




AIRTAC INTERNATIONAL GROUP

General Manager Office

**Rule for Material Internal Information
Processing and the Prevention and
Management of Insider Trading**

Doc. No. AO-GM-SOP-009

Version B-0

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1. Purpose

This Rule for Material Internal Information Processing and the Prevention and Management of Insider Trading (“Rule”) is adopted to prevent the Company or its insiders from accidentally violating the law because they are not familiar with the laws and regulations; or intentionally violating the relevant regulations of insider trading, causing the company or insiders to damage the Company’s reputation due to legal cases or litigation, and to establish well-defined mechanisms of the Company for handling and disclosing inside material information, to prevent improper disclosure of information and to ensure the consistency and accuracy of information released by the Company to the public.

2. Scope


The Company shall implement the practices with respect to the handling of inside material information and prevention of insider trading in accordance with applicable laws such as the Securities and Exchange Act and the Company Act and the regulations set forth in this Rule.

3. Responsibilities

- 3.1 Targets of the insider trading regulation: in accordance with this Rule.
- 3.2 Employees of this Company and group companies: in accordance with this Rule.
- 3.3 Dedicated department: the General Manager Office shall be the department responsible for handling material inside information, and its responsibilities are as follows:
 - 3.3.1 Responsible for drafting and amending the drafts of this Rule.
 - 3.3.2 Responsible for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Rules.
 - 3.3.3 Responsible for receiving reports on unauthorized disclosures of material inside information and formulation of corresponding measures.
 - 3.3.4 Responsible for designing a system for preserving all documents, files, electronic records, and other materials related to these Rules.
 - 3.3.5 Other activities related to these Rules.

4. Definitions

- 4.1 Targets of the insider trading regulation:
 - 4.1.1 Insiders: in accordance with the applicable laws and the regulations relating to the Company’s internal control, the Company’s insiders are:
 - (1) Director – Natural persons designated as a proxy to exercise duties in

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accordance with Paragraph 1, Article 27 of the Company Act (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, in its behalf, the duties of a shareholder).

- (2) Manager – shall mean the Company’s General Manager, financial supervisor, accounting supervisor, and audit supervisor.
- (3) Shareholders holding more than 10% of the total shares,
- (4) Related persons of insiders, including: (i) the insider’s spouse and minor children and those held under the names of other parties, (ii) representative of corporate directors, the spouse and minor children of the representative and those held under the names of other parties.

4.1.2 Others: aside from the foregoing insiders, including:

- (1) Persons who received information due to his or her occupation or relationships controlled, and those who receives information from insiders in the preceding paragraph.
- (2) Those who have lost their status as one of the 4 statuses in the preceding section for less than 6 months.

5. Procedure


None

6. Contents

6.1 Insider trading and material information

6.1.1 According to the regulations stipulated in Article 157-1 of the Securities and Exchange Act, 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, no person shall purchase or sell, in the 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. Violation of the foregoing shall constitute insider trading.

6.1.2 Information that will have a material impact on the price of the securities of the

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Company shall mean the scope as stipulated under Regulations Governing the Scope of Material Information and the Means of its Public Disclosure Under Article 157-1, Paragraphs 5 and 6 of the Securities and Exchange Act.

6.2 Means of disclosure of information that will have a material impact on the price of the securities

6.2.1 In accordance with the Regulations Governing the Scope of Material Information and the Means of its Public Disclosure Under Article 157-1, Paragraphs 5 and 6 of the Securities and Exchange Act:

- (1) Means of disclosure of material information regarding the Company's finance and business shall be by the Company entering such information into the Market Observation Post System.
- (2) Means of disclosure of material information regarding the supply and demand of the market shall be by the Company entering such information into the Market Observation Post System and coverage of the information by two or more daily national newspapers on non-local news pages, national television news, or electronic newspapers issued by any the aforesaid media.


6.3 Procedure for the handling of material information:

6.3.1 The Company shall implement its handling and disclosure of material inside information in accordance with applicable laws and regulations and the rules and regulations of the Taiwan Stock Exchange.

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


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

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

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the performance of their duties.

- 6.3.3 Proper protection of confidentiality shall be given to files and documents containing this Corporation's material inside information when transmitted in written form. Files and documents containing the Company's material inside information shall be backed up and stored in a secure location. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures.
- 6.3.4 Any organization or person outside of the Company that is involved in any corporate action of the Company relating 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 material inside information of the Company thus acquired.
- 6.3.5 The Company shall comply with the following principles when making external disclosures of material inside 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.
- 6.3.6 Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be made by the Company'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 Company. The Company's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.
- 6.3.7 The Company shall keep records of the following in respect of any disclosure of information to outside parties:
- (1) The person who discloses the information, the date, and the time.

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(2) How the information is disclosed.

(3) What information is disclosed.

(4) What written material is delivered.

(5) Any other relevant details.

6.3.8 If a media agency releases information that is in any respect inconsistent with material information disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System and request the media agency to correct the information.

6.3.9 Any director, supervisor, managerial officer, or employee of the Company that becomes aware of any unauthorized disclosure of the Company's material inside information shall report to the internal audit department and the Chairman of the Company as soon as practicable.


Upon receipt of a report made pursuant to the preceding paragraph, the Chairman and the internal audit department shall formulate corresponding measures. When necessary, it may invite members from other relevant 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.

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

(1) Personnel of the Company disclose material inside information without authorization to any outside party, or otherwise violate these Rules or any other applicable law or regulation.

(2) A spokesperson or deputy spokesperson of the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates these Rules or any other applicable law or regulation.

If any person outside the Company divulges any material inside information of the Company, thereby causing damage to any property or interest of the Company, the Company shall pursue appropriate measures to hold the person

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divulging the information legally liable.

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

The Company shall also provide educational campaigns to new directors, supervisors, managerial officers, and employees in a timely manner. The directors and managers shall sign a statement acknowledging the notice of relevant insider laws and regulations within five days of taking office, and such document shall be kept in the Company for reference. A copy of the director's statement shall be sent to the Taiwan Stock Exchange for reference within ten days of the director taking office. The foregoing shall be implemented assuredly.

- 6.5. The Company shall establish and maintain the information files of insiders, and reported to the competent authority in accordance with the terms and method as stipulated in relevant regulations.

6.5.1 When there are changes to insiders such as directors, managers, and shareholders holding more than 10% of the shares and their related persons (including the insider's spouse, minor children, and third parties holding shares for the insider), such change shall be reported within two days of the occurrence of the fact, and implementation shall be assured.

- 6.6. This Rule, and any amendments to them, shall be implemented upon approval by the Board of Directors. If any directors object, and there are records or written statements of such objection, the Company shall send such objections to the shareholders meeting for discussion.

When submitting this Rule to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall fully consider the opinions of independent directors, and shall include their agreement or oppositions clearly in the records of the Board of Directors.

7. Related Rules of Operation

None

8. Forms

None