

Insider Trading Compliance Policy and Corporate Disclosure Restrictions

This Insider Trading Compliance Policy (“Policy”) is being delivered to all employees and members of the Board of Directors (“Board Members”) of Silicon Motion Technology Corporation and its subsidiaries (collectively, the “Company”) as a notice to all of our Board Members and employees of their obligations and the potential liability under US securities laws. In addition, in order to best comply with US securities laws and in accordance with our Corporate Disclosure Policy, only designated Company spokespersons are authorized to speak to investors, analysts, or journalists.

The Company is regularly involved in matters that are sensitive in nature and important to the Company, its employees and shareholders. US securities laws impose certain obligations on the Company regarding the disclosure of material information to the public and certain prohibitions on trading in the Company’s securities by any person in possession of undisclosed material information. To satisfy requirements of US securities laws, the Company has established the following policies and procedures that are applicable to all of its employees, employees of its subsidiaries, Board Members, consultants and contractors to the Company and its subsidiaries, and members of their immediate family as set forth under “Transaction by Immediate Family Members” in Section IV below (No Trading On Material Inside Information). In addition, we have adopted these policies and procedures to avoid even the appearance of improper conduct on the part of anyone employed by or associated with the Company (not just executive officers and Board Members).

I. General Policy

The purpose of this Policy is to prohibit the unauthorized disclosure of nonpublic Company information acquired in the workplace and the misuse of material nonpublic information (as set forth below) in securities trading by Company employees, Board Members, consultants and contractors to the Company, and members of their immediate family. This Policy applies to all transactions in the Company’s securities, including American Depositary Shares (“ADS”) and any other securities the Company may issue from time to time, as well as derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options.

II. Maintaining Confidential Information

Premature or otherwise unauthorized disclosure of material information relating to the Company will adversely affect the Company’s ability to discharge effectively its disclosure obligations under US securities laws. Each Company employee and Board Member, therefore, must maintain the confidentiality of the Company’s material nonpublic information. Accordingly, all Company employees and Board Members are prohibited from disclosing any nonpublic material inside information to anyone outside the Company (including family members, relatives or friends), except for: (1) disclosures, made in performing authorized Company business, to external parties covered under a properly authorized Company-approved non-disclosure agreement, and (2) disclosures to the public by authorized Company spokespersons, made on a broadly disseminated basis in compliance with the Company’s

Corporate Disclosure Policy. All employees are also required to sign non-disclosure agreements with the Company contractually obligating them to abide by these prohibitions.

Prohibited disclosures of material nonpublic information include all oral and written communications, such as face-to-face oral disclosures, telephone calls, meetings, writings, e-mails, instant messenger messages or conversations, text messages, Twitter feeds, webcasts, internet postings, Facebook postings, blogs, or other electronic communication exchanges with third parties outside of the Company, or disclosures contained in advertising, press releases, speeches, presentations, marketing literature, professional and trade articles and interviews.

Without limiting the generality of the foregoing, persons covered by this policy are prohibited from participating and posting any information (whether or not material and whether public or nonpublic) relating to the Company and its business relations with other companies, in chat rooms, on Twitter, Facebook, message boards or on other similar electronic communication forums.

As used in this Policy, “material” nonpublic information includes any information that would influence a reasonable investor to make an investment decision (buy, sell or hold) regarding the Company’s stock. In short, “material” information includes any information that reasonably could affect the price of the Company’s stock one way or another. Some examples of “material” information are:

- Financial performance and projections
- Significant proposed or pending mergers and acquisitions, investments, divestitures or sales of assets
- Major personnel changes and changes in management
- Labor negotiations
- Significant strategic and technology agreements
- Significant price changes on key products or services
- Significant changes in operations
- Major marketing changes
- Positive or negative developments to the Company in outstanding significant litigations
- Substantial contracts not in the ordinary course of business
- Actual or threatened significant litigation or inquiry by a governmental or regulatory authority
- New equity or debt offerings
- Changes in dividend policies
- Stock splits and reverse stock splits
- Share repurchases
- Significant product defects or modifications

- New product or project announcements of a significant nature
- Impending bankruptcy or financial liquidity problems
- The gain or loss of a significant product sale
- The gain or loss of a substantial customer or supplier
- Any other facts which might cause the Company's financial results to be substantially affected

Note that either positive or negative information may be material. It can be information about the Company or about a company with which we do business.

Employees of the Company must treat all Company information with discretion and discuss confidential information only with those Company employees who have a right and need to know such information to perform their job responsibilities. **Employees and Board Members may not discuss confidential information with friends, relatives and acquaintances.**

III. Designated Spokespersons

Other than the Company's designated spokespersons, no Company employees or Board Members are authorized to speak on behalf of the Company with respect to Company actions or rumors relating to the Company that could affect the Company's stock. Therefore, unless an employee or Board Member has been expressly authorized to make such disclosure, the employee or Board Member who receives any inquiry from a third party (whether a securities analyst, an investor or potential investor, a member of the media or other person) regarding the Company, must immediately refer the inquiry, without further comment, to one of the following designated Company spokespersons who will be authorized to speak to the third party: Chief Executive Officer, Chief Financial Officer, Director of Investor Relations, and other Investor Relations specialists as named in the Company's Corporate Disclosure Policy (updated April 2011).

IV. No Trading On Material Nonpublic Information

Insider Trading. Employees, employees of its subsidiaries, Board Members, consultants and contractors to the Company and its subsidiaries, and members of their immediate family who are in possession of material nonpublic Company information are "Insiders". Insiders are prohibited from trading in the Company's securities. This policy also applies to material nonpublic information relating to any other company, including the Company's customers, partners or suppliers, obtained in the course of ordinary business.

Tipping. No Insider shall disclose ("tip") material inside information to any other person (including relatives, friends, and acquaintances) where such information may be used by such person to his or her profit by trading in the Company's securities.

Liability for Insider Trading. Any person who trades on material nonpublic information, as well as any person who has tipped others of material nonpublic information, and any persons who have received such information and trades on it, may be the subject of civil penalties of up to three (3) times the profit gain or losses avoided and criminal penalties including up to twenty (20) years in prison and fines of up to US\$5 million. In addition, any employee of the Company who engages in such illegal conduct may be subject to immediate termination of employment.

Twenty-Twenty Hindsight. Remember, if employees' or Board Members' securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction in the Company's securities, employees or Board Members should carefully consider how regulators and others might view such transaction in hindsight.

Individual Responsibility. Every person subject to this Policy has the individual responsibility to comply with the Policy against insider trading, and appropriate judgment should be exercised in connection with any trade in the Company's securities. Any person with material nonpublic information may, from time to time, have to forgo a proposed transaction in the Company's securities even if that person planned to make the transaction before learning of the material inside information and even though that person believes he or she may suffer economic loss or forgo anticipated profit by waiting. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to laws and regulations.

Trading Policy Including Black-out Period and Individual Embargos. Given the severity of the penalties for insider trading violations and the difficulty in determining whether undisclosed information is significant enough to cause an insider trading violation, the Company has adopted a trading policy for its employees and Board Members to prevent inadvertent violations of the insider trading rules. Generally, the Company's employees and Board Members shall not trade in the Company's securities during "**Black-out Period**". The Black-out Period is the period commencing from five business days before end of any fiscal quarter and ending on the second business day after public disclosure of such fiscal quarter. It should be noted that even not during the Black-out Period, any person possessing material nonpublic information concerning the Company should not engage in any transactions in the Company's securities until such information has been publicly disclosed. The Company's Administrative Department will inform all employees and Board Members by email when a Black-out Period begins and ends. In addition, the Company may, at the discretion of its Disclosure Committee, call into effect an additional restriction on trading before the announcement of other significant material nonpublic information.

In addition to Black-out Period restrictions that cover all employees and Board Members, the Company may inform individual employees who are involved in significant material Company transactions or who are in possession of material nonpublic information that they are restricted from transacting in the Company's securities until the Company transaction or other material inside information has been announced or until the Company transaction has terminated. Depending on the scope of the material nonpublic information, the Disclosure Committee may determine whether individual employees should be restricted from trading in the Company's securities.

Transactions by Immediate Family Members. The same restrictions apply to the immediate family members of the Company's employees or Board members. Employees and Board members are expected to be responsible for the compliance of their immediate family. Immediate family members includes 1) any child, stepchild, parent, stepparent, spouse, mother-in-law, father-in-law, daughter-in-law, son-in-law, and shall include adoptive relationships, and 2) any other person living in the same household.

Pre-Planned Trading Programs. Employees and Board Members may establish a pre-planned trading program designed to enable those persons to take advantage of the defense to an allegation of insider trading offered by Rule 10b5-1 of the US SEC. Any such program (1) must be made available for review in advance by the Company's Chief Financial Officer and General Counsel, (2) must be approved in advance by our Chief Financial Officer and General Counsel, and (3) must be in writing, with a copy of the approved plan filed with our General Counsel. We will be under no obligation to approve such a program and will only do so if we believe the program will meet the requirements of Rule 10b5-1 and is in accordance with this Policy.

Employee Stock Options. For purposes of this Policy, the exercise of stock options under the Company's stock option plan is exempt from this Policy since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the employee stock option plan, but any sale of ADSs issued upon the exercise of such options is not exempt and is therefore subject to this Policy.

Any question regarding the applicability of this Policy, or its applicability to the facts of a specific case, should be directed to the Company's Chief Financial Officer or General Counsel. The failure to observe these policies can be the basis for discipline and/or immediate termination of employment.