

 Chieftek Precision Co., Ltd	Document Title	<b>Management Procedures for Prevention of Insider Trading</b>	Version	3
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	Document Number	<b>3-AU-2-E-001</b>	Date of Implementation	2011/03/23
			Date of Amendment	2014/12/30
			Document Category	Confidential

**Article 1: Purpose**

This Management Procedures for Prevention of Insider Trading (hereafter referred to as “the Procedures”) is implemented in order to prevent the Company or insiders from intentionally or unintentionally violating relevant rules concerning insider trading as a result of unfamiliarity of the laws and regulations, and thereby causing the Company or insiders involved in law suits and bringing about the impairment of damage. The Procedures are used to prevent insider trading and protect the rights of the Company and its investors.

**Article 2: Scope**

The control of insider trading prevention in the Company must comply with the provisions of the Procedures. Where other laws state otherwise, those laws apply.

**Article 3: Accountability**

- (1) The Auditing Office is responsible for the drafting and maintenance of the Procedures.
- (2) The Company’s spokesperson or acting spokesperson is responsible for announcing its material information to the public.
- (3) The Company’s Shareholder Service Unit is responsible for offering educational training in respect of prevention of insider trading or providing propaganda thereto.

**Article 4: Definitions**

- (1) Insider: In accordance with the provisions relating to the Company’s insiders in the Securities and Exchange Act, those include the Company’s directors, supervisors, managerial officers, and shareholders that are in possession of over ten percent of the entire shareholding of the Company.
  - (i) Insider’s spouse, minor children and shares held in another person’s name.
  - (ii) Representative of the Juristic Person Director, the aforesaid Representative’s spouse, minor children and shares held in another person’s name.
- (2) Regulated Persons under the Procedures: Other than the insiders mentioned in the preceding subparagraph, persons that have access to insider information owing to his/her occupation or control relationships, as well as persons that know about the insider information from the insiders.

Approved By		Reviewed By	Cheng Hsiy-Ko	Drawn Up By	Lin Shu-Xing
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Article 5: Descriptions of the Procedures

- (1) Subject to paragraph 1, article 157-1 of the Securities and Exchange Act, persons set out hereunder are applicable under the category of persons prohibited from insider trading:
- (i) The Company's directors, supervisors, managerial officers, and the natural persons designated to exercise powers as representatives pursuant to paragraph 1, article 27 of the Company Act. (In accordance with the provisions in paragraph 1, article 27 of the Company Act, where a government agency or a juristic person acts as a shareholder of a company, it may be elected as a director or supervisor of the company provided that it shall designate a natural person as its proxy to exercise, on its behalf, the duties of a shareholder.)
  - (ii) Shareholders that are in possession of over ten percent of the entire shareholding of the Company.
  - (iii) Persons that have access to inside information owing to his/her occupation or control relationships.
  - (iv) Persons that are no longer in any of the positions mentioned in the preceding subparagraphs (i) to (iii). Further, six months have not yet lapsed since his/her loss of the position
  - (v) Persons that gain access to inside information from persons listed in the preceding subparagraphs (i) to (iv).

In addition, subject to article 22-2 of the Securities and Exchange Act, the Company's directors, supervisors, managerial officers or shareholders that are in possession of over ten percent of the entire shareholding of the Company, the aforesaid shareholders shall include their spouse, minor children and those who hold the shares in another person's name.

- (2) Insider Trading:  
Pursuant to article 157-1 of the Securities and Exchange Act, where the information having a material impact on the price of the securities of the Company became apparent, and prior to the public disclosure of that information, or within 18 hours after its public disclosure, the person upon having access to any information shall not purchase or sell, in that person's own name or in the name of another, shares of the Company that are listed on an exchange or an over-the-counter market, or any other equity type security of the Company. Wherefor, violating the aforesaid provision shall constitute insider trading.
- (3) Pursuant to paragraph 5, article 157-1 of the Securities and Exchange Act, the information having a material impact on the price of the securities of the Company includes:
- (i) The Company's financial and operational status that has a material impact on the price of the securities of the Company. Or, information that has a material impact on the investment decision of a reasonably prudent investor.
  - (ii) The demand and supply as well as tender offer of those securities that have a material impact on the price of the securities of the Company or the investment decision of a reasonably prudent investor.

- (4) Means of public disclosure in respect of information that has a material impact on the price of the securities:

It shall be disclosed in accordance with the provisions relating to the scope of material information and public disclosure thereof in subparagraphs 5 and 6, article 157-1 of the Securities and Exchange Act.

- (5) Handling Procedures for Material Information:

- (i) The handing and disclosure of material inside information shall be proceeded in accordance with relevant laws, directives as well as rules of Taiwan Stock Exchange Corporation or Taipei Exchange.

- (ii) The Company's directors, supervisors, managerial officers and employees shall honor loyalty and exercise the due care of a good administrator in conducting the business operation of the Company as well as entering into the agreement of confidentiality with the Company.

Directors, supervisors, managerial officers and employees that have access to the Company's material inside information shall not disclose any information to others.

Directors, supervisors, managerial officers and employees shall not inquire or collect the Company's undisclosed material inside information not relating to his/her duties from persons that have access to the Company's material inside information. Those who gain access to the Company's undisclosed material inside information for reasons other than performing his/her duty shall likewise prohibited from disclosing that information to others.

- (iii) Where the Company's material inside information file is delivered in writing or electronically, such file shall be marked "confidential" for the purpose of protection. The Company's material inside information file shall have back-up copies and be kept and stored in a safe location.

- (iv) Entities or personnel outside the Company that participated in the Company's merger, important memorandums of understanding, strategic alliances, other business collaboration plans or the signing of the important contracts shall enter into agreement of confidentiality with the Company and shall not disclose any known Company's material inside information to others.

- (v) Principles set out hereunder shall be followed when disclosing material inside information:

a. Information disclosed shall be accurate, complete and instant.

b. Information disclosed shall have basis.

c. Information disclosed shall be fair.

- (vi) Unless laws or regulations state otherwise, the disclosure of the Company's material inside information shall be handled by the Company's spokesperson or acting spokesperson in its confirmed acting order. The responsible person of the Company shall take over the responsibility and handle directly, when necessary. The content disclosed by the Company's spokesperson or acting spokesperson shall be restricted by the information authorized thereto. Persons other than the responsible person, spokesperson and acting spokesperson of the Company shall not disclose material inside information without proper authorization.

- (vii) Information set out hereunder shall be recorded when disclosing information:
  - a. The person disclosing the information, as well as date and time thereof.
  - b. Means of disclosure.
  - c. The content of disclosure.
  - d. The content of written information delivered.
  - e. Other relevant information.
- (ix) Where information reported in the media is inconsistent with that of the Company's disclosure, the Company shall immediately make clarification on the Market Observation Post System and request that media to rectify the incorrect information.
- (ix) Where matter such as material inside information being disclosed comes to the attention of the directors, supervisors, managerial officers and employees, that violation must be reported to the competent authority and internal audit department as soon as possible.  
Once the competent authority is in receipt of the aforesaid report, it shall propose counter measures and invite as well as discuss counter measures with internal audit department or the likes, when necessary. The outcome of the counter measures shall be documented for reference. Whereas, the internal audit department shall as its duty required conduct audit accordingly.
- (x) The Company shall pursue involved personnel's accountability and institute necessary legal proceedings when circumstances set out hereunder occurs:
  - a. Any person of the Company disclosing Company's material inside information to the public without authorization or in violation of the Procedures or other laws and regulations.
  - b. The content disclosed by the Company's spokesperson or acting spokesperson exceeding the scope of the information authorized thereto or in violation of the Procedures or other laws and regulations.
 Persons outside the Company that disclose the Company's material inside information and cause damage to the Company's property or interest as a result, the Company shall pursue appropriate measures to hold the person disclosing the information legally accountable.

Article 6        The Company shall offer educational training or provide awareness information relating to the prevention of insider trading.

Article 7               The Company shall establish and maintain files that contain insiders' information and report to the competent authority in accordance with the prescribed period and manner.

Article 8        The Procedure shall be implemented upon its adoption at the Board of Directors meeting. The implementation of amendments shall follow the same procedures herein.