

Procedures for Prevention of Insider Trading

of

Taiflex Scientific Co., Ltd.

(“Company”)

Article 1 (Purpose)

The Procedures for Prevention of Insider Trading (the “Procedures”) are established to prevent insiders of the Company or persons with occupational or controlling relationship with the Company, who are aware of information that will have a material impact on the stock price, from buying or selling the Company’s stocks or other equity-type securities traded at the exchange or over-the-counter market prior to the disclosure of information or within 18 hours after the disclosure, and violating Paragraph 1, Article 157-1 of the Securities and Exchange Act.

Article 2 (Applicability)

Pursuant to Paragraph 1, Article 157-1 of the Securities and Exchange Act, the following persons are prohibited from engaging in insider trading:

1. Insiders: Directors and managers of the Company as well as nature persons designated as proxies to exercise powers in accordance with Paragraph 1, Article 27 of the Company Act.
2. Shareholders having more than 10 percent of the Company’s stocks.
3. Persons who are aware of the information on account of occupational or controlling relationship with the Company.
4. A person who has lost the status described in the preceding three subparagraphs for less than six months.
5. A person who receives information from persons described in the preceding four subparagraphs.

Shares held by persons outlined in the first two subparagraphs of the preceding paragraph include ones held by the person’s spouse or minor children, or by nominee arrangement.

Article 3 (Information Having a Material Impact on the Stock Price)

Pursuant to Paragraph 4, Article 157-1 of the Securities and Exchange Act, information relating to the finances or businesses of the company and having a material impact on its stock price, or having a material impact on the investment decision of a legitimate investor refers to one of the following information:

1. Matters outlined in Article 7 of the Securities and Exchange Act Enforcement Rules.

2. Material transactions including public offering and issuance or private placement of equity-type securities; capital reduction; merger; acquisition; split; stock exchange conversion or transfer; and direct or indirect investment projects; or material changes in any of the above matters.
3. Reorganization, bankruptcy, or dissolution of the company; application for stock delisting; termination of securities trading at the over-the-counter market; or material changes in any of the above matters.
4. Situations where a board member is subject to a provisional injunction ruling suspending his or her exercise of powers, making it impossible for the board to exercise its powers, or all independent directors of the company are removed from the office.
5. Occurrence of a disaster, group protest, strike, environmental pollution, or any other material events, where the company suffers a material loss, or where a relevant authority orders suspension of work, suspension of business, or termination of business, or revokes or voids a relevant permit.
6. Dishonor of a negotiable instrument, filing for bankruptcy or reorganization, or any other similar event of a material nature, with respect to a related party of the company or to a principal debtor or a joint and several guarantor of a principal debtor; or inability by a principal obligor, in favor of whom the company has made an endorsement or guarantee, to settle a matured negotiable instrument, loan, or other obligation.
7. Occurrence of a significant internal control-related malpractice, non-arm's length transaction, or asset misappropriation.
8. Suspension of part or all of business transactions between the company and a principal customer or supplier.
9. One of the following events occurs with respect to the company's financial report:
 - (i) Failure to make a public announcement or filing pursuant to Article 36 of the Securities and Exchange Act.
 - (ii) An error or omission in the financial report prepared by the company, with respect to which Article 6 of the Securities and Exchange Act Enforcement Rules requires a correction and a restatement of the financial report.
 - (iii) The certified public accountant (CPA) issues an audit or review report containing an opinion other than an unqualified or modified unqualified opinion. The same does not apply, however, in cases where the CPA issues a qualified audit or review report due to annual amortization of losses as permitted by law; or for the reason that the amounts of long-term equity investment and profit/loss thereof in the first-quarter, third-quarter, or

semiannual financial reports are calculated based on financial statements of the investees that have not been audited or reviewed by a CPA.

10. A significant discrepancy between publicly disclosed financial forecasts and the actual numbers or between updated (or corrected) and original financial forecasts.
11. The company repurchases its stocks.
12. The company carries out or suspends a public tender offer to acquire securities issued by a public company.
13. The company acquires or disposes a major asset.
14. For companies issue securities overseas, the occurrence of a material event that requires prompt public announcement or filing, as stipulated by the laws and regulations of the local government or securities exchange market of the country where the securities are listed.
15. Other matters relating to the finances or businesses of the company that have a material impact on its stock price or on the investment decisions of a legitimate investor.

Article 4 (Information Relating to the Market Supply and Demand of the Securities and Will Have a Material Impact on the Stock Price)

Pursuant to Paragraph 4, Article 157-1 of the Securities and Exchange Act, information relating to the market supply and demand of the securities and having a material impact on the stock price or having a material impact on the investment decision of a legitimate investor refers to one of the following information:

1. The company's securities traded at the exchange or over-the-counter market are subject to a public tender offer or suspension of a public tender offer.
2. Any material change in the shareholding of the company or its controlling company.
3. The company's securities traded at the exchange or over-the-counter market are subject to an event of bidding, auctioning, material default in settlement, change of the original trading method, or suspension, limitation, or termination of trading, or there is any circumstance that may lead to any such event.
4. Any other matter relating to the market supply and demand of such securities that would have a material impact on the company's stock price or on the investment decisions of a legitimate investor.

Article 5 (Timing of Information)

The dates of information described in the preceding two articles shall be the date of event occurrence, agreement, contract, payment, appointment, execution of transaction, transfer of title, resolution of the board meeting, or other precise date based on specific evidence, whichever comes first.

Article 6 (Firewall for Confidentiality)

The Company's Directors, managers and employees shall exercise due diligence and perform fiduciary duty of a prudent administrator in keeping the internal material information confidential pursuant to the principles of integrity and fair dealing.

When the Company's files or documents containing internal material information are transmitted in electronic form, proper protection shall be in place. A copy shall be kept in a safe place.

Institutions or persons outside of the Company that participate in the merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plan, or major contract of the Company shall sign a non-disclosure agreement in which they undertake not to disclose any internal material information of the Company they are aware of to other parties.

Article 7 (Measures Taken to Prohibit Trading)

Insiders of the Company or persons with occupational or controlling relationship with the Company as defined in Article 2 of the Procedures who are aware of material information set out in Articles 3 and 4 due to their ranks or positions shall not buy or sell the Company's stocks or other equity-type securities traded at the exchange or over-the-counter market prior to the disclosure of information or within 18 hours after the disclosure.

Article 8 (Methods of Disclosure)

The disclosure of information defined in Article 3 of the Procedures refers to the inputting of data by the Company at the filing website designated by the securities authorities.

The disclosure of information defined in Article 4 of the Procedures refers to one of the following methods:

1. Company inputs data at the filing website designated by the securities authorities.
2. The information is released at the Market Information System website of Taiwan Stock Exchange Corporation.
3. The information is released at the Market Information System website of Taipei Exchange.
4. Coverage of the information by two or more daily national newspapers on non-local news sections, national television news, or electronic newspapers issued by any the aforementioned media.

For information released through subparagraph 4 of the preceding paragraph, the period of 18 hours referred to in Paragraph 1, Article 157-1 of the Securities and Exchange Act shall begin with the later of the time of delivery of the newspaper, first broadcasting of the television news, or posting of the news on the electronic website, as the case may be. The time of delivery means 6 A.M. for morning newspapers and 3 P.M. for evening newspapers.

Article 9 (Principles of Internal Material Information Disclosure)

The Company shall uphold the following principles when disclosing internal material information to external parties:

1. The disclosure of information shall be accurate, complete and timely
2. The disclosure of information shall have its basis.
3. Information shall be disclosed fairly.

Article 10 (Implementation of the Spokesperson System)

Unless otherwise stipulated in laws or regulations, the disclosure of the Company's internal material information shall be handled by the spokesperson or deputy spokesperson. When necessary, the legal representative of the Company can take direct charge of the situation.

Information delivered by the spokesperson or deputy spokesperson is limited to scope authorized by the Company. Except for the Company's legal representative, spokesperson and deputy spokesperson, personnel of the Company shall not disclose internal material information to external parties without approval.

Article 11 (Records on the Disclosure of Internal Material Information)

The Company's disclosure of information shall retain the following records:

1. The person, date and time of information disclosure.
2. Method adopted for information disclosure
3. Details of information disclosed.
4. Written reports submitted.
5. Other relevant information.

Article 12 (Responses to False Information from Media)

When information released by the media differs from the one disclosed by the Company, the Company shall immediately clarify the matter on the Market Observation Post System and inform the media of its mistake.

Article 13 (Reporting of Irregularity)

Once the Directors, managers and employees of the Company become aware that the internal material information has been leaked, they shall immediately report the incident to the dedicated unit and the internal auditing department.

The dedicated unit, upon being notified, shall formulate a countermeasure and, when necessary, invite relevant departments such as internal auditing unit for discussion. Actions taken to deal with the situation shall be kept in writing and retained for future reference. Also, internal auditors are duty-bound to investigate the incident.

Articles 14 (Actions Taken for Violation of the Procedures)

When one of the following situations occurs, the Company shall take appropriate legal actions to hold relevant persons responsible:

1. Personnel of the Company takes the liberty of disclosing internal material information to external parties or violates the Procedures or other laws and regulations.
2. Information given by the Company's spokesperson or deputy spokesperson is not within the scope authorized or is in violation of other laws and regulations.

Where external parties of the Company leak internal material information which results in damages to the Company's property or interests, the Company shall take appropriate actions to hold them legally responsible.

Articles 15 (Actions Taken for Violation of the Laws)

Persons engaging in insider trading and violating Paragraph 1, Article 157-1 of the Securities and Exchange Act shall be liable for the damages sustained by the trading counterparties who trade in good faith pursuant to Paragraphs 2 and 3, Article 157-1 of the Securities and Exchange Act, regardless of whether profits are made and even if losses have incurred, unless there are legitimate reasons to believe that the information has been disclosed. They shall also be subject to criminal liabilities pursuant to Article 171 of the Securities and Exchange Act.

Article 16 (Internal Control Mechanism)

The Company's internal auditors shall be aware of the compliance status and prepare audit reports when necessary for thorough implementation of the Procedures.

Article 17 (Education)

The Company shall hold education sessions at least once every year with regards to the Procedures and relevant laws and regulations for Directors, managers and employees.

Timely education shall be provided to new Directors, managers and employees.

Article 18 The Procedures, and any amendment thereto, take effect after being approved by the Board of Directors. The Procedures were effect on August 25, 2009.

The first amendment was made on February 23, 2017.

The second amendment was made on February 27, 2018.