearance. If the transaction is not completed within a week, fresh pre-clearance is to be obtained from the Compliance Officer.

All directors/officers/designated employees who buy or sell any number of securities of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next 6 months following the prior transaction. All director/officers/designated employees shall also not take positions in derivative transactions in the shares of the company at any time.

In the case of sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his/her reasons in this regard.

## **C) Prevention of misuse of "Price Sensitive Information"**

- a) All directors/officers and designated employees of the company shall be subject to trading restrictions as enumerated below.
  - (i) In order to encourage the openness of information flow in the securities market so as to prevent insider trading, listed companies to disclose their financial and operational information periodically or irregularly.
  - (ii) Listed companies to announce material information through the Market Observation Post System (MOPS) within a certain time after events occur, or after events are reported in the media. To provide investors with more convenient and timely information.

**D) Communications with Analysts and the Press**

- a) All inquiries from financial analysts, securities brokers, member of the press and similar persons who may from time to time seek information from the Company with regard to its business prospects must be directed to the Company's Chief Executive Officer or Chief Operating Officer.
- b) No information should be discussed. If the person making the inquiry persists, simply state that you are not at liberty to discuss Company information outside the Company. Anyone receiving such an inquiry should contact the Company's Chief Executive Officer or Chief Operating Officer immediately and inform him of the name of the person inquiring and the nature of the inquiry. Although the Company has a strong interest in fostering good relations with the investment community, the legal complexities involved in outside communications require specific procedures which
- c) will be followed by any spokesperson for the Company.

**I) Internal Controls**

- a) 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.

**J) Awareness Campaigns**

- a) 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.
- b) 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.

**K) Subsequent Amendments**

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

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