

TAIFLEX SCIENTIFIC CO., LTD.

2020 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

Time: 9:00 a.m., May 28, 2020

Place: No.8, S. 3rd Rd., Kaohsiung Export Processing Zone, Qianzhen Dist., Kaohsiung City (the square in front of Taiflex Factory 5)

Notice to readers

This English-version meeting agenda is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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TAIFLEX SCIENTIFIC CO., LTD.

Procedures of 2020 Annual Shareholders' Meeting

- I. Call Meeting to Order
- II. Chairperson's Opening Remarks
- III. Report Items
- IV. Ratification Items
- V. Discussion Items
- VI. Election Items
- VII. Other Proposed Resolutions
- VIII. Extempore Motions
- IX. Meeting Adjourned

TAIFLEX SCIENTIFIC CO., LTD.

Agenda of 2020 Annual Shareholders' Meeting

Time: 9:00 a.m., May 28, 2020

Place: No.8, S. 3rd Rd., Kaohsiung Export Processing Zone, Qianzhen Dist., Kaohsiung City (the square in front of Taiflex Factory 5)

- I. Call Meeting to Order
- II. Chairperson's Opening Remarks
- III. Report Items
 1. Appropriation of remuneration to directors and compensation to employees in 2019
 2. Business report for 2019
 3. Audit Committee's review report on the 2019 financial statements
 4. Amendments to the Rules of Procedure for the Board of Directors' Meetings
- IV. Ratification Items
 1. 2019 financial statements
 2. Distribution of 2019 earnings
- V. Discussion Items
 1. To amend the Articles of Incorporation
 2. To amend the Rules of Procedure for Shareholders' Meeting
 3. To amend the Procedures for Endorsement and Guarantee
 4. To amend the Procedures for Lending Funds to Other Parties
 5. Discussion of cash distribution from capital surplus
- VI. Election Items: Election of all directors
- VII. Other Proposed Resolutions: Release of the new directors from non-compete restrictions
- VIII. Extempore Motions
- IX. Meeting Adjourned

Report Items

Item 1 Appropriation of remuneration to directors and compensation to employees in 2019

Explanation: 1. Pursuant to Article 28 of the Articles of Incorporation on the appropriation of remuneration to directors and compensation to employees, when the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to the directors shall not be higher than four percent of the balance.

2. The Company recognized NT\$64,632,034 and NT\$17,673,011 as compensation to employees and remuneration to directors, respectively, under expenses for the year ended December 31, 2019. The appropriation would be released in cash form.

3. This item has been reviewed by the Compensation Committee and approved in the Board of Directors' meeting.

Item 2 Business report for 2019

Taiflex Scientific Co., Ltd. Business Report for 2019

1. 2019 Operating Results

Net revenue of the Company amounted to NT\$7.58 billion in 2019, a decrease of 21.4% from NT\$9.64 billion in 2018. Net income attributable to shareholders of the parent came to NT\$631 million, down 6.2% year-over-year. Earnings per share was NT\$3.02. However, the Company strove to lower production cost, improve production yield, enhance output efficiency and exercise strict control over expenses. As a result, gross profit rose significantly from 20.67% to 22.93% and the improved profitability mitigated the impact of decline in revenue. The drop in revenue was mainly caused by two factors. Firstly, the US-China trade war and measures implemented by the U.S. on certain Chinese enterprises influenced the final demand. In response to the situation, we executed stricter credit management policy to secure a stable cash level for carrying us through the time of uncertainty, which ultimately impacted on some customer orders. Secondly, in response to the solar industry's increasing operational risks and low potential returns, we made strategic adjustments on our PV backsheet business and terminated our involvement in the industry. These two factors contributed to the significant decrease in revenue on a year-over-year basis.

Confronted by market uncertainties and adverse foreign exchange trends for exporters, we see a promising growth in high-frequency, high-speed transmission materials from 5G application

expansion. The overall operation is expected to return to growth.

(1) Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2019	2018	Change (in Dollar Amount)	Change (in Percentage)
Net revenue	7,583,654	9,643,051	(2,059,397)	(21.36%)
Gross profit	1,739,138	1,993,044	(259,906)	(12.74%)
Net income	618,282	679,474	(61,192)	(9.01%)

(2) Profitability analysis

Item	2019	2018
Net profit margin	8.15%	7.04%
Return on assets	5.43%	6.08%
Return on shareholders' equity	8.39%	9.29%

(3) Directions of research and development: heading towards high added-value material industry

(a) High-frequency materials

With persistent trend for compact and energy-efficient electronic devices along with the warming-up of 5G applications, the demand for materials featuring high frequency, high speed, high dimensional stability, high heat dissipation and fine line applications continues to expand while relevant applications gradually come to light. The Company has invested resources and proactively carries out supply chain integration in order to develop products which meet consumers' requirements, and applies core formula capabilities to provide customers with total solutions.

(b) Heat dissipation materials

While continuing to cultivate the electronic materials business, the Company utilizes existing core formulas and production capabilities to proactively diversify the product lines and actively invests in heat dissipation materials in light of relevant demand brought about by 5G devices. We also look for ways to apply our self-developed heat dissipation materials in the automotive market in order to mitigate the uncertainties in the highly volatile electronic industry.

(c) Display materials

With years of experience in polyimide formula capability, we advance on flexible display materials which have enormous growth potential in the future. We develop polyimide optical materials and transparent polyimide plates for flexible displays while actively participate in accredited collaboration with world-renowned firms. We

aim to enter another fast-growing industry with our advantages in formula to reinforce our long-term operational growth momentum and technical strength.

2. Overview of 2020 Business Plan

(1) Business policy

The global economy still faces many uncertain factors in 2020. Even though the first-stage trade deal of the US-China trade war is concluded and the whole trade negotiation presents a positive way forward, the COVID-19 pandemic has brought on serious impact to major economies including China, Europe, Japan and U.S. As governments implement measures to contain the outbreak, people movements rapidly diminish, resulting in an enormous setback on global consumption. It even creates worldwide supply chain disruptions where small and medium enterprises with unsound operational performances are confronted by tremendous pressure. This may lead to numerous business shutdowns and high unemployment rates, which in turn increase the pressure on global economic growth. Meanwhile, each nation's central bank adopts extreme or even unlimited quantitative easing policy in hope to maintain market liquidity. The global financial market experiences huge swings as a result, further increasing the volatilities in interest rates and exchange rates. Consequently, enterprises encounter soaring variable risks in operation. Therefore, we shall tread carefully in 2020 and abide by the two principles: risk first and flexible management. We will maintain sufficient cash and dynamically deploy group resources in response to changes in the economic environment and mitigate the adverse effect of crises.

In terms of the consumption market as a whole, the smartphone sector might experience zero growth or recession due to a lack of innovations and an extended replacement cycle. As the growth in overall demand becomes stagnant, the applications of new materials for 5G and surface phones bring about new high added-value growth opportunities to upstream material vendors. Only companies in command of opportunities stemming from new designs and applications can sustain growth momentum. We are recognized by international companies for our sustainable operating capacity and maintain long-term partnerships. We continue to work closely with them in the research and development of new materials in hope to seize the business opportunities created by new applications.

Furthermore, in contrast to new designs and applications, cost competitiveness will be the deciding factor of competitions in the traditional market. With our advantages in economies of scale and comprehensive supply chain management ability, we can fulfill market demand with competitive cost structures, continue to expand our market share, and secure our leading position in the competition. Environmental issue is also a key concern for

modern-day corporations. Benefiting from being a long-term industry leader, we have the resources to make extensive investments in eco-friendly equipment. Besides fulfilling our corporate social responsibilities, we can ensure that we will be able to pass all inspections conducted by the competent authorities and avoid production interruptions. As we have production bases in both mainland China and Taiwan, we can flexibly allocate our production to conform with policy requirements, which grant us a greater competitive edge.

(2) Sales forecast and basis

Electronics materials: the sales in 2020 is expected to stay flat or increase slightly comparing to 2019

Basis:

- (a) As COVID-19 spreads across the world, we expect a greater degree of decline in global consumption. While the end market going through inventory adjustment due to diminishing consumer spending, the overall demand for upstream material suppliers can be expected to ease.
 - (b) At present, it is difficult to see growth in the overall shipment of smartphone, which results in a flat market demand. However, if we look at a specific market segment, new applications such as 5G and surface phones will remain highly robust. Through active collaboration with major international companies in the field of new materials, we can maintain a certain degree of growth.
 - (c) As for the existing product markets, competitive advantage in cost management will determine if a company can secure its existing market share or even expand it when demand stays flat. We have comprehensive product lines relative to other competitors along with quality assurance and economies of scale, which grant us stronger cost competitiveness to ensure a stable growth in market share.
 - (d) In summary, we expect revenue to increase steadily as we benefit from rush orders and orders transferred in the first half of 2020. However, COVID-19 introduces a hefty dose of uncertainty to the second half of 2020. As of now, the Company forecasts flat or small increase in the overall shipment for the year 2020.
- (3) Key production and marketing policies
- (a) The Rudong production base has completed its mass production preparation and is ready to support the increasing local production demand.
 - (b) Establish safety stock in the face of possible supply chain disruption due to COVID-19 and set up an intelligence center to closely monitor the dynamics of customers and suppliers so as to swiftly adjust inventory level and production volume.

- (c) Build customer VMI warehouses and regional hubs for the vast sales region in China. Accelerate inventory flows and reduce the overall transportation costs via cost-efficient transportation routes and warehouse planning.
- (d) Expand the technical service team for end customers, take the lead in understand final demand, and enhance the efficiency of product research and development.
- (e) Optimize product portfolio and pricing strategy, customize pricing according to product grades, and improve profitability while satisfying customer demand.

3. Strategies for Future Developments

- (1) Expand the existing material formulas and precision manufacturing technology, and explore market opportunities to develop new business in pursue of long-term growth. At present, we are actively involved in heat dissipation materials and materials for flexible display.
- (2) Combine end customers' participation in design and collaboration in upstream material development with our existing technology and advantages in economies of scale to stabilize and strengthen the overall supply chain connectivity, creating high barriers for competitors to enter the competition.
- (3) Through the vast sales network and customer base built by the Company, utilize the advantages of joint purchase and vertical integration for horizontal expansion of products wanted by customers. Provide lower-cost, high-efficient and one-stop shop services via self or cooperative development or joint-agency.
- (4) Continue to systematize and rationalize workflows and carry out waste reduction measures in order to lower operation costs and increase work efficiency.

4. Impacts from external competitions, regulatory compliance and macro-environment

- (1) External competitions
 - (a) The slowing growth momentum of smartphone sales and stagnant growth in demand create potential risk of fiercer price competition in the future.
 - (b) Rapid changes in customers' demand force the Company to identify new technologies and launch new products at a faster rate, which raises the development cost. At the same time, broader gap between peak and low-season demand brings greater challenge to capacity flexibility and resource allocation capability.
 - (c) Emerging industries with growth potential attract a large number of new competitors including large-scaled conglomerates. The key to success will be the speed of product development.
 - (d) Being the leading producer of FCCL in the Greater China Region, the Company has strong competitive advantages in supply chain relationships and economies of scale. In

addition to cost competitiveness due to our scale, customers' demand can be met in time during the peak season. Furthermore, we collaborate with companies in the supply chain to accelerate our progress in research and development in order to satisfy customers' desire for new products and assist them to seize the growth opportunities.

(2) Regulatory compliance

- (a) Our allocation of resources is directly impacted by whether cross-strait bilateral investments are permissible.
- (b) The new tax laws in China and the worldwide enhanced tax information flows will impact on enterprises' cross-strait strategies and the design of global value chain framework.
- (c) Trade barriers enforced by countries bring about many tariff duties and serious challenges to the planning of production regions.

(3) Macro-environment

- (a) Future developments in US-China trade war and COVID-19's dual effects on consumption and production will bring severe uncertainties to market demand. Consequently, companies in the supply chain will face a high degree of uncertainty in terms of inventory levels and production schedules.
- (b) Amid the unpredictable global situation, central banks around the world employ substantial monetary policy. The action, however, will amplify the risks of exchange rate volatility and increase operation costs and uncertainty for enterprises.
- (c) As the trend of China's economy switches to structural adjustment and greater emphasis is placed on environmental issues, the operating costs in China will escalate. Environmental protection will be a crucial competitive edge to the sustainable operation of enterprises.
- (d) Our government has less participation in the regional integration agreements relative to other competing nations. Even though we receive some tariff concessions under ECFA with China, we are falling behind competitors from other nations in the war of tariffs within the Southeast Asia market.

Looking back at 2019, there was constant turmoil among nations where the China-US trade war ranked first in terms of impact level. From the escalating confrontation since the beginning of the year to the first-stage negotiation at the end of the year, the trade war brought havoc to the inventory strategies within the supply chain. The trade war between Japan and South Korea, UK's Brexit and COVID-19 all contributed to the volatility in the global financial market. At the time of high uncertainty, Taiflex aggressively underwent internal structural adjustments. From strategic

adjustments including our exit from the PV backsheet market, disposal of Kunshan factory and completion of mass production preparation at the Rudong production base, to implementation of internal management measures such as optimization of product mix and enhancement of production yield and efficiency, we were readying ourselves for the new growth opportunities from 5G. We will continue our pursue of a long-lasting competitive and sustainable operation model in the quest for long-term optimization of shareholders' interests.

We will persistently strengthen our core competitiveness; invest research and development resources in advanced flexible electronics materials, heat dissipation materials and flexible display materials; and work towards producing high-value products. We will also utilize our leading position in flexible materials to collaborate with customers in making innovative progress in order to capture the driving forces of market growth and build the foundation for sustainability.

Wishing all shareholders good health and prosperity!

Chairperson: Ta-Wen Sun

President: Zhi-Ming Yen

Accounting Manager: Fang-Yi Xie

Item 3 Audit Committee's review report on the 2019 financial statements

Audit Committee's Review Report

The Board of Directors has prepared the business report, consolidated and parent company only financial statements and earning distribution for the year ended December 31, 2019. Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Fang-Wun Li, were retained by the Board to audit the consolidated and parent company only financial statements and they have issued an audit report.

The above-mentioned business report, consolidated and parent company only financial statements and earning distribution have been reviewed and determined to be correct by the Audit Committee. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To: 2020 Annual Shareholders' Meeting of Taiflex Scientific Co., Ltd.

Audit Committee of Taiflex Scientific Co., Ltd.

Chairman of the Audit Committee: Wen-I Lo

February 26, 2020

Item 4 Amendments to the Rules of Procedure for the Board of Directors' Meetings

- Explanation: 1. In response to the amendments made by the competent authority in the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", some articles within the Rules of Procedure for the Board of Directors' Meetings are amended.
2. Please refer to Attachment III on page 37 to 39 of this meeting agenda for the Comparison Table of Amendments to Rules of Procedure for the Board of Directors' Meetings.

Ratification Items

Item 1 (Proposed by the Board of Directors)

Subject: To ratify the 2019 financial statements

- Explanation: 1. The 2019 business report and consolidated and parent company only financial statements were audited by Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Fang-Wun Li, and reviewed by the Audit Committee.
2. Please refer to Attachment I on page 17 to 26 and Attachment II on page 27 to 36 of this meeting agenda for the financial statements.
3. Please ratify the above-mentioned financial statements.

Resolution:

Item 2 (Proposed by the Board of Directors)

Subject: To ratify the distribution of 2019 earnings

- Explanation: 1. The earnings available for distribution of NT\$2,872,186,881 is calculated by adding the unappropriated earnings from previous year of NT\$2,423,341,095, and the remeasurement of defined benefit plan transferred from retained earnings directly of NT\$59,880,278 to net income for 2019 of NT\$630,681,528, and appropriating 10% of the sum of net income and items, other than the net income, included in the current year's undistributed earnings, i.e. NT\$57,080,125, for legal capital reserve and NT\$64,875,339 for special capital reserve.
2. Dividends to shareholders:
Each common share holder will be entitled to receive a cash dividend of NT\$1.2 per share and the overall cash dividend amounts to NT\$250,943,630. Unappropriated earnings at the end of period of NT\$2,621,243,251, net of dividends, will be retained for distribution in later years. Earnings from 2019 will

be distributed first. Cash dividends to be paid are rounded to the nearest dollar. Dividends of fractional dollar amount to an individual shareholder are transferred to the Employee Welfare Committee of the Company.

3. The earning distribution plan is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, or transfer or cancellation of treasury stocks and the dividend distribution rate is affected, the Chairperson is authorized to adjust the cash dividend to be distributed to each share based on the total amount of cash resolved to be distributed and the actual number of outstanding shares on the record date.
4. When the conditions for this earning distribution are changed due to amendments to laws or decisions of regulators, the Chairperson is authorized to take all necessary measures.
5. The 2019 earning distribution table is as follows:

Taiflex Scientific Co., Ltd.
2019 Earning Distribution Table

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		2,423,341,095	
Add: Net income of 2019	630,681,528		
Less: Other comprehensive income (Remeasurement of defined benefit plan) (Note 1)	(59,880,278)		
Legal capital reserve (Note 2)	(57,080,125)		
Special capital reserve (Note 3)	(64,875,339)		
Distributable earnings		2,872,186,881	
Distribution items: (Note 4)			
Dividends to shareholders - cash	250,943,630		NT\$1.2 per share
Total distributed earnings		(250,943,630)	
Unappropriated earnings, ending balance		2,621,243,251	

Chairperson: Ta-Wen Sun President: Zhi-Ming Yen Accounting Manager: Fang-Yi Xie

(Note 1) The remeasurement of defined benefit plan under IAS 19 is transferred from retained earnings directly instead of through profit or loss account.

(Note 2) In compliance with changes in the domestic accounting standards, when an entity appropriates a legal capital reserve pursuant to Article 237 of the

Company Act, the basis for the recognition is changed from net income to the sum of net income and items, other than the net income, included in the current year's undistributed earnings starting from the appropriation of 2019 earnings. Legal reserve appropriated is calculated as follows: $(630,681,528 - 59,880,278) * 10\% = 57,080,125$

(Note 3) In accordance with rules set by the Financial Supervisory Commission, when appropriating distributable earnings, the Company shall set aside a special reserve equal to other net deductions from shareholders equity of the current year from the profit/loss of the current period and the undistributed earnings of the previous period. For other net deductions from shareholders equity accumulated during previous periods, an equal amount shall be set aside from the undistributed earnings of the previous period, and the amount shall not be distributed. However, if the Company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders equity.

(Note 4) The distribution item above is calculated pursuant to the Articles of Incorporation. The amount and percentage are calculated as follows:
Dividends to shareholders: Cash dividend of NT\$1.2 per share * 209,119,692 shares = NT\$250,943,630.

6. Please ratify the distribution of 2019 earnings.

Resolution:

Discussion Items

Item 1 (Proposed by the Board of Directors)

Subject: To amend the Company's "Articles of Incorporation"

Explanation: 1. Due to an expansion of business scope for operational needs and rules set by the competent authority, the Company proposes to amend some articles within the "Articles of Incorporation".
2. Please refer to Attachment IV on page 40 to 42 of this meeting agenda for the Comparison Table of Amendments to "Articles of Incorporation".
3. The draft amendment is submitted for discussion and approval.

Resolution:

Item 2 (Proposed by the Board of Directors)

Subject: To amend the Company's "Rules of Procedure for Shareholders' Meeting"

Explanation: 1. In response to the amendments made by the competent authority in the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", the

Company proposes to amend some articles within the “Rules of Procedure for Shareholders’ Meeting”.

2. Please refer to Attachment V on page 43 of this meeting agenda for the Comparison Table of Amendments to “Rules of Procedure for Shareholders’ Meeting”.
3. The draft amendment is submitted for discussion and approval.

Resolution:

Item 3

(Proposed by the Board of Directors)

Subject: To amend the Company’s “Procedures for Endorsement and Guarantee”

- Explanation:
1. In response to the amendments made by the competent authority in the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the Company proposes to amend some articles within the “Procedures for Endorsement and Guarantee”.
 2. Please refer to Attachment VI on page 44 to 48 of this meeting agenda for the Comparison Table of Amendments to “Procedures for Endorsement and Guarantee”.
 3. The draft amendment is submitted for discussion and approval.

Resolution:

Item 4

(Proposed by the Board of Directors)

Subject: To amend the Company’s “Procedures for Lending Funds to Other Parties”

- Explanation:
1. In response to the amendments made by the competent authority in the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the Company proposes to amend some articles within the “Procedures for Lending Funds to Other Parties”.
 2. Please refer to Attachment VII on page 49 to 53 of this meeting agenda for the Comparison Table of Amendments to “Procedures for Lending Funds to Other Parties”.
 3. The draft amendment is submitted for discussion and approval.

Resolution:

Item 5

(Proposed by the Board of Directors)

Subject: To distribute cash out of capital surplus

- Explanation:
1. The Company proposes to distribute NT\$271,855,600 from capital surplus related to share issued at a premium to shareholders.
 2. Shareholders recorded in the register on the record date are entitled to receive NT\$1.3 per share (rounded to the nearest dollar). Dividends of fractional dollar amount to an individual shareholder are transferred to the Employee Welfare Committee of the Company. Once the proposal is approved at the shareholders' meeting, Chairperson will be authorized to set the record and payment dates for the cash distribution from capital surplus and handle relevant matters.
 3. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, or transfer or cancellation of treasury stocks, it is proposed for the shareholders' meeting to authorized the Chairperson to handle matters pertaining to the dividend distribution rate changes.
 4. The proposal is submitted for discussion and approval.

Resolution:

Election Items

Subject: To hold the election for all directors

(Proposed by the Board of Directors)

- Explanation:
1. The 8th term of directors of the Company expires on May 25, 2020. Pursuant to Article 195 of the Company Act, an election shall be held to elect new directors.
 2. In compliance with the Articles of Incorporation, the Company shall elect nine directors (including three independent directors) to serve a term of three years. Their tenure starts right after the shareholders' meeting. The tenure of newly elected directors commences on May 28, 2020 and expires on May 27, 2023. Directors are eligible for re-election.
 3. In compliance with the Articles of Incorporation, the election of directors adopts the candidate nomination system. Please refer to Attachment VIII on page 54 to 55 of this meeting agenda for the List of Director Candidates.
 4. Please hold the election.

Election result:

Other Proposed Resolutions

Subject: To release the new directors from non-compete restrictions

(Proposed by the Board of Directors)

- Explanation:
1. Article 209 of the Company Act stipulates that a director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
 2. The scope and details concerning the release of new directors (including the independent directors) and their representatives from the non-compete restrictions pursuant to Article 209 of the Company Act will be supplemented in the shareholders' meeting before relevant discussion is held.
 3. The proposal is submitted for discussion and approval.

Resolution:

Extempore Motions

Meeting Adjourned

Attachment I Independent Auditors' Report and 2019 Consolidated Financial Statements

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the consolidated balance sheets of Taiflex Scientific Co., Ltd. and subsidiaries (hereinafter referred to as "Taiflex Group") as of December 31, 2019 and 2018; and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including summary on significant accounting policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Taiflex Group as of December 31, 2019 and 2018, and its consolidated financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission with effective dates.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our CPAs will further explain the responsibilities auditors shall execute during the audit of consolidated financial statements under the above principles below. We are independent of Taiflex Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities under the Norm. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Key audit matters

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of Taiflex Group for the year ended December 31, 2019 based on our professional judgment. These items have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these items. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$3,340,170 thousand and accounted for 31% of Taiflex Group's consolidated total assets as of December 31, 2019. Hence, it was considered a material item to the Group. Loss allowance for accounts receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net accounts receivables, the impairment of receivables was identified as a key audit matter.

Our audit procedures included, but not limited to, the assessment on the appropriateness of expected credit loss rate for receivables, i.e. tests on the effectiveness of internal control established by the management for receivables, random selection of customers for receivable confirmations, and verification of subsequent collections in order to assess the recoverability of receivables. We tested the accuracy of aging, analyzed changes in aging, and assessed the reasonableness of receivables with longer collection terms.

We also considered the appropriateness of disclosures on receivables and associated risks in Notes 5 and 6 to the consolidated financial statements.

2. Inventory valuation

As of December 31, 2019, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$938,566 thousand; thus, it was a significant item to Taiflex Group. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

Our audit procedures included, but not limited to, tests on the effectiveness of internal control established by the management for inventories, such as cost carryover of inventories and assessment on inventory status, evaluation on management's stocktaking plans, and on-site observation of stocktaking at major warehouses to ensure the quantities and conditions of inventories. We assessed the accuracy of inventory aging, analyzed movements in inventory aging, and considered the expected demand and market value of inventories. We evaluated management's analyses and assessments on obsolete inventories, including the estimations on the possibility of inventory realization and net realizable value, and tested whether the allowance for writing down inventories to their net realizable value was adequate.

We also considered the appropriateness of disclosures on inventories in Notes 5 and 6 to the consolidated financial statements.

Responsibilities of management and governance bodies for the consolidated financial statements

The responsibilities of management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRICs, and SICs endorsed by the Financial Supervisory Commission with effective dates, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Taiflex Group in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Taiflex Group or cease the operations, or has no realistic alternative but to do so.

The governance bodies of Taiflex Group (including Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an

independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taiflex Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Taiflex Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may result in Taiflex Group ceasing to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Taiflex Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Taiflex Group's consolidated financial statements for the year ended December 31, 2019. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Others

Taiflex Scientific Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2019 and 2018, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 26, 2020

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2019	December 31, 2018
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 2,584,521	\$ 1,862,586
Financial assets at fair value through profit or loss - current	4, 6(2)	38,131	36,438
Financial assets at amortized cost - current	4, 6(3)	49,000	-
Notes receivable, net	4, 6(4)	748,651	1,218,019
Accounts receivable, net	4, 6(5)	2,591,519	3,678,098
Other receivables		27,476	54,605
Inventories, net	4, 6(6)	938,566	1,464,307
Prepayments		127,932	85,594
Non-current assets held for sale	4, 6(7)	473,439	-
Other current assets	8	22,658	25,412
Total current assets		<u>7,601,893</u>	<u>8,425,059</u>
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(8)	-	-
Investments accounted for under the equity method	4, 6(9)	49,470	51,470
Property, plant and equipment	4, 6(10)	2,993,090	3,020,888
Right-of-use assets	4, 6(23)	379,444	-
Intangible assets	4, 6(11,13)	127,107	114,708
Deferred income tax assets	4, 6(26)	205,308	157,314
Other non-current assets	4, 6(12)	17,669	172,451
Total non-current assets		<u>3,772,088</u>	<u>3,516,831</u>
Total assets		<u>\$ 11,373,981</u>	<u>\$ 11,941,890</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2019	December 31, 2018
Current liabilities			
Short-term loans	6(14)	\$ 740,000	\$ 1,362,054
Financial liabilities at fair value through profit or loss - current	4, 6(15)	344	2,656
Contract liabilities – current	4, 6(21)	1,084	2,372
Notes payable		358	65,772
Accounts payable		833,240	1,672,749
Other payables		555,656	640,267
Current income tax liabilities	4, 6(26)	135,929	194,512
Lease liabilities - current	4, 6(23)	15,744	-
Current portion of long-term loans	6(16)	11,009	12,258
Lease payable - current	6(17)	-	758
Other current liabilities		2,470	6,062
Total current liabilities		<u>2,295,834</u>	<u>3,959,460</u>
Non-current liabilities			
Long-term loans	6(16)	923,556	329,674
Deferred income tax liabilities	4, 6(26)	114,231	130,944
Lease liabilities – non-current	4, 6(23)	252,171	-
Lease payable – non-current	6(17)	-	1,685
Net defined benefit liabilities - non-current	4, 6(18)	219,550	138,423
Other non-current liabilities	4, 12	216,029	255
Total non-current liabilities		<u>1,725,537</u>	<u>600,981</u>
Total liabilities		<u>4,021,371</u>	<u>4,560,441</u>
Equity attributable to shareholders of the parent			
Capital	6(19)		
Common stock		2,091,197	2,091,197
Capital surplus	6(19)	1,342,759	1,446,639
Retained earnings			
Legal capital reserve		882,821	815,590
Special capital reserve		166,117	75,546
Unappropriated earnings		2,994,142	2,999,383
Total retained earnings		<u>4,043,080</u>	<u>3,890,519</u>
Others	4	<u>(230,993)</u>	<u>(166,117)</u>
Total equity attributable to shareholders of the parent		<u>7,246,043</u>	<u>7,262,238</u>
Non-controlling interests	4, 6(19)	106,567	119,211
Total equity		<u>7,352,610</u>	<u>7,381,449</u>
Total liabilities and equity		<u>\$ 11,373,981</u>	<u>\$ 11,941,890</u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	Notes	2019	2018
Net revenue	4, 6(21)	\$ 7,583,654	\$ 9,643,051
Cost of revenue	4, 6(6)	(5,844,516)	(7,650,007)
Gross profit		<u>1,739,138</u>	<u>1,993,044</u>
Operating expenses	4, 6(24)		
Sales and marketing expenses		(374,759)	(445,484)
General and administrative expenses		(361,941)	(450,461)
Research and development expenses		(284,486)	(264,278)
Reversal of expected credit loss	6(22)	22,835	136,144
Total operating expenses		<u>(998,351)</u>	<u>(1,024,079)</u>
Operating income		<u>740,787</u>	<u>968,965</u>
Non-operating income and expenses	6(25)		
Other income		230,986	40,828
Other gains and losses		(142,015)	(111,328)
Finance costs		(19,716)	(49,589)
Share of profit or loss of associates accounted for under the equity method	4, 6(9)	(17,588)	19,666
Total non-operating income and expenses		<u>51,667</u>	<u>(100,423)</u>
Income before income tax		792,454	868,542
Income tax expense	4, 6(26)	(174,172)	(189,068)
Net income of continuing operations		<u>618,282</u>	<u>679,474</u>
Net income		<u>618,282</u>	<u>679,474</u>
Other comprehensive income (loss)	6(25)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		(74,851)	55,488
Income tax related to components of other comprehensive income that will not be reclassified subsequently		14,970	(11,098)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(81,400)	(86,077)
Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss		16,279	19,368
Total other comprehensive income, net of tax		<u>(125,002)</u>	<u>(22,319)</u>
Total comprehensive income		<u>\$ 493,280</u>	<u>\$ 657,155</u>
Net income attributable to:	4, 6(27)		
Shareholders of the parent		\$ 630,681	\$ 672,309
Non-controlling interests		(12,399)	7,165
		<u>\$ 618,282</u>	<u>\$ 679,474</u>
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 505,924	\$ 650,156
Non-controlling interests		(12,644)	6,999
		<u>\$ 493,280</u>	<u>\$ 657,155</u>
Earnings per share (NT\$)	4, 6(27)		
Earnings per share - basic		\$ 3.02	\$ 3.22
Earnings per share - diluted		<u>\$ 3.00</u>	<u>\$ 3.18</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Retained Earnings						Others				
	Common Stock	Capital Collected in Advance	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/Loss on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non- Controlling Interests	Total Equity
Balance as of January 1, 2018	\$ 2,087,802	\$ 665	\$1,441,339	\$ 742,131	\$ 102,158	\$2,845,730	\$ (92,974)	\$ -	\$ 7,126,851	\$ 112,212	\$ 7,239,063
Effect of retrospective application						6,600		(6,600)	-		-
Adjusted balance as of January 1, 2018	<u>2,087,802</u>	<u>665</u>	<u>1,441,339</u>	<u>742,131</u>	<u>102,158</u>	<u>2,852,330</u>	<u>(92,974)</u>	<u>(6,600)</u>	<u>7,126,851</u>	<u>112,212</u>	<u>7,239,063</u>
Appropriation and distribution of 2017 earnings											
Legal capital reserve				73,459		(73,459)			-		-
Cash dividends for common stocks						(522,799)			(522,799)		(522,799)
Changes in other capital surplus											
Changes in associates accounted for under the equity method			(1,553)						(1,553)		(1,553)
Share-based payment	3,395	(665)	6,853						9,583		9,583
Reversal of special capital reserve					(26,612)	26,612			-		-
Net income for the year ended December 31, 2018						672,309			672,309	7,165	679,474
Other comprehensive income (loss) for the year ended December 31, 2018						44,390	(66,543)		(22,153)	(166)	(22,319)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>716,699</u>	<u>(66,543)</u>	<u>-</u>	<u>650,156</u>	<u>6,999</u>	<u>657,155</u>
Balance as of December 31, 2018	<u>\$ 2,091,197</u>	<u>\$ -</u>	<u>\$1,446,639</u>	<u>\$ 815,590</u>	<u>\$ 75,546</u>	<u>\$ 2,999,383</u>	<u>\$ (159,517)</u>	<u>\$ (6,600)</u>	<u>\$ 7,262,238</u>	<u>\$ 119,211</u>	<u>\$ 7,381,449</u>
Balance as of January 1, 2019	\$ 2,091,197	\$ -	\$1,446,639	\$ 815,590	\$ 75,546	\$ 2,999,383	\$ (159,517)	\$ (6,600)	\$ 7,262,238	\$ 119,211	\$ 7,381,449
Appropriation and distribution of 2018 earnings											
Legal capital reserve				67,231		(67,231)			-		-
Special capital reserve					90,571	(90,571)			-		-
Cash dividends for common stocks						(418,239)			(418,239)		(418,239)
Changes in other capital surplus											
Changes in associates accounted for under the equity method			680						680		680
Cash dividends from capital surplus			(104,560)						(104,560)		(104,560)
Net income for the year ended December 31, 2019						630,681			630,681	(12,399)	618,282
Other comprehensive income (loss) for the year ended December 31, 2019						(59,881)	(64,876)		(124,757)	(245)	(125,002)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,800</u>	<u>(64,876)</u>	<u>-</u>	<u>505,924</u>	<u>(12,644)</u>	<u>493,280</u>
Balance as of December 31, 2019	<u>\$ 2,091,197</u>	<u>\$ -</u>	<u>\$1,342,759</u>	<u>\$ 882,821</u>	<u>\$ 166,117</u>	<u>\$2,994,142</u>	<u>\$ (224,393)</u>	<u>\$ (6,600)</u>	<u>\$ 7,246,043</u>	<u>\$ 106,567</u>	<u>\$ 7,352,610</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Income before income tax	\$ 792,454	\$ 868,542
Adjustments:		
Non-cash income and expense items:		
Depreciation	325,804	291,462
Amortization	23,972	28,815
Reversal of expected credit loss	(22,835)	(136,144)
Net gain on financial assets (liabilities) at fair value through profit or loss	(12,226)	(7,215)
Interest expense	19,716	49,589
Interest income	(14,961)	(20,534)
Share of loss (profit) of associates accounted for under the equity method	17,588	(19,666)
Loss (gain) on disposal of property, plant and equipment	27,217	(856)
Gain on liquidation of subsidiaries	-	(35,761)
Impairment loss for non-financial assets	18,005	-
Gain on reversal of impairment loss for non-financial assets	-	(31,518)
Others	(1,939)	79,259
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	8,221	(22,455)
Decrease in notes receivable	469,368	809,759
Decrease (increase) in accounts receivable	1,108,045	(792,315)
Decrease in other receivables	25,837	2,428
Decrease in inventories	527,966	82,720
(Increase) decrease in prepayments	(45,315)	10,036
Decrease in other current assets	2,372	1,393
Increase in other non-current assets	1,833	(888)
Decrease in contract liabilities	(1,288)	(199)
(Decrease) increase in notes payable	(65,414)	65,448
Decrease in accounts payable	(839,509)	(743,783)
Decrease in other payables	(108,648)	(10,391)
(Decrease) increase in other current liabilities	(3,592)	2,761
Increase in net defined benefit liabilities	6,276	9,787
Cash generated from operations	<u>2,258,947</u>	<u>480,274</u>
Interest received	16,253	19,366
Interest paid	(14,989)	(50,153)
Income tax paid	(266,383)	(175,367)
Net cash generated by operating activities	<u><u>1,993,828</u></u>	<u><u>274,120</u></u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (49,000)	\$ -
Acquisition of investments accounted for under the equity method	(16,182)	-
Acquisition of property, plant and equipment	(787,792)	(464,333)
Disposal of property, plant and equipment	18,310	1,661
Decrease in refundable deposits	390	7,221
Acquisition of intangible assets	(25,839)	(10,448)
Increase in other current assets - other financial assets - current	-	(59)
Decrease in other current assets - other financial assets - current	382	-
Increase in other non-current assets	-	(119,009)
Dividends received	1,444	-
Net cash used in investing activities	<u>(858,287)</u>	<u>(584,967)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	705,458
Decrease in short-term loans	(622,054)	-
Increase in long-term loans	592,633	86,236
Increase in guarantee deposits received	215,774	-
Decrease in lease payable	-	(1,036)
Repayment of lease principal	(22,827)	-
Distribution of cash dividends	(522,799)	(522,799)
Exercise of employee stock options	-	9,583
Net cash (used in) generated by financing activities	<u>(359,273)</u>	<u>277,442</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(54,333)</u>	<u>(38,285)</u>
Net increase (decrease) in cash and cash equivalents	721,935	(71,690)
Cash and cash equivalents at beginning of period	1,862,586	1,934,276
Cash and cash equivalents at end of period	<u>\$ 2,584,521</u>	<u>\$ 1,862,586</u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

Attachment II Independent Auditors' Report and 2019 Parent Company Only Financial Statements

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the parent company only balance sheets of Taiflex Scientific Co., Ltd. (hereinafter referred to as "Taiflex" or the "Company") as of December 31, 2019 and 2018; and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to parent company only financial statements (including summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial status of Taiflex as of December 31, 2019 and 2018, and its parent company only financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our CPAs will further explain the responsibilities auditors shall execute during the audit of parent company only financial statements under the above principles below. We are independent of Taiflex in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities under the Norm. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Key audit matters

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of Taiflex for the year ended December 31, 2019 based on our professional judgment. These items have been covered during the audit of the overall parent company only financial statements and in forming the audit opinion. We will not express a separate opinion on these items. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$2,494,267 thousand and accounted for 23% of Taiflex's total assets as of December 31, 2019. Hence, it was considered a material item to the Company. Loss allowance for accounts receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net accounts receivables, the impairment of receivables was identified as a key audit matter.

Our audit procedures included, but not limited to, the assessment on the appropriateness of expected credit loss rate for receivables, i.e. tests on the effectiveness of internal control established by the management for receivables, random selection of customers for receivable confirmations, and verification of subsequent collections in order to assess the recoverability of receivables. We tested the accuracy of aging, analyzed changes in aging, and assessed the reasonableness of receivables with longer collection terms.

We also considered the appropriateness of disclosures on receivables and associated risks in Notes 5 and 6 to the parent company only financial statements.

2. Inventory valuation

As of December 31, 2019, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$626,770 thousand; thus, it was a significant item to Taiflex. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

Our audit procedures included, but not limited to, tests on the effectiveness of internal control established by the management for inventories, such as cost carryover of inventories and assessment on inventory status, evaluation on management's stocktaking plans, and on-site observation of stocktaking at major warehouses to ensure the quantities and conditions of inventories. We assessed the accuracy of inventory aging, analyzed movements in inventory aging, and considered the expected demand and market value of inventories. We evaluated management's analyses and assessments on obsolete inventories, including the estimations on the possibility of inventory realization and net realizable value, and tested whether the allowance for writing down inventories to their net realizable value was adequate.

We also considered the appropriateness of disclosures on inventories in Notes 5 and 6 to the parent company only financial statements.

Responsibilities of management and governance bodies for the parent company only financial statements

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Taiflex in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Taiflex or cease the operations, or has no realistic alternative but to do so.

The governance bodies of Taiflex (including Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taiflex's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Taiflex's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may result in Taiflex ceasing to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Taiflex Group to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit on those investees and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within

the audit of Taiflex's parent company only financial statements for the year ended December 31, 2019. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Ernst & Young

February 26, 2020

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2019	December 31, 2018
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 1,678,502	\$ 1,065,055
Financial assets at fair value through profit or loss - current	4, 6(2)	38,131	20,820
Financial assets at amortized cost - current	4, 6(3)	49,000	-
Notes receivable, net	4, 6(4)	2,940	4,826
Accounts receivable, net	4, 6(5)	1,426,216	2,039,942
Accounts receivable – related parties	6(5), 7	1,068,051	1,348,288
Other receivables		18,878	43,229
Other receivables – related parties	7	459,778	1,229,366
Inventories, net	4, 6(6)	626,770	851,750
Prepayments		22,678	27,587
Other current assets	8	21,784	23,773
Total current assets		5,412,728	6,654,636
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	-	-
Investments accounted for under the equity method	4, 6(8)	2,690,742	2,490,400
Property, plant and equipment	4, 6(9)	2,212,219	2,122,285
Right-of-use assets	4, 6(20)	259,165	-
Intangible assets	4, 6(10)	52,531	39,142
Deferred income tax assets	4, 6(23)	136,925	100,000
Other non-current assets	4, 6(11)	7,908	6,806
Total non-current assets		5,359,490	4,758,633
Total assets		\$ 10,772,218	\$ 11,413,269

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS-(Continued)
December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2019	December 31, 2018
Current liabilities			
Short-term loans	6(12)	\$ 670,000	\$ 1,165,000
Financial liabilities at fair value through profit or loss - current	4, 6(13)	278	2,453
Notes payable		-	65,419
Accounts payable		780,269	1,554,031
Accounts payable – related parties	7	3,092	26,934
Other payables		429,162	545,822
Other payables – related parties	7	21,194	31,761
Current income tax liabilities	4, 6(23)	128,071	193,339
Lease liabilities - current	4, 6(20)	11,058	-
Other current liabilities		1,962	5,099
Total current liabilities		<u>2,045,086</u>	<u>3,589,858</u>
Non-current liabilities			
Long-term loans	6(14)	900,000	295,000
Deferred income tax liabilities	4, 6(23)	111,415	127,750
Lease liabilities – non-current	4, 6(20)	250,124	-
Net defined benefit liabilities - non-current	4, 6(15)	219,550	138,423
Total non-current liabilities		<u>1,481,089</u>	<u>561,173</u>
Total liabilities		<u>3,526,175</u>	<u>4,151,031</u>
Equity			
Capital	6(16)		
Common stock		2,091,197	2,091,197
Capital surplus	6(16)	1,342,759	1,446,639
Retained earnings			
Legal capital reserve		882,821	815,590
Special capital reserve		166,117	75,546
Unappropriated earnings		2,994,142	2,999,383
Total retained earnings		<u>4,043,080</u>	<u>3,890,519</u>
Others	4	(230,993)	(166,117)
Total equity		<u>7,246,043</u>	<u>7,262,238</u>
Total liabilities and equity		<u>\$ 10,772,218</u>	<u>\$ 11,413,269</u>

(Concluded)

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	Notes	2019	2018
Net revenue	4, 6(18), 7	\$ 6,919,495	\$ 7,633,620
Cost of revenue	4, 6(6)&(21), 7	(5,195,358)	(5,921,108)
Gross profit		<u>1,724,137</u>	<u>1,712,512</u>
Unrealized sales profit or loss		2,035	(14,146)
Realized sales profit or loss		-	-
Gross profit, net		<u>1,726,172</u>	<u>1,698,366</u>
Operating expenses	4, 6(21)		
Sales and marketing expenses		(243,123)	(270,209)
General and administrative expenses		(244,327)	(280,017)
Research and development expenses		(265,762)	(244,580)
Reversal of expected credit loss	6(19)	20,629	107,895
Total operating expenses		<u>(732,583)</u>	<u>(686,911)</u>
Operating income		<u>993,589</u>	<u>1,011,455</u>
Non-operating income and expenses	6(22)		
Other income		36,695	70,856
Other gains and losses		(90,544)	41,892
Finance costs		(17,114)	(17,555)
Share of profit or loss of subsidiaries and associates accounted for under the equity method	4, 6(7)	<u>(139,902)</u>	<u>(235,459)</u>
Total non-operating income and expenses		<u>(210,865)</u>	<u>(140,266)</u>
Income before income tax		782,724	871,189
Income tax expense	4, 6(23)	<u>(152,043)</u>	<u>(198,880)</u>
Net income of continuing operations		<u>630,681</u>	<u>672,309</u>
Net income		<u>630,681</u>	<u>672,309</u>
Other comprehensive income (loss)	6(22)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		(74,851)	55,488
Income tax related to components of other comprehensive income that will not be reclassified subsequently	6(23)	14,970	(11,098)
Items that may be reclassified subsequently to profit or loss	6(22)		
Exchange differences on translation of foreign operations		(81,094)	(85,854)
Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss	6(23)	<u>16,218</u>	<u>19,311</u>
Total other comprehensive income, net of tax		<u>(124,757)</u>	<u>(22,153)</u>
Total comprehensive income		<u>\$ 505,924</u>	<u>\$ 650,156</u>
Earnings per share (NT\$)	4, 6(24)		
Earnings per share - basic		<u>\$ 3.02</u>	<u>\$ 3.22</u>
Earnings per share - diluted		<u>\$ 3.00</u>	<u>\$ 3.18</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	Retained Earnings						Others		Total Equity
	Common Stock	Capital Collected in Advance	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/Loss on Financial Assets at Fair Value through Other Comprehensive Income	
Balance as of January 1, 2018	\$ 2,087,802	\$ 665	\$ 1,441,339	\$ 742,131	\$ 102,158	\$ 2,845,730	\$ (92,974)	\$ -	\$ 7,126,851
Effect of retrospective application						6,600		(6,600)	-
Adjusted balance as of January 1, 2018	<u>2,087,802</u>	<u>665</u>	<u>1,441,339</u>	<u>742,131</u>	<u>102,158</u>	<u>2,852,330</u>	<u>(92,974)</u>	<u>(6,600)</u>	<u>7,126,851</u>
Appropriation and distribution of 2017 earnings									
Legal capital reserve				73,459		(73,459)			-
Cash dividends for common stocks						(522,799)			(522,799)
Changes in other capital surplus									
Changes in associates accounted for under the equity method			(1,553)						(1,553)
Share-based payment	3,395	(665)	6,853						9,583
Reversal of special capital reserve					(26,612)	26,612			-
Net income for the year ended December 31, 2018						672,309			672,309
Other comprehensive income (loss) for the year ended December 31, 2018						44,390	(66,543)		(22,153)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>716,699</u>	<u>(66,543)</u>	<u>-</u>	<u>650,156</u>
Balance as of December 31, 2018	<u>\$ 2,091,197</u>	<u>\$ -</u>	<u>\$ 1,446,639</u>	<u>\$ 815,590</u>	<u>\$ 75,546</u>	<u>\$ 2,999,383</u>	<u>\$ (159,517)</u>	<u>\$ (6,600)</u>	<u>\$ 7,262,238</u>
Balance as of January 1, 2019	\$ 2,091,197	\$ -	\$ 1,446,639	\$ 815,590	\$ 75,546	\$ 2,999,383	\$ (159,517)	\$ (6,600)	\$ 7,262,238
Appropriation and distribution of 2018 earnings									
Legal capital reserve				67,231		(67,231)			-
Special capital reserve					90,571	(90,571)			-
Cash dividends for common stocks						(418,239)			(418,239)
Changes in other capital surplus									
Changes in associates accounted for under the equity method			680						680
Cash dividends from capital surplus			(104,560)						(104,560)
Net income for the year ended December 31, 2019						630,681			630,681
Other comprehensive income (loss) for the year ended December 31, 2019						(59,881)	(64,876)		(124,757)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,800</u>	<u>(64,876)</u>	<u>-</u>	<u>505,924</u>
Balance as of December 31, 2019	<u>\$ 2,091,197</u>	<u>\$ -</u>	<u>\$ 1,342,759</u>	<u>\$ 882,821</u>	<u>\$ 166,117</u>	<u>\$ 2,994,142</u>	<u>\$ (224,393)</u>	<u>\$ (6,600)</u>	<u>\$ 7,246,043</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Income before income tax	\$ 782,724	\$ 871,189
Adjustments:		
Non-cash income and expense items:		
Depreciation	248,306	206,801
Amortization	15,738	16,403
Reversal of expected credit loss	(20,629)	(107,895)
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(12,395)	12,328
Interest expense	17,114	17,555
Interest income	(20,774)	(29,449)
Share of loss of subsidiaries and associates accounted for under the equity method	139,902	235,459
Gain on disposal of property, plant and equipment	(1,481)	-
Gain on reversal of impairment loss for non-financial assets	-	(31,518)
Others	39,867	46,020
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(7,091)	(18,010)
Decrease in notes receivable	1,886	5,032
Decrease (increase) in accounts receivable	631,689	(1,433,570)
Decrease in accounts receivable – related parties	280,237	195,162
Decrease (increase) in other receivables	23,059	(2,805)
Decrease (increase) in other receivables – related parties	188,011	(163,632)
Decrease (increase) in inventories	185,487	(145,392)
Decrease in prepayments	4,909	1,087
Decrease in other current assets	1,989	311
(Decrease) increase in notes payable	(65,419)	65,419
Decrease in accounts payable	(773,762)	(20,176)
Decrease in accounts payable – related parties	(23,842)	(37,339)
(Decrease) increase in other payables	(81,036)	27,054
(Decrease) increase in other payables – related parties	(10,567)	19,881
(Decrease) increase in other current liabilities	(6,880)	18,507
Increase in net defined benefit liabilities	6,276	9,787
Cash generated from operations	<u>1,543,318</u>	<u>(241,791)</u>
Interest received	22,066	28,281
Interest paid	(12,298)	(17,078)
Income tax paid	<u>(239,553)</u>	<u>(129,166)</u>
Net cash generated by (used in) operating activities	<u><u>1,313,533</u></u>	<u><u>(359,754)</u></u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2019 and 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (49,000)	\$ -
Acquisition of investments accounted for under the equity method	(418,189)	(534,553)
Return of capital from investee accounted for under the equity method	-	117,658
Acquisition of property, plant and equipment	(380,898)	(305,929)
Disposal of property, plant and equipment	17,713	-
Increase in refundable deposits	(1,102)	-
Decrease in refundable deposits	-	3,949
Decrease (increase) in other receivables – related parties	581,577	(7,767)
Acquisition of intangible assets	(25,686)	(9,777)
Increase in other current assets - other financial assets - current	-	(59)
Decrease in other non-current assets	2,666	-
Dividends received	1,444	122,078
Net cash used in investing activities	<u>(271,475)</u>	<u>(614,400)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	1,165,000
Decrease in short-term loans	(495,000)	-
Increase in long-term loans	605,000	156,818
Repayment of lease principal	(15,812)	-
Distribution of cash dividends	(522,799)	(522,799)
Exercise of employee stock options	-	9,583
Net cash (used in) generated by financing activities	<u>(428,611)</u>	<u>808,602</u>
Net increase (decrease) in cash and cash equivalents	613,447	(165,552)
Cash and cash equivalents at beginning of period	1,065,055	1,230,607
Cash and cash equivalents at end of period	<u>\$ 1,678,502</u>	<u>\$ 1,065,055</u>

(Concluded)

(The accompanying notes are an integral part of the parent company only financial statements.)

Attachment III Comparison Table of Amendments to Rules of Procedure for the Board of Directors' Meetings

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 10	<p>The board meeting <u>shall be</u> convened and chaired by the board chairperson. However, the first board meeting of each term shall be convened and chaired by the director whose ballots represent the most voting rights at the shareholders' meeting. When there are two or more persons with the right to convene, they shall elect one from among themselves.</p> <p>When the chairperson of the board is on leave or for some reasons unable to exercise the power, <u>he/she</u> shall appoint a director to serve as a proxy. If the chairperson does not appoint a proxy, the directors shall elect one from among themselves.</p>	<p>The board meetings convened by the board chairperson <u>shall be chaired by the board chairperson</u>. However, the first board meeting of each term shall be convened and chaired by the director whose ballots represent the most voting rights at the shareholders' meeting. When there are two or more persons with the right to convene, they shall elect one from among themselves.</p> <p><u>In accordance with Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, for board meetings convened by the majority of directors, the directors shall elect one from among themselves to preside the meetings.</u></p> <p>When the chairperson of the board is on leave or for some reasons unable to exercise the power, <u>the vice chairperson shall serve as a proxy. If there is no vice chairperson or the vice chairperson is on leave or for some reasons unable to exercise the power, the chairperson</u> shall appoint a director to serve as a proxy. If the chairperson does not appoint a proxy, the directors shall elect one from among themselves.</p>	In compliance with amendments made by the competent authority.
Article 16	<p>For agenda items of which the director or the juridical person the director represents has a personal interest, the director shall disclose the major aspects of such personal interest at the current board meeting. If the interest may impair the interest of the Company, the director shall not participate and shall recuse himself/herself from the discussion and voting of the agenda items. Such director shall not exercise voting right on behalf of another director.</p> <p>With respect to the resolution at the board meeting, when a director is</p>	<p>For agenda items of which the director or the juridical person the director represents has a personal interest, the director shall disclose the major aspects of such personal interest at the current board meeting. If the interest may impair the interest of the Company, the director shall not participate and shall recuse himself/herself from the discussion and voting of the agenda items. Such director shall not exercise voting right on behalf of another director.</p> <p><u>The director is deemed to have a personal interest when his/her spouse or</u></p>	In compliance with amendments made by the competent authority.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>prohibited by the preceding paragraph from exercising the voting right, the provisions of paragraph 2 of Article 180 of the Company Act apply mutatis mutandis to paragraph 3 of Article 206 of the same Act.</p>	<p><u>blood relatives within the second degree of kinship, or a company which has a controlling or subordinate relation with the director, having personal interests in agenda items of the preceding paragraph.</u></p> <p>With respect to the resolution at the board meeting, when a director is prohibited by the <u>two</u> preceding paragraphs from exercising the voting right, the provisions of paragraph 2 of Article 180 of the Company Act apply mutatis mutandis to paragraph <u>4</u> of Article 206 of the same Act.</p>	
Article 20	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>The first amendment to the Rules was approved by the board of directors on February 27, 2004 and proposed at the shareholders' meeting of that year.</p> <p>The second amendment to the Rules took effect after being approved by the board of directors on December 13, 2006. It was then proposed at the shareholders' meeting in the following year.</p> <p>The third amendment to the Rules took effect after being approved by the board of directors on March 18, 2008. It was then proposed at the shareholders' meeting.</p> <p>The fourth amendment to the Rules took effect after being approved by the board of directors on February 25, 2010. It was then proposed at the shareholders' meeting.</p> <p>The fifth amendment to the Rules took effect after being approved by the board of directors on October 24, 2012.</p> <p>The sixth amendment to the Rules took effect after being approved by the board of directors on July 28, 2015.</p> <p>The seventh amendment to the Rules</p>	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>The first amendment to the Rules was approved by the board of directors on February 27, 2004 and proposed at the shareholders' meeting of that year.</p> <p>The second amendment to the Rules took effect after being approved by the board of directors on December 13, 2006. It was then proposed at the shareholders' meeting in the following year.</p> <p>The third amendment to the Rules took effect after being approved by the board of directors on March 18, 2008. It was then proposed at the shareholders' meeting.</p> <p>The fourth amendment to the Rules took effect after being approved by the board of directors on February 25, 2010. It was then proposed at the shareholders' meeting.</p> <p>The fifth amendment to the Rules took effect after being approved by the board of directors on October 24, 2012.</p> <p>The sixth amendment to the Rules took effect after being approved by the board of directors on July 28, 2015.</p> <p>The seventh amendment to the Rules</p>	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>took effect after being approved by the board of directors on February 23, 2017. It was then proposed at the shareholders' meeting.</p> <p>The eighth amendment to the Rules took effect after being approved by the board of directors on February 27, 2018. It was then proposed at the shareholders' meeting.</p>	<p>took effect after being approved by the board of directors on February 23, 2017. It was then proposed at the shareholders' meeting.</p> <p>The eighth amendment to the Rules took effect after being approved by the board of directors on February 27, 2018. It was then proposed at the shareholders' meeting.</p> <p><u>The ninth amendment to the Rules took effect after being approved by the board of directors on February 26, 2020. It was then proposed at the shareholders' meeting.</u></p>	

Attachment IV Comparison Table of Amendments to Articles of Incorporation

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 2	<p>The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> 1. Lead frame tape 2. LOC tape 3. TAB tape 4. UV-tape 5. Resin-coated copper clad laminate 6. Polymer film-based copper clad laminate 7. CC01080 electronic parts and components manufacturing 8. F119010 wholesale of electronic materials 9. F219010 retail of electronic materials 10. ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved 	<p>The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> 1. Lead frame tape 2. LOC tape 3. TAB tape 4. UV-tape 5. Resin-coated copper clad laminate 6. Polymer film-based copper clad laminate 7. CC01080 electronic parts and components manufacturing 8. <u>F107170 wholesale of industrial catalyst</u> 9. <u>F107200 wholesale of chemistry raw material</u> 10. <u>F107990 wholesale of other chemical products</u> 11. F119010 wholesale of electronic materials 12. <u>F207170 retail sale of industrial catalyst</u> 13. <u>F207200 retail sale of chemistry raw material</u> 14. <u>F207990 retail sale of other chemical products</u> 15. F219010 retail of electronic materials 16. ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved 	Expansion of business scope
Article 7	<p><u>The shares of the Company shall be name-bearing certificates. They are issued after signed and sealed by more than three Directors and certified by the competent authority or the approved agency.</u> Shares issued by the Company are exempted from printing. They shall be registered in the central securities depository.</p>	<p>Shares issued by the Company are exempted from printing. They shall be registered in the central securities depository <u>and handled in accordance with the depository's rules.</u></p>	In compliance with amendments made by the competent authority.
Article 34	<p>The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took</p>	<p>The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took</p>	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>effect on the date when the competent authority approved the registration.</p> <p>The first amendment was made on October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on March 6, 1999.</p> <p>The sixth amendment was made on April 15, 2000.</p> <p>The seventh amendment was made on April 14, 2001.</p> <p>The eighth amendment was made on June 21, 2002.</p> <p>The ninth amendment was made on May 26, 2003.</p> <p>The tenth amendment was made on May 28, 2004.</p> <p>The eleventh amendment was made on May 28, 2004.</p> <p>The twelfth amendment was made on June 17, 2005.</p> <p>The thirteenth amendment was made on June 17, 2005.</p> <p>The fourteenth amendment was made on August 28, 2006.</p> <p>The fifteenth amendment was made on May 9, 2007.</p> <p>The sixteenth amendment was made on June 3, 2008.</p> <p>The seventeenth amendment was made on June 18, 2010.</p> <p>The eighteenth amendment was made on June 9, 2011.</p> <p>The nineteenth amendment was made on June 13, 2012.</p> <p>The twentieth amendment was made on June 17, 2013.</p> <p>The twenty-first amendment was made on June 24, 2014.</p> <p>The twenty-second amendment was made on May 27, 2016.</p> <p>The twenty-third amendment was made</p>	<p>effect on the date when the competent authority approved the registration.</p> <p>The first amendment was made on October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on March 6, 1999.</p> <p>The sixth amendment was made on April 15, 2000.</p> <p>The seventh amendment was made on April 14, 2001.</p> <p>The eighth amendment was made on June 21, 2002.</p> <p>The ninth amendment was made on May 26, 2003.</p> <p>The tenth amendment was made on May 28, 2004.</p> <p>The eleventh amendment was made on May 28, 2004.</p> <p>The twelfth amendment was made on June 17, 2005.</p> <p>The thirteenth amendment was made on June 17, 2005.</p> <p>The fourteenth amendment was made on August 28, 2006.</p> <p>The fifteenth amendment was made on May 9, 2007.</p> <p>The sixteenth amendment was made on June 3, 2008.</p> <p>The seventeenth amendment was made on June 18, 2010.</p> <p>The eighteenth amendment was made on June 9, 2011.</p> <p>The nineteenth amendment was made on June 13, 2012.</p> <p>The twentieth amendment was made on June 17, 2013.</p> <p>The twenty-first amendment was made on June 24, 2014.</p> <p>The twenty-second amendment was made on May 27, 2016.</p> <p>The twenty-third amendment was made</p>	

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	on May 26, 2017.	on May 26, 2017. <u>The twenty-fourth amendment was made on May 28, 2020.</u>	

Attachment V Comparison Table of Amendments to Rules of Procedure for Shareholders' Meeting

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 9	<p>The board of directors shall set the meeting agenda if the shareholders' meeting is convened by the board of directors. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.</p> <p>Omit the remaining provisions.</p>	<p>The board of directors shall set the meeting agenda if the shareholders' meeting is convened by the board of directors. <u>Relevant proposals shall be resolved by voting on a proposal-by-proposal basis.</u> The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.</p> <p>Omit the remaining provisions.</p>	<p>In compliance with amendments made by the competent authority.</p>
Article 15	<p>The chairperson shall give ample opportunity for explanation and discussion of the proposals and the amendments or extraordinary motions proposed by the Shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson shall announce the discussion closed and call for a vote.</p> <p>The proposal shall be deemed adopted if all attending Shareholders are solicited by the chairperson and no objection is voiced. Its validity is the same as voted by casting ballots.</p>	<p>The chairperson shall give ample opportunity for explanation and discussion of the proposals and the amendments or extraordinary motions proposed by the Shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson shall announce the discussion closed and call for a vote. <u>He/she shall also allow ample time for voting.</u></p> <p>The proposal shall be deemed adopted if all attending Shareholders are solicited by the chairperson and no objection is voiced. Its validity is the same as voted by casting ballots.</p>	<p>In compliance with amendments made by the competent authority.</p>
Article 22	<p>The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.</p> <p>The Rules were established on March 6, 1999.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on June 17, 2013.</p> <p>The fourth amendment was made on May 26, 2017.</p>	<p>The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.</p> <p>The Rules were established on March 6, 1999.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on June 17, 2013.</p> <p>The fourth amendment was made on May 26, 2017.</p> <p><u>The fifth amendment was made on May 28, 2020.</u></p>	<p>To add the amendment date.</p>

Attachment VI Comparison Table of Amendments to Procedures for Endorsement and Guarantee

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 9	<p>Processing and examining procedures for endorsement and guarantee</p> <p>(1) Companies requiring endorsement and guarantee from the Company shall file a written application with the Company's <u>Financial Division</u> together with the basic information and financial data. The <u>Financial Division</u> shall conduct detailed assessment and credit investigation. The assessment items include the necessity and rationality of the endorsement and guarantee; whether the amount of endorsement and guarantee for the company having business relationship with the Company is commensurate to their transaction amount; impact on the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral.</p> <p>(2) The person-in-charge at the <u>Financial Division</u> of the Company shall collect and organize relevant information and assessment results referred to in the preceding paragraph. If the cumulated balance is less than 30 percent of the Company's net worth in the latest financial statements at the time, the endorsement and guarantee can be processed upon the Chairperson's approval and later be submitted to the latest Board Meeting for ratification. If the cumulated balance of endorsement and guarantee exceeds 30 percent of the Company's net worth in the latest financial statement at the time, the application shall be</p>	<p>Processing and examining procedures for endorsement and guarantee</p> <p>(1) Companies requiring endorsement and guarantee from the Company shall file a written application with the Company's <u>Financial Department</u> together with the basic information and financial data. The <u>Financial Department</u> shall conduct detailed assessment and credit investigation. The assessment items include the necessity and rationality of the endorsement and guarantee; whether the amount of endorsement and guarantee for the company having business relationship with the Company is commensurate to their transaction amount; impact on the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral.</p> <p>(2) The person-in-charge at the <u>Financial Department</u> of the Company shall collect and organize relevant information and assessment results referred to in the preceding paragraph. If the cumulated balance is less than 30 percent of the Company's net worth in the latest financial statements at the time, the endorsement and guarantee can be processed upon the Chairperson's approval and later be submitted to the latest Board Meeting for ratification. If the cumulated balance of endorsement and guarantee exceeds 30 percent of the Company's net worth in the latest financial statement at the time, the application shall be</p>	<p>To make organizational name change.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>submitted to the Board of Directors for approval and executed in accordance with the resolution of the Board Meetings.</p> <p>(3) The Financial <u>Division</u> shall prepare an “endorsement and guarantee registration form” to record as reference the party and amount of endorsement and guarantee, resolution date of the Board Meeting or decision date of Chairperson, date of endorsement and guarantee, matters to be carefully assessed in accordance with the Procedures, collateral details and its appraised value, and conditions and dates of being released from the endorsement and guarantee responsibilities.</p> <p>(4) When the company endorsed and guaranteed repays the loan, the Company shall be notified of the repayment to release its endorsement and guarantee responsibility and update the endorsement and guarantee registration form accordingly.</p> <p>(5) The Financial <u>Division</u> shall conduct regular assessment and recognize the contingent loss arising from the endorsement and guarantee. Information of endorsement and guarantee shall be properly disclosed in the financial reports and provided to the certified public accountants (“CPAs”) for conducting due auditing and issuing audit reports.</p> <p>(6) If the party for which the Company or its subsidiary provides endorsement and guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, in addition to conducting the procedures in accordance with the Subparagraphs (1) to (5) of this</p>	<p>submitted to the Board of Directors for approval and executed in accordance with the resolution of the Board Meetings.</p> <p>(3) The Financial <u>Department</u> shall prepare an “endorsement and guarantee registration form” to record as reference the party and amount of endorsement and guarantee, resolution date of the Board Meeting or decision date of Chairperson, date of endorsement and guarantee, matters to be carefully assessed in accordance with the Procedures, collateral details and its appraised value, and conditions and dates of being released from the endorsement and guarantee responsibilities.</p> <p>(4) When the company endorsed and guaranteed repays the loan, the Company shall be notified of the repayment to release its endorsement and guarantee responsibility and update the endorsement and guarantee registration form accordingly.</p> <p>(5) The Financial <u>Department</u> shall conduct regular assessment and recognize the contingent loss arising from the endorsement and guarantee. Information of endorsement and guarantee shall be properly disclosed in the financial reports and provided to the certified public accountants (“CPAs”) for conducting due auditing and issuing audit reports.</p> <p>(6) If the party for which the Company or its subsidiary provides endorsement and guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, in addition to conducting the procedures in accordance with the Subparagraphs (1) to (5) of this</p>	

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>Article, the Financial <u>Division</u> of the Company shall follow up to check on the financial condition, business activities and credit status of the endorsed and guaranteed party and produce a written report monthly. If a significant change occurs, the Chairperson shall be notified immediately to provide instructions for proper treatment. If the shares of the subsidiary have no par value or the par value per share is not NT\$ 10, the paid-in capital calculated pursuant to Subparagraph (6) of this Article shall be the sum of capital plus “capital surplus – additional paid-in capital”.</p>	<p>Article, the Financial <u>Department</u> of the Company shall follow up to check on the financial condition, business activities and credit status of the endorsed and guaranteed party and produce a written report monthly. If a significant change occurs, the Chairperson shall be notified immediately to provide instructions for proper treatment. If the shares of the subsidiary have no par value or the par value per share is not NT\$ 10, the paid-in capital calculated pursuant to Subparagraph (6) of this Article shall be the sum of capital plus “capital surplus – additional paid-in capital”.</p>	
Article 12	<p>Deadline and contents for public announcement and filing:</p> <p>...</p> <p>(2) If the endorsement and guarantee balance of the Company meets one of the following criteria, the Company shall input the balance in Market Observation Post System within two days from the date of occurrence (the date of occurrence being the first day):</p> <p>(i) The endorsement and guarantee balance of the Company and its subsidiaries exceeds 50 percent of the net worth of the Company in the latest financial statement.</p> <p>(ii) The endorsement and guarantee balance of the Company and its subsidiaries for a single enterprise exceeds 20 percent of the net worth of the Company in the latest financial statement.</p> <p>(iii) The endorsement and guarantee balance of the Company and its subsidiaries</p>	<p>Deadline and contents for public announcement and filing:</p> <p>...</p> <p>(2) If the endorsement and guarantee balance of the Company meets one of the following criteria, the Company shall input the balance in Market Observation Post System within two days from the date of occurrence (the date of occurrence being the first day):</p> <p>(i) The endorsement and guarantee balance of the Company and its subsidiaries exceeds 50 percent of the net worth of the Company in the latest financial statement.</p> <p>(ii) The endorsement and guarantee balance of the Company and its subsidiaries for a single enterprise exceeds 20 percent of the net worth of the Company in the latest financial statement.</p> <p>(iii) The endorsement and guarantee balance of the Company and its subsidiaries</p>	In compliance with amendments made by the competent authority.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>for a single enterprise exceeds NT\$10,000,000, and the sum of endorsement and guarantee, <u>long-term investment and fund lending</u> balance in the company exceed 30 percent of the net worth of the Company in the latest financial statement.</p> <p>(iv) The incremental endorsement and guarantee amount of the Company or its subsidiaries exceeds NT\$30,000,000 and 5 percent of the net worth of the Company in the latest financial statement.</p> <p>The date of occurrence specified in the Procedures refers to the contracting date, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and <u>transaction</u> amount can be ascertained, whichever is earlier.</p> <p>Omit the remaining provisions.</p>	<p>for a single enterprise exceeds NT\$10,000,000, and the sum of endorsement and guarantee, <u>carrying amount of investment accounted for under the equity method</u> and fund lending balance in the company exceed 30 percent of the net worth of the Company in the latest financial statement.</p> <p>(iv) The incremental endorsement and guarantee amount of the Company or its subsidiaries exceeds NT\$30,000,000 and 5 percent of the net worth of the Company in the latest financial statement.</p> <p>The date of occurrence specified in the Procedures refers to the contracting date, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.</p> <p>Omit the remaining provisions.</p>	
Article 17	<p>Implementation and amendment</p> <p>The Procedures shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and proposed at the shareholders' meeting for approval.</p> <p>It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, <u>without being subject to the restrictions in the preceding paragraph</u>. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board meeting.</p> <p>If any director expresses objection on the record or in writing, the Company shall submit the objection to the shareholders' meeting for discussion. The same applies to any amendment made to this Procedure.</p>	<p>Implementation and amendment</p> <p>The Procedures shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and proposed at the shareholders' meeting for approval.</p> <p>It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board meeting.</p> <p>If any director expresses objection on the record or in writing, the Company shall submit the objection to the shareholders' meeting for discussion. The same applies to any amendment made to this Procedure.</p> <p><u>The terms "All audit committee members" and "total number of</u></p>	In compliance with amendments made by the competent authority.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>When the Procedures are submitted at the Board Meetings for discussion in accordance with the abovementioned rules, <u>if the Company has independent directors, their opinions shall be fully taken into consideration by the Company. Their definite opinions on whether to approve and the reasons for objection shall be recorded in the minutes of the Board Meetings.</u></p>	<p><u>directors” refer to ones that are currently holding those positions.</u> When the Procedures are submitted at the Board Meetings for discussion in accordance with the abovementioned rules, <u>independent directors’ opinions shall be fully taken into consideration by the Company. Their objections or reservations shall be recorded in the minutes of the Board Meetings.</u></p>	
Article 18	<p>The Procedures took effect on April 15, 2000 after being approved by the shareholders’ meeting. The first amendment was made on May 26, 2003. The second amendment was made on June 8, 2006. The third amendment was made on May 9, 2007. The fourth amendment was made on June 16, 2009. The fifth amendment was made on June 18, 2010. The sixth amendment was made on June 17, 2013. The seventh amendment was made on June 24, 2014. The eighth amendment was made on May 27, 2016. The ninth amendment was made on May 26, 2017.</p>	<p>The Procedures took effect on April 15, 2000 after being approved by the shareholders’ meeting. The first amendment was made on May 26, 2003. The second amendment was made on June 8, 2006. The third amendment was made on May 9, 2007. The fourth amendment was made on June 16, 2009. The fifth amendment was made on June 18, 2010. The sixth amendment was made on June 17, 2013. The seventh amendment was made on June 24, 2014. The eighth amendment was made on May 27, 2016. The ninth amendment was made on May 26, 2017. <u>The tenth amendment was made on May 28, 2020.</u></p>	To add the amendment date.

Attachment VII Comparison Table of Amendments to Procedures for Lending Funds to Other Parties

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 2	<p>The party to whom the Company may lend its funds</p> <p>According to the provisions of the Company Act, the Company is not allowed to lend its funds to the shareholders or any other parties with the exception of the following conditions:</p> <p>(1) Companies or firms having business relationship with the Company.</p> <p>(2) Companies or firms requiring short-term financing from the Company. The lending amount shall not exceed 40 percent of the Company's net worth. The aforementioned "short-term" means one year or a business operating cycle, whichever is longer, as interpreted in the letter of the Ministry of Economic Affairs.</p> <p>The lending amount referred to in the Subparagraph (2) of Paragraph 1 is the accumulated balance of short-term financing funds of the Company.</p> <p>The provision of Subparagraph (2) of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the amount limits and durations of lending shall be stipulated in the internal operating procedures pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.</p>	<p>The party to whom the Company may lend its funds</p> <p>According to the provisions of the Company Act, the Company is not allowed to lend its funds to the shareholders or any other parties with the exception of the following conditions:</p> <p>(1) Companies or firms having business relationship with the Company.</p> <p>(2) Companies or firms requiring short-term financing from the Company. The lending amount shall not exceed 40 percent of the Company's net worth. The aforementioned "short-term" means one year or a business operating cycle, whichever is longer, as interpreted in the letter of the Ministry of Economic Affairs.</p> <p>The lending amount referred to in the Subparagraph (2) of Paragraph 1 is the accumulated balance of short-term financing funds of the Company.</p> <p>The provision of Subparagraph (2) of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company <u>nor financing provided by offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company to the Company.</u> However, the amount limits <u>to all and individual parties</u> shall be stipulated in the internal operating procedures <u>with</u> durations of lending <u>specified</u> pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by Securities and Futures Bureau,</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
		Financial Supervisory Commission, R.O.C. <u>Cases where the Company's responsible person violates provisos of Paragraph 1, he/she shall be liable, jointly and severally, with the borrower for the damages, if any, to the Company.</u>	
Article 5	<p>Operating and review procedures for financing others</p> <p>(1) Application procedures</p> <p>(i) The Borrower shall provide basic information and financial data, together with a description of the purpose, duration and amount of the loan, and apply for credit from the <u>Financial Division</u> of the Company in writing.</p> <p>(ii) Where financing is provided due to business relationship, the reviewer in the <u>Financial Division</u> of the Company shall evaluate if the lending amount is commensurate to the transaction amount. Where short-term financing is required, the reasons and circumstances for financing shall be listed and credit investigation shall be conducted. Relevant information and lending conditions shall be presented to the Director of the <u>Financial Division</u> and President before submitted to the Board of Directors for a resolution. The authorization for approval cannot be delegated to other persons.</p> <p>Omit the remaining provisions.</p>	<p>Operating and review procedures for financing others</p> <p>(1) Application procedures</p> <p>(i) The Borrower shall provide basic information and financial data, together with a description of the purpose, duration and amount of the loan, and apply for credit from the <u>Financial Department</u> of the Company in writing.</p> <p>(ii) Where financing is provided due to business relationship, the reviewer in the <u>Financial Department</u> of the Company shall evaluate if the lending amount is commensurate to the transaction amount. Where short-term financing is required, the reasons and circumstances for financing shall be listed and credit investigation shall be conducted. Relevant information and lending conditions shall be presented to the Director of the <u>Financial Department</u> and President before submitted to the Board of Directors for a resolution. The authorization for approval cannot be delegated to other persons.</p> <p>Omit the remaining provisions.</p>	To make organizational name change.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 8	<p>Procedures for public announcement and filing</p> <p>...</p> <p>The date of occurrence specified in the Procedures refers to the contracting date, payment date, resolution date of the Board of Directors, or other dates on which the <u>transaction</u> parties and amounts can be ascertained, whichever is earlier.</p> <p>Omit the remaining provisions.</p>	<p>Procedures for public announcement and filing</p> <p>...</p> <p>The date of occurrence specified in the Procedures refers to the contracting date, payment date, resolution date of the Board of Directors, or other dates on which the <u>financed</u> parties and amounts can be ascertained, whichever is earlier.</p> <p>Omit the remaining provisions.</p>	<p>In compliance with amendments made by the competent authority.</p>
Article 9	<p>Case registration and safekeeping</p> <p>...</p> <p>(2) Following loan appropriation, the Company's person-in-charge of the loan shall organize and put the debt certificates, such as deed and promissory note, collateral supporting document, insurance policy and correspondences into a bag for safekeeping. The contents and Borrower's name should be indicated on the bag. After being inspected by the supervisor of Financial <u>Division</u>, the bag shall be sealed, and the safekeeping log shall be signed or affixed by both parties.</p>	<p>Case registration and safekeeping</p> <p>...</p> <p>(2) Following loan appropriation, the Company's person-in-charge of the loan shall organize and put the debt certificates, such as deed and promissory note, collateral supporting document, insurance policy and correspondences into a bag for safekeeping. The contents and Borrower's name should be indicated on the bag. After being inspected by the supervisor of Financial <u>Department</u>, the bag shall be sealed, and the safekeeping log shall be signed or affixed by both parties.</p>	<p>To make organizational name change.</p>
Article 10	<p>Guidelines for financing other parties:</p> <p>.....</p> <p>(3) When change of circumstances results in Borrower's failure to meet the criteria of the Procedures or lending balance exceeds the limit, the audit department of the Company shall urge the Financial <u>Division</u> to set a deadline to recover the exceeding amount and send the improvement plan to the audit committee.</p> <p>(4) The Company's person-in-charge shall prepare the details of fund lending of previous month by the fifth day of every month and submit it for review level-by-level.</p>	<p>Guidelines for financing other parties:</p> <p>.....</p> <p>(3) When change of circumstances results in Borrower's failure to meet the criteria of the Procedures or lending balance exceeds the limit, the audit department of the Company shall urge the Financial <u>Department</u> to set a deadline to recover the exceeding amount and send the improvement plan to the audit committee.</p> <p>(4) The Company's person-in-charge shall prepare the details of fund lending of previous month by the fifth day of every month and submit it for review level-by-level.</p>	<p>To make organizational name change.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 13	<p>Implementation and amendment</p> <p>The Procedures shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and adopted at the shareholders' meeting.</p> <p>It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, <u>without being subject to the restrictions in the preceding paragraph.</u> In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board Meeting. If any director expresses objection on the record or in writing, the Company shall submit the objection to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.</p> <p><u>If the Company has independent directors, their</u> opinions shall be fully considered when submitting the Procedures to the Board of Directors for discussion in accordance with the aforesaid regulations. <u>The definite opinions on whether to approve the Procedures and the reasons for objection shall be recorded in the minutes of the Board of Directors.</u></p>	<p>Implementation and amendment</p> <p>The Procedures shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and adopted at the shareholders' meeting.</p> <p>It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board Meeting. If any director expresses objection on the record or in writing, the Company shall submit the objection to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.</p> <p><u>The terms "All audit committee members" and "total number of directors" refer to ones that are currently holding those positions.</u> <u>Independent directors'</u> opinions shall be fully considered when submitting the Procedures to the Board of Directors for discussion in accordance with the aforesaid regulations. Their <u>objections or reservations</u> shall be recorded in the minutes of the Board of Directors.</p>	In compliance with amendments made by the competent authority.
Article 14	<p>The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on March 7, 2003.</p> <p>The third amendment was made on June 16, 2009.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on June 13, 2012.</p> <p>The sixth amendment was made on June 17, 2013.</p>	<p>The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on March 7, 2003.</p> <p>The third amendment was made on June 16, 2009.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on June 13, 2012.</p> <p>The sixth amendment was made on June 17, 2013.</p>	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>The seventh amendment was made on June 24, 2014.</p> <p>The eighth amendment was made on May 27, 2016.</p> <p>The ninth amendment was made on May 26, 2017.</p>	<p>The seventh amendment was made on June 24, 2014.</p> <p>The eighth amendment was made on May 27, 2016.</p> <p>The ninth amendment was made on May 26, 2017.</p> <p><u>The tenth amendment was made on May 28, 2020.</u></p>	

Attachment VIII List of Director Candidates

Taiflex Scientific Co., Ltd. List of Director Candidates

Type of Candidate	Name	Education	Work Experience	Name of the Government or Corporate Represented	Shareholding (Shares)
Director	Ching-Yi Chang	Master of Business Administration, National Chengchi University	<ul style="list-style-type: none"> ▪ Director and Vice Chairperson of Taiflex Scientific Co., Ltd. ▪ Chairperson of LandMark Optoelectronics Corporation ▪ Chairperson of The CID Group Ltd. ▪ Founder of The CID Group 	None	5,009,282
Director	Ta-Wen Sun	Bachelor of Business Administration, Fu Jen Catholic University	<ul style="list-style-type: none"> ▪ Chairperson of Taiflex Scientific Co., Ltd. ▪ Chairperson of Qiao Mei Development Corporation ▪ Chairperson of Taiflex Scientific (Kunshan) Co., Ltd. ▪ Chairperson of Rudong Fuzhan Scientific Co., Ltd. ▪ Chairperson of Innatech Co., Ltd. ▪ Independent Director of Advanced Ceramic X Corp. ▪ Director of SciVision Biotech Inc. 	Qiao Mei Development Corporation	15,713,729
Director	Chein-Ming Hsu	Bachelor of Electrical Engineering, Chung Yuan Christian University	<ul style="list-style-type: none"> ▪ Independent Director of Taiflex Scientific Co., Ltd. ▪ Former CEO of 3M Thailand Limited 	None	0
Director	Re-Zhang Lin	Bachelor of Accounting, Soochow University	<ul style="list-style-type: none"> ▪ Corporate Representative Director of Taiflex Scientific Co., Ltd. ▪ Chairperson of Taiwan Fu Hsing Industrial Co., Ltd. ▪ Director of Fine Blanking & Tool Co., Ltd. ▪ Corporate Representative Director of Launch Technologies Co., Ltd. ▪ Corporate Representative Supervisor of Advanced International Multitech Co. Ltd. ▪ Chairperson of Fortress Industrial Co., Ltd. ▪ Chairperson of Tong Hsing Co., Ltd. ▪ Chairperson of ARCTEK Industrial Co., Ltd. ▪ Director of Fu Hsing Americas Inc. 	Fuding Investment Co., Ltd.	1,020,000
Director	Chun-Chi Lin	EMBA, College of Management, National Taiwan University	<ul style="list-style-type: none"> ▪ Director of Taiflex Scientific Co., Ltd. ▪ Independent Director of Silicon Optronics, Inc. ▪ Independent Director of M31 Technology Corporation ▪ Chairperson of Taiwan Electron Microscope Instrument Corporation ▪ Chairperson of Chi Investment Limited ▪ Director/CEO of TEN Incubator Management Co., Ltd. ▪ Corporate Representative Director of Stek Co., Ltd. ▪ Director of Capital TEN Inc. ▪ Former Corporate Representative Director of Taiwan Carbon Nano Technology Corporation ▪ Former Director of Tze Chiang Foundation of Science and Technology ▪ Former President of KANTO-PPC Inc. ▪ Former Executive Vice President of Global Unichip Corporation ▪ Former CEO of Xintec Inc. ▪ Former CEO/President of VisEra Technologies Co., Ltd. 	None	0

Taiflex Scientific Co., Ltd.
List of Director Candidates (Continued)

Type of Candidate	Name	Education	Work Experience	Name of the Government or Corporate Represented	Shareholding (Shares)
Director	Fu-Le Lin	Ph.D. in Polymer Science, University of Akron	<ul style="list-style-type: none"> ▪ Director/Senior R&D Director of Taiflex Scientific Co., Ltd. ▪ Chairperson of Koatech Technology Corporation 	None	338,249
Independent Director	Wen-I Lo	Master of Business Administration, National ChengChi University	<ul style="list-style-type: none"> ▪ Independent Director of Taiflex Scientific Co., Ltd. ▪ Remuneration Committee member of ADO Optronics Corporation ▪ Corporate Representative Director of Gemtek Technology Co., Ltd. ▪ Chairperson of FengYi Capital Management Co., Ltd. ▪ Chairperson of CSX Material Co., Ltd. ▪ Corporate Representative Director of PCL (Hsinchu) Co., Ltd. ▪ Former Independent Director of Allied Biotech Corporation ▪ Former Corporate Representative Supervisor of AMPAK Technology Inc. ▪ Former Corporate Representative Supervisor of REC Technology Corporation ▪ Former Vice President of CDIB Capital Management Corporation ▪ Former President of China Venture Management, Inc. ▪ Former President of R.O.C. Strategic Company Ltd. ▪ Former President of R.O.C. Venture Co., Ltd. 	None	0
Independent Director	Shi-Chern Yen	Ph.D. in Chemical Engineering, University of Wisconsin	<ul style="list-style-type: none"> ▪ Independent Director of Taiflex Scientific Co., Ltd. ▪ Adjunct professor of Chemical Engineering, National Taiwan University ▪ Independent Director of Shin Foong Specialty and Applied Materials Co., Ltd. ▪ Remuneration Committee member of Subtron Technology Co., Ltd. ▪ Former Independent Director of LandMark Optoelectronics Corporation 	None	0
Independent Director	Dun-Ren Zheng	Ph.D. in Materials Science, National Cheng Kung University	<ul style="list-style-type: none"> ▪ Director and CEO of INPAQ Technology Co., Ltd. ▪ Chairperson of APAQ Technology Co., Ltd. ▪ Supervisor of King Polytechnic Engineering Co., Ltd. ▪ Supervisor of Bioptik Technology Inc. ▪ CTO of Walsin Technology Corporation ▪ Director and Technical Director of APAQ Technology Co., Ltd. ▪ Senior R&D manager of Cyntec Co., Ltd. ▪ Principal researcher of Material Research Laboratories, Industrial Technology Research Institute 	None	0

Appendix I Articles of Incorporation (before amendment)

Taiflex Scientific Co., Ltd. Articles of Incorporation

Chapter I General Provisions

- Article 1 The Company is incorporated as a company limited by shares in accordance with the Company Act and is named TAIFLEX Scientific Co., Ltd. in the English language.
- Article 2 The business scope of the Company is as follows:
1. Lead frame tape
 2. LOC tape
 3. TAB tape
 4. UV-tape
 5. Resin-coated copper clad laminate
 6. Polymer film-based copper clad laminate
 7. CC01080 electronic parts and components manufacturing
 8. F119010 wholesale of electronic materials
 9. F219010 retail of electronic materials
 10. ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved
- Article 3 The Company has its head office in Kaohsiung City. The Company may, if necessary, set up branch offices domestically and abroad upon resolution of the Board of Directors and approval of competent authority.
- Article 4 The Company may provide endorsement and guarantee for the outside parties due to business or investment needs.
- Article 5 The total reinvestment of the Company shall not be limited to less than forty percent of paid-up capital as provided in Article 13 of the Company Act.

Chapter II Capital Stocks

- Article 6 The total amount of authorized capital stock of the Company is NT\$3,000,000,000, which is divided into 300,000,000 shares (including the technical shares of 3,000,000) at a par value of NT\$10 each. The Board of Directors is authorized to issue the unissued shares by multiple installments. The sum of NT\$150,000,000 may be divided into 15,000,000 shares at a par value of NT\$10 each and issued in a series of

employees' stock options, prefer shares with subscription rights, or corporate bonds with subscription rights upon resolution of the Board of Directors.

Article 7 The shares of the Company shall be name-bearing certificates. They are issued after signed and sealed by more than three Directors and certified by the competent authority or the approved agency. The shares issued by the Company are exempted from printing, however, they shall be registered in the central securities depository.

Article 8 Unless otherwise provided in relevant laws or regulations, affairs concerning shareholder services need to be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Article 9 The transfer of shares shall be suspended sixty days before the general meeting of shareholders is held, thirty days before the special meeting of shareholders is held or five days before the base date on which the Company decides to distribute the dividend and bonus or other benefits.

Chapter III Shareholders' Meeting

Article 10 The shareholders' meeting of the Company shall be classified into the following two types:

1. The general meeting shall be annually convened within six months from the end of each fiscal year.
2. The special meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

Article 11 The Chairperson of the Board of Directors shall preside at the shareholders' meeting if the meeting is convened by the Board. When the Chairperson is on leave or unable to exercise power, the person who may preside the meeting shall be determined in accordance with Article 208 of the Company Act. If the shareholders' meeting is convened by a person entitled to convene the meeting, the person shall preside at the meeting. When there are two or more persons entitled to convene, they shall elect a person from among themselves to preside at the meeting.

Article 12 Written notices shall be sent to all shareholders thirty days prior to the general meeting and fifteen days prior to the special meeting. The notice shall specify the date, place and reasons to convene. Pursuant to relevant laws and regulations, the notice served to the shareholder who owns less than 1,000 shares of nominal stocks may be given in the form of a public announcement.

Article 13 Shareholders who are unable to attend the shareholders' meeting may designate a proxy to attend the shareholders' meeting with a power of attorney indicating the scope of authority in accordance with Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies.

Article 13-1 When the Company convenes the shareholders' meeting, the shareholders may exercise their voting rights in writing or by electronic transmission. A shareholder who exercises his/her voting right in writing or by electronic transmission is deemed to have attended the shareholders' meeting in person. However, he/she shall be deemed to have waived his/her voting right in respect of any extemporary motions and amendments to the original proposals at the shareholders' meeting. The declaration of intention by such shareholders shall be handled according to Article 177-2 of the Company Act.

Article 14 Shareholders are entitled to one vote for each share held. However, this shall not apply to circumstances restricted by laws and regulations nor shares with no voting rights.

Article 15 The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of total number of issued shares. The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed or sealed with the chop of the Chairperson of the meeting. The meeting minutes shall be kept within the Company along with the signing booklet bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies.

Chapter IV Directors and Managers

Article 16 The Company shall have seven to eleven directors who are elected from the shareholders with legal capacity to serve a term of three years. According to relevant laws and regulations, the directors may be eligible for re-election. The Company shall purchase liability insurances for compensation which the directors shall assume within scope of practice during the term upon resolution of the Board of Directors' meeting.

Article 16-1 The number of independent directors within the number of directors in the preceding article shall be three at least and shall not be less than one-fifth of the total number of directors. The Company adopts the candidate nomination system

described in Article 192-1 of the Company Act. Directors (including independent directors) of the Company shall be elected from the respective candidates of directors (including independent directors) nominated at the shareholders' meeting. The professional qualification, shareholding, concurrent serving restrictions, nomination and election methods of independent directors and other compliance issues shall be subject to the relevant regulations stipulated by the competent securities authority.

Each share has the same number of voting rights as the number of directors to be elected. The voting rights may all go to one candidate or be allocated to several candidates. The candidates with more voting rights shall be elected as directors. The election for independent and non-independent directors shall be held at the same time, but the numbers to be elected shall be calculated separately.

Article 16-2 The Company establishes an audit committee in compliance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of all independent directors and the number of committee members shall not be fewer than three. One of the members shall be the convener and at least one of them shall have accounting or financial expertise.

The provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations shall apply *mutatis mutandis* to the audit committee.

Article 17 The Board of Directors is composed of directors. Their duties and responsibilities are listed below:

1. Prepare the business plan
2. Submit the profit distribution or deficit compensation proposal
3. Set forth the capital increase and reduction proposal
4. Formulate important articles and organizational regulations
5. Appoint and dismiss the general manager and manager
6. Establish and remove the branch offices
7. Compile the budget and final accounts
8. Perform other duties and responsibilities stipulated by the Company Act or resolved at the shareholders' meeting

Article 18 The directors shall elect a Chairperson from among themselves in the Board of Directors' meeting with the consent of majority of attending directors which represents more than two-third of all directors. A Vice Chairperson may be elected in

the same manner. The Chairperson shall have the authority to represent the Company.

Article 19 Unless otherwise stipulated in the Company Act, the Board of Directors' meeting shall be convened by the Chairperson. All directors shall be notified of the meeting seven days in advance via mail, e-mail or fax. In case of emergency, the Board meeting can be convened via mail, e-mail or fax at a shorter period.

Article 20 The Chairperson shall preside at the Board of Directors' meeting. When the Chairperson is on leave or unable to exercise power, the person who may preside the meeting shall be determined in accordance with Article 208 of the Company Act.

The directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reason, he/she shall authorize other director to stand proxy with a power of attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting. No director may act as proxy for more than one other director. If a director lives abroad, he/she may authorize other shareholders in Taiwan to act as proxy in series of meetings with a written power of attorney. For Board meetings conducted through video-conferencing, a director who participates through video-conferencing is deemed to attend in person.

Article 20-1 Resolutions in a board meeting, unless otherwise stipulated in the Company Act, shall be adopted by the majority of attending directors which represents the majority of all directors.

Resolutions adopted at a board meeting shall be recorded in the minutes of the meeting, which shall be signed or sealed by the Chairperson of the meeting and the recorder and filed as an important document of the Company to be retained properly throughout the life of the Company. The preparation and distribution of the minutes may be conducted in electronic form.

Article 21 The Company establishes an audit committee in compliance with Article 14-4 of the Securities and Exchange Act (Act). The following items shall be approved by the majority of all audit committee members and submitted to the Board of Directors for resolutions without being subject to Article 14-3 of the Act:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment of procedures for material financial or business transactions, such as acquisition or disposal of assets, financial derivatives transactions, lending funds to other parties, and endorsement and guarantee,

pursuant to Article 36-1 of the Act.

4. A matter of which the Director has a personal interest
5. A significant asset or derivatives transaction.
6. A significant fund lending, endorsement, or guarantee transaction.
7. Offering, issuance, or private placement of any equity-type securities.
8. Appointment, discharge or compensation of certified public accountants.
9. Appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and semi-annual financial reports.
11. Other material matter so required by the Company or the competent authority.

Except for Subparagraph 10, all items in the preceding paragraph may be undertaken upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.

Paragraph 1 of Article 36 of the Act where financial reports shall be recognized by supervisors is not applicable to The Company.

The terms "All audit committee members" in Paragraph 1 and "total number of directors" in Paragraph 2 refer to ones that are currently holding those positions.

Article 22 The Compensation Committee would evaluate the involvement of directors (including the independent directors) in the business operation of the Company and their contributions to the Company, and make recommendations to the Board concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.

Article 23 The Company shall have several managers. The appointment, dismissal and remuneration of managers shall be subject to Article 29 of the Company Act.

Article 24 Directors shall exercise their powers pursuant to the resolutions adopted in the Board and shareholders' meetings. Moreover, the general manager shall carry out the business activities of the Company in accordance with the resolutions of the Board meetings.

Chapter V Accounting

Article 25 The fiscal year of the Company shall be from January 1 to December 31 of the same year.

Article 26 Pursuant to Article 228 of the Company Act, the Board of Directors shall prepare the following documents after the end of each fiscal year and forward them to the audit committee for reviewing thirty days prior to the general meeting of shareholders before submitting them to the general meeting of shareholders for approval.

1. Business report
2. Financial statement
3. Profit distribution or deficit compensation proposal

Article 27 The distribution of dividend and bonus shall be based on the shareholding percentage of each shareholder.

Article 28 When the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to the directors shall not be higher than four percent of the balance.

The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the directors shall be submitted to the shareholders' meeting.

However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to the directors based on the above-mentioned ratios.

Article 28-1 Current year's earnings of the Company, if any, shall be distributed in the following order:

1. Taxes and dues
2. Deficit compensation
3. 10% of net profit as legal capital reserves. However, this shall not apply when the accumulated legal capital reserve has equaled the total capital of the Company.
4. Special capital reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority
5. For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of bonus to shareholders and submit it to the Shareholders' meeting for resolution

Article 29 After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand

for cash, the Board of Directors shall draw up an earnings distribution proposal according to the distributable earnings calculated pursuant to Article 28-1 and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings calculated shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

Article 30 The distribution of dividends shall be limited to shareholders recorded in the register of shareholders five days prior to the base date on which the dividend and bonus are distributed.

Chapter VI Additional Provisions

Article 31 The Company may provide guarantee to external parties in accordance with the regulations stipulated by the government.

Article 32 Rules governing the organization and the procedures of the Company shall be separately stipulated.

Article 33 Matters not set forth in the Articles of Incorporation shall be subject to the Company Act.

Article 34 The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration.

The first amendment was made on October 17, 1997.

The second amendment was made on November 1, 1997.

The third amendment was made on December 8, 1997.

The fourth amendment was made on April 23, 1998.

The fifth amendment was made on March 6, 1999.

The sixth amendment was made on April 15, 2000.

The seventh amendment was made on April 14, 2001.

The eighth amendment was made on June 21, 2002.

The ninth amendment was made on May 26, 2003.

The tenth amendment was made on May 28, 2004.

The eleventh amendment was made on May 28, 2004.

The twelfth amendment was made on June 17, 2005.

The thirteenth amendment was made on June 17, 2005.

The fourteenth amendment was made on August 28, 2006.

The fifteenth amendment was made on May 9, 2007.

The sixteenth amendment was made on June 3, 2008.

The seventeenth amendment was made on June 18, 2010.

The eighteenth amendment was made on June 9, 2011.

The nineteenth amendment was made on June 13, 2012.

The twentieth amendment was made on June 17, 2013.

The twenty-first amendment was made on June 24, 2014.

The twenty-second amendment was made on May 27, 2016.

The twenty-third amendment was made on May 26, 2017.

TAIFLEX SCIENTIFIC CO., LTD.

Chairperson: SUN, TA-WEN

Appendix II Rules of Procedure for Shareholders' Meeting (before amendment)

Taiflex Scientific Co., Ltd. Rules of Procedure for Shareholders' Meeting

Article 1: The rules of procedures for shareholders' meeting of the Company shall conform to the provisions of the Rules unless otherwise stipulated in the applicable laws and regulations or Articles of Incorporation.

Article 2: The Company shall prepare the signing booklet for the attending shareholders or their appointed proxies (hereinafter referred to as "Shareholders") to sign in, or the attending Shareholders shall hand in the attendance cards in lieu of signing in. The Company shall deliver the meeting agenda, annual report, attendance permit, speaker's slip, voting ballot and other meeting materials to the Shareholders attending the shareholders' meeting. Where directors are to be elected, ballots shall also be provided. The Shareholders shall attend the shareholders' meeting with attendance permit, attendance card or other attendance certificates. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, the representative attending the shareholders' meeting is not limited to one person only.

Article 3: The attendance at the shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall be calculated in accordance with the shares indicated by the signing booklet or attendance card submitted plus the number of shares with voting rights exercised by correspondence or electronically.

Shares held by Shareholders with no voting rights shall not be included in the total number of issued shares with respect to resolutions of the shareholders' meeting.

Shareholders shall not participate in voting on agenda items of which they have a personal interest and may impair the interest of the Company, and shall not exercise the voting rights as proxy for other Shareholders.

The shares held by Shareholders with no voting rights under the preceding paragraph shall not be included in the calculation of voting rights of attending Shareholders.

With the exception of trust enterprises or shareholder service agents approved by the competent securities authority, when one person is appointed as proxy by two or more shareholders concurrently, the voting rights represented by such proxy shall not exceed 3 percentage of the voting rights represented by the total number of issues shares. The

voting rights in excess of the percentage shall not be calculated.

Article 4: The shareholders' meeting shall be convened at the premises of the Company or an appropriate venue convenient for Shareholders to attend. The meeting shall begin no earlier than 9 a.m. or no later than 3 p.m. Full consideration shall be given to the opinions of independent directors with respect to the venue and time of meeting.

Article 5: The shareholders' meeting is presided by the chairperson of the board of directors if convened by the board. If the chairperson is on leave or unable to exercise power, the vice chairperson of the board shall stand proxy. If there is no vice chairperson of the board or the vice chairperson is also on leave or unable to exercise power, the chairperson may appoint one of managing directors to stand proxy. If there is no managing director, the chairperson may appoint one director to stand proxy. If the chairperson does not appoint a proxy, the managing directors or directors shall elect one person from among themselves to preside at the meeting. If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.

Article 6: The Company may appoint designated attorneys, certified public accountants or related persons to attend the shareholders' meeting. The staff involved in the meeting affairs shall wear identification cards or armbands.

Article 7: The process of shareholders' meeting shall be tape-recorded or videotaped and kept for at least one year. If Shareholders file lawsuits pursuant to Article 189 of the Company Act, the recordings shall be kept until the lawsuit is concluded.

Article 8: The chairperson shall call the meeting to order at the scheduled time. When the majority of the total number of issued shares are not represented by the attending Shareholders, the chairperson may announce to postpone the meeting. The postponement is limited to two times with a combined duration of less than one hour. If the quorum is not met after two postponements and the attending Shareholders do not represent one-third or more of the total number of issued shares, the chairperson shall announce the adjournment of meeting.

If the quorum is not met after two postponements as mentioned in the preceding paragraph, but one-third or more of the total number of issued shares are represented by the attending Shareholders, tentative resolutions may be made pursuant to Paragraph 1 of Article 175 of the Company Act. All Shareholders shall be notified of the tentative resolutions and the shareholders' meeting shall be convened within one month.

If the attending Shareholders represent majority of the total number of issued shares before the conclusion of meeting, the chairperson may resubmit the tentative resolutions for voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9: The board of directors shall set the meeting agenda if the shareholders' meeting is convened by the board of directors. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.

The above provisions apply mutatis mutandis to the shareholders' meeting convened by a party entitled to convene other than the board of directors.

The chairperson shall not announce adjournment of the meeting before completion of the agenda (including extraordinary motions) referred to in the two preceding paragraphs unless otherwise resolved at the shareholders' meeting. If the chairperson announces the adjournment in violation of the Rules, other members of the board shall promptly assist the attending Shareholders in electing a chairperson pursuant to the statutory procedures with the consent of the majority of voting rights represented by the attending Shareholders to continue the meeting.

After the meeting is adjourned, the Shareholders shall not elect another chairperson to continue the meeting at the original or other venue.

Article 10: Before speaking, the attending Shareholder shall complete the speaker's slip indicating the subject of speech, Shareholder's account number (or the number of attendance permit) and account name. The sequence of speeches shall be determined by the chairperson.

If the attending Shareholder submits a speaker's slip without speaking, it shall be deemed as making no speeches. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

When the attending Shareholder speaks, other Shareholders shall not interrupt the speech unless they are permitted by the chairperson and the speaking Shareholder. Otherwise, the chairperson shall stop such interruption.

Article 11: The Shareholder shall not make a speech concerning the same proposal for more than two times without the consent of chairperson, and the duration of each speech shall not exceed five minutes. If the Shareholders speaks in violation of the provisions or beyond the scope of agenda item, the chairperson may stop the speech.

Article 12: The attending Shareholders shall be obliged to abide by the meeting rules, obey the resolutions and maintain the order at the meeting place.

Article 13: When a juristic person is appointed to attend the shareholders' meeting, it may

designate only one person to attend on its behalf.

If a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one representative may speak for each agenda item.

Article 14: After the attending Shareholder has spoken, the chairperson may respond in person or appoint an appropriate person to respond.

Article 15: The chairperson shall give ample opportunity for explanation and discussion of the proposals and amendments or extraordinary motions proposed by the Shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson shall announce the discussion closed and call for a vote. The proposal shall be deemed adopted if all attending Shareholders are solicited by the chairperson and no objection is voiced. Its validity is the same as voted by casting ballots.

Article 16: Shareholders are entitled to one vote for each share held, but the case shall not apply to restricted shares and non-voting shares specified in Paragraph 2 of Article 179 of the Company Act.

The ballot supervisors and ballot counters of proposal voting shall be appointed by the chairperson, but the ballot supervisors shall be Shareholders. The ballot counting shall be publicly conducted at the venue of shareholders' meeting. The voting results shall be announced at the meeting and recorded in the minutes.

Article 17: When the meeting is in progress, the chairperson may announce a break at his/her discretion. If force majeure events occur, the chairperson may decide to temporarily suspend the meeting and announce the time to resume the meeting depending on the situation. If the meeting venue becomes unavailable before meeting agenda (including extraordinary motions) has been completed, another venue can be used to resume the meeting upon resolution at the shareholders' meeting.

It may be resolved at the shareholders' meeting to defer or resume the meeting within five days pursuant to Article 182 of the Company Act.

Article 18: Unless otherwise provided in the Company Act and Articles of Incorporation, the adoption of resolution shall be approved by the majority of voting rights represented by the attending Shareholders.

Article 19: When there is an amendment or an alternative to a proposal, the chairperson shall present the amendment or alternative together with the original proposal and decide their voting orders. If one proposal among them has been adopted, the others shall be deemed overruled and no further voting is required.

Article 20: The chairperson shall direct the disciplinary officers (or security guards) to assist with order maintenance depending on meeting conditions. The disciplinary officers or security guards shall wear armbands marked “disciplinary officer” or identification cards while assisting with order maintenance on the site.

If the venue is equipped with public address system, the chairperson may stop Shareholders from making a speech through other devices.

If a Shareholder violates the Rules and defies the chairperson’s correction, obstructs the proceedings and refuses to heed calls to stop, the chairperson may direct the disciplinary officers or security guards to escort the Shareholder from the meeting.

Article 21: Any other matters not set forth in the Rules shall be subject to the Company Act, Articles of Incorporation and other applicable rules and regulations.

Article 22: The Rules and any amendment hereto shall take effect after adoption by the shareholders’ meeting.

The Rules were established on March 6, 1999.

The first amendment was made on June 21, 2002.

The second amendment was made on June 8, 2006.

The third amendment was made on June 17, 2013.

The fourth amendment was made on May 26, 2017.

Appendix III Procedures for Endorsement and Guarantee (before amendment)

Procedures for Endorsement and Guarantee of Taiflex Scientific Co., Ltd. ("Company")

- Article 1: The Procedures are established to protect the shareholders' rights, improve the financial management in providing endorsement and guarantee to outside parties and reduce the risks. Any other matters not set forth in the Procedures shall be dealt with in accordance with applicable laws, rules and regulations.
- Article 2: The scope, counterparty, amount, procedure, authorization, chop safekeeping, public announcement and filing procedures concerning the endorsement and guarantee of the Company shall be subject to the Procedures.
- Article 3: The scope and details of endorsement and guarantee are as follows:
- (1) Financing endorsement and guarantee:
 - (i) Endorsement/guarantee to customers' notes for cash financing with a discount;
 - (ii) Endorsement and guarantee for the financing need of another company;
 - (iii) Endorsement and guarantee to notes issued by the Company to non-financial institutions and entities for the financing need of the Company.
 - (2) Endorsement and guarantee of customs duties:

Endorsement or guarantee of customs duties for the Company or other companies
 - (3) Other endorsements and guarantees:

Endorsements and guarantees which cannot be classified into categories in the preceding paragraphs (including pledge or mortgage on assets and real estate which the Company provides for the loans of other companies)
- Article 4: The parties to whom the Company may provide endorsement and/or guarantee include the following:
- (1) The companies having business relationship with the Company
 - (2) The companies in which the Company directly or indirectly holds more than 50 percent of voting shares
 - (3) The companies which directly or indirectly hold more than 50 percent of voting shares of the Company

- (4) The endorsement and guarantee can be provided among companies in which the Company directly or indirectly holds more than 90 percent of voting shares and the amount shall not exceed 10 percent of the Company's net worth. However, the restriction shall not apply to the endorsement and guarantee among companies in which the Company directly or indirectly holds 100 percent of voting shares.

Article 5: Application for endorsement and guarantee shall not be accepted under the following conditions:

- (1) The amount of endorsement and guarantee made exceeds the prescribed limit.
- (2) Applicants with records of default or debt disputes
- (3) Beyond the guarantee scope approved by the Board of Directors
- (4) Total capital less than 40 percent of total assets
- (5) Others: When it deems inappropriate to provide endorsement and guarantee due to other objective factors

The restriction shall not apply to companies where the Company directly or indirectly holds 100 percent of voting shares.

Article 6: Amount limits of endorsement and guarantee

- (1) The total amount of endorsement and guarantee provided by the Company for other parties shall not exceed 50 percent of the Company's net worth in the latest financial statements. The amount of endorsement and guarantee provided by the Company for an individual entity shall not exceed 20 percent of the Company's net worth in the latest financial statement. However, the restriction shall not apply to companies in which the Company directly or indirectly holds 100 percent of voting shares. Notwithstanding the foregoing, the amount of endorsement and guarantee provided by the Company for the company in which the Company directly or indirectly holds 100 percent of voting shares shall still be subject to the limitation of 50 percent of the Company's net worth in the latest financial statements as stated above.
- (2) The total amount of endorsement and guarantee provided by the Company and its subsidiaries for other parties shall not exceed 50 percent of the Company's net worth in the latest financial statements. The total amount of endorsement and guarantee provided by the Company and its subsidiaries for an individual entity shall not exceed 20 percent of the Company's net worth in the latest financial statements. However, the restriction shall not apply to endorsement and

guarantee provided for companies in which the Company directly or indirectly holds 100 percent of voting shares. Notwithstanding the foregoing, the amount of endorsement and guarantee provided by Company and its subsidiaries for the company in which the Company directly or indirectly holds 100 percent of voting shares shall still be subject to the limitation of 50 percent of the Company's net worth in the latest financial statements as stated above. When the total amount of endorsement and guarantee provided by the Company and its subsidiaries exceeds 50 percent of the Company's net worth in the latest financial statements, the necessity and reasonableness for the excess portion shall be stated at the Company's shareholders' meeting.

- (3) In addition to the abovementioned restrictions, the individual endorsement and guarantee amount for the company having business relationship with the Company shall not exceed the transaction amount between both parties. The term "transaction amount" refers to purchase or sales amount of the goods between the parties, whichever is higher.
- (4) The term "net worth" refers to the equity attributable to the owners of parent company in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (5) The subsidiaries or parent company set forth in the Paragraphs (2) and (4) shall be recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 7: When the amount of endorsement and guarantee provided by the Company due to business needs would exceed the limit stipulated in Article 6, it shall be approved by the Board of Directors and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the shareholders' meeting. If the revised Procedures are not ratified at the shareholders' meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.

The opinions of each independent directors of the Company shall be fully taken into consideration during the discussion at the Board of Directors' meetings ("Board Meetings"). Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.

Article 8: If the party to whom the Company provided endorsement and guarantee pursuant to Article 4 later failed to meet the criteria in the article, or the amount of endorsement and

guarantee exceeds the prescribed limit due to the changes of basis on which the amounts of limits are calculated, the amount of endorsement and guarantee for such party or the excess shall be eliminated upon the expiry of agreement or within the certain period specified in the improvement plan. The plan shall be delivered to the audit committee and proposed at the Board Meetings after the completion of improvement according to the planned schedule.

Article 9: Processing and examining procedures for endorsement and guarantee

- (1) Companies requiring endorsement and guarantee from the Company shall file a written application with the Company's Financial Department together with the basic information and financial data. The Financial Department shall conduct detailed assessment and credit investigation. The assessment items include the necessity and rationality of the endorsement and guarantee; whether the amount of endorsement and guarantee for the company having business relationship with the Company is commensurate to their transaction amount; impact on the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral.
- (2) The person-in-charge at the Financial Department of the Company shall collect and organize relevant information and assessment results referred to in the preceding paragraph. If the cumulated balance is less than 30 percent of the Company's net worth in the latest financial statements at the time, the endorsement and guarantee can be processed upon the Chairperson's approval and later be submitted to the latest Board Meeting for ratification. If the cumulated balance of endorsement and guarantee exceeds 30 percent of the Company's net worth in the latest financial statement at the time, the application shall be submitted to the Board of Directors for approval and executed in accordance with the resolution of the Board Meetings.
- (3) The Financial Department shall prepare an "endorsement and guarantee registration form" to record as reference the party and amount of endorsement and guarantee, resolution date of the Board Meeting or decision date of Chairperson, date of endorsement and guarantee, matters to be carefully assessed in accordance with the Procedures, collateral details and its appraised value, and conditions and dates of being released from the endorsement and guarantee responsibilities.
- (4) When the company endorsed and guaranteed repays the loan, the Company shall

be notified of the repayment to release its endorsement and guarantee responsibility and update the endorsement and guarantee registration form accordingly.

- (5) The Financial Department shall conduct regular assessment and recognize the contingent loss arising from the endorsement and guarantee. Information of endorsement and guarantee shall be properly disclosed in the financial reports and provided to the certified public accountants (“CPAs”) for conducting due auditing and issuing audit reports.
- (6) If the party for which the Company or its subsidiary provides endorsement and guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, in addition to conducting the procedures in accordance with the Subparagraphs (1) to (5) of this Article, the Financial Department of the Company shall follow up to check on the financial condition, business activities and credit status of the endorsed and guaranteed party and produce a written report monthly. If a significant change occurs, the Chairperson shall be notified immediately to provide instructions for proper treatment.

If the shares of the subsidiary have no par value or the par value per share is not NT\$ 10, the paid-in capital calculated pursuant to Subparagraph (6) of this Article shall be the sum of capital plus “capital surplus – additional paid-in capital”.

- Article 10:
- (1) The endorsement and guarantee among the companies having business relationship with the Company shall be approved by the Board of Directors before proceeding.
 - (2) The Company has delegated the Chairperson to approve the endorsement and guarantee for the subsidiary in which the Company directly or indirectly holds 100 percent of voting shares and the cumulated amount of endorsement and guarantee is below 30 percent of the Company’s net worth in the latest financial statements. The matter shall later be reported to the upcoming Board Meeting for ratification.
 - (3) Before proceeding, the endorsement and guarantee among subsidiaries in which the Company directly or indirectly holds more than 90 percent of voting shares shall be resolved at the Board Meetings. However, the Company has delegated the Chairperson to approve the endorsement and guarantee among subsidiaries in which the Company directly or indirectly holds 100 percent of voting shares and the cumulated amount of endorsement and guarantee is below 30 percent of the

Company's net worth in the latest financial statements. The matter shall later be reported to the upcoming Board Meeting for ratification.

- (4) When the Company provides endorsement and guarantee for other parties, the opinions of each independent director shall be fully taken into consideration. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.

Article 11: Chops safekeeping:

- (1) The chops of the Company and its legal representative registered at the Ministry of Economic Affairs shall be the official chops for endorsement and guarantee. They shall be kept separately by the Chairperson or the designated person approved by the Board of Directors. Application for chops shall be handled in accordance with the Procedures for Administering the Chops.
- (2) Chops for issuing notes shall be kept by the authorized person.
- (3) Blank notes shall be kept by the cashier.
- (4) When the Company provides endorsement and guarantee for a foreign company, the letter of endorsement and guarantee shall be executed by the person delegated by the Board of Directors.

Article 12: Deadline and contents for public announcement and filing:

- (1) The Company shall input the endorsement and guarantee balance of the Company and its subsidiaries as of the end of previous month in Market Observation Post System by the tenth day of every month.
- (2) If the endorsement and guarantee balance of the Company meets one of the following criteria, the Company shall input the balance in Market Observation Post System within two days from the date of occurrence (the date of occurrence being the first day):
 - (i) The endorsement and guarantee balance of the Company and its subsidiaries exceeds 50 percent of the net worth of the Company in the latest financial statement.
 - (ii) The endorsement and guarantee balance of the Company and its subsidiaries for a single enterprise exceeds 20 percent of the net worth of the Company in the latest financial statement.
 - (iii) The endorsement and guarantee balance of the Company and its subsidiaries for a single enterprise exceeds NT\$10,000,000, and the sum of endorsement and guarantee, long-term investment and fund lending balance in the

company exceed 30 percent of the net worth of the Company in the latest financial statement.

- (iv) The incremental endorsement and guarantee amount of the Company or its subsidiaries exceeds NT\$30,000,000 and 5 percent of the net worth of the Company in the latest financial statement.

The date of occurrence specified in the Procedures refers to the contracting date, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and transaction amount can be ascertained, whichever is earlier.

- (3) Provided that the subsidiaries of the Company are not listed in the domestic market, the Company shall announce and file the matters specified in Subparagraph 4 of the preceding paragraph in Market Observation Post System on behalf of the subsidiaries.
- (4) The Company shall assess or recognize the contingent loss arising from the endorsement and guarantee and properly disclose the relevant information in the financial report. The relevant information shall be provided to the CPAs to execute necessary auditing procedures.

Article 13: The internal auditor of the Company shall perform auditing on the procedures for the endorsement and guarantee and the execution status at least quarterly and produce written auditing reports. Should there be any violation found, the audit committee shall be immediately notified in writing.

Article 14: Control procedures for the endorsement and guarantee for the subsidiaries

The auditor of the Company shall verify if the subsidiaries provide endorsement and guarantee to other parties and if the assessments and executions are in accordance with the relevant operational guidelines while performing auditing in subsidiaries according to the annual auditing plan. The auditor shall follow up and submit status reports to the General Manager.

Article 15: (Deleted)

Article 16: Penalty

The managers and persons-in-charge who violate the Procedures shall be penalized based on the severity of violation in accordance with the Company's Rules of Rewards and Punishments for employees.

Article 17: Implementation and amendment

The Procedures shall be approved by the majority of all audit committee members,

submitted to the Board of Directors for resolutions and proposed at the shareholders' meeting for approval.

It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board meeting.

If any director expresses objection on the record or in writing, the Company shall propose the objection at the shareholders' meeting for discussion. The same applies to any amendment made to this Procedure.

If the Company has independent directors, when the Procedures are submitted at the Board Meetings for discussion in accordance with the abovementioned rules, the opinions of all independent directors shall be fully taken into consideration by the Company. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.

Article 18: The Procedures took effect on April 15, 2000 after being approved by the shareholders' meeting.

The first amendment was made on May 26, 2003.

The second amendment was made on June 8, 2006.

The third amendment was made on May 9, 2007.

The fourth amendment was made on June 16, 2009.

The fifth amendment was made on June 18, 2010.

The sixth amendment was made on June 17, 2013.

The seventh amendment was made on June 24, 2014.

The eighth amendment was made on May 27, 2016.

The ninth amendment was made on May 26, 2017.

Appendix IV Procedures for Lending Funds to Other Parties (before amendment)

Procedures for Lending Funds to Other Parties of Taiflex Scientific Co., Ltd. ("Company")

Article 1: Purpose

The Company shall follow the Procedures for lending funds to other companies (hereinafter referred to as the “Borrowers”) due to business needs. Any other matters not set forth in the Procedures shall be dealt with in accordance with applicable laws, rules, and regulations.

Article 2: The party to whom the Company may lend its funds

According to the provisions of the Company Act, the Company is not allowed to lend its funds to the shareholders or any other parties with the exception of the following conditions:

- (1) Companies or firms having business relationship with the Company.
- (2) Companies or firms requiring short-term financing from the Company. The lending amount shall not exceed 40 percent of the Company’s net worth. The aforementioned “short-term” means one year or a business operating cycle, whichever is longer, as interpreted in the letter of the Ministry of Economic Affairs.

The lending amount referred to in the Subparagraph (2) of Paragraph 1 is the accumulated balance of short-term financing funds of the Company.

The provision of Subparagraph (2) of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the amount limits and durations of lending shall be stipulated in the internal operating procedures pursuant to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” issued by Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.

Article 3: Reason and necessity for financing other parties

- (1) The financings between the Company and other companies or firms due to

business relationship shall be in conformity with Paragraph 2 of Article 4. The aforementioned “business relationship” refers to parties with purchase or sales transactions with the Company.

- (2) Lending for short-term financing purpose is limited to any one of the following circumstances:
 - (i) The company, whose shares are 20 percent or more held by the Company, requires short-term financing due to business needs.
 - (ii) Other Borrowers approved by the Board of Directors of the Company.

Article 4: Total lending amount and credit limit of individual party

- (1) Total lending amount of the Company shall not exceed 40 percent of the Company’s net worth.
- (2) Total lending amount to firms or companies having business relationship with the Company shall not exceed 20 percent of the Company’s net worth. The lending amount to a single firm or company having business relationship with the Company is limited to the transaction amount between both parties. The transaction amount means the sales or purchasing amount between the parties, whichever is higher, and shall not exceed 10 percent of the Company’s net worth. Notwithstanding the foregoing, the lending amount to a single enterprise, whose voting shares are 100% held, directly or indirectly, by the Company, shall not exceed 20% of the Company’s net worth.
- (3) Total lending amount to firms or companies requiring short-term financing shall not exceed 40 percent of the Company’s net worth. The lending amount to a single enterprise requiring short-term financing shall not exceed 20 percent of the Company’s net worth.

The term “net worth” means the equity attributable to the owner of parent company in the balance sheet in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Operating and review procedures for financing others

- (1) Application procedures
 - (i) The Borrower shall provide basic information and financial data, together with a description of the purpose, duration and amount of the loan, and apply for credit from the Financial Department of the Company in writing.
 - (ii) Where financing is provided due to business relationship, the reviewer in the Financial Department of the Company shall evaluate if the lending amount is

commensurate to the transaction amount. Where short-term financing is required, the reasons and circumstances for financing shall be listed and credit investigation shall be conducted. Relevant information and lending conditions shall be presented to the Director of the Financial Department and General Manager before submitted to the Board of Directors for a resolution. The authorization for approval cannot be delegated to other persons.

- (iii) Financing between the Company and offshore company whose voting shares are 100 percent held, directly or indirectly, by the Company or between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company, shall be submitted to the board of directors of the lending company for a resolution in accordance with Subparagraph (ii) of Paragraph 1 of this Article. Chairperson of the lending company may be authorized to finance a specific borrowing party, within a certain monetary amount resolved by the board and within a period not exceeding one year to provide loans in installments or to make a revolving credit line available for the Borrower to draw down. In addition, the financing status shall be approved by the latest board of directors' meeting.
 - (iv) "Certain monetary amount" mentioned in Subparagraph (iii) of Paragraph 1 of this Article shall be in conformity with Paragraph 3 of Article 2. In addition, the authorized lending amount to an individual enterprise by the Company or offshore company whose voting shares are 100 percent held, directly or indirectly, by the Company, shall not exceed 10 percent of the lending company's net worth, as stated on its latest financial statements.
 - (v) When the Company finances other parties, the opinions of each independent director shall be taken into full consideration. The definite opinions of each independent director on whether to approve the loan and the reasons for disapproval shall be recorded in the meeting minutes of the Board of Directors.
 - (vi) "Subsidiary" referred to in the Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (2) Credit investigations
- (i) First-time Borrowers shall provide basic information and financial data to facilitate the credit investigation.

- (ii) For non first-time Borrowers, credit investigations shall be conducted when they file for loan extensions. In significant or urgent cases, credit investigations can be conducted on demand depending on the circumstances.
 - (iii) Provided that the Borrower is in good financial condition and the certified public accountant has audited the Borrower's annual financial statements, the investigation report of less than one year can be used together with the certified public accountant's audited report with the same period as the investigation report as reference materials for lending.
 - (iv) The Company shall assess the impact of fund lending on the operating risk, financial condition and shareholders' equity of the Company when conducting credit investigation on Borrowers.
- (3) Loan approval and notification
- (i) If the Board of Directors approves the loan after credit investigation and assessment, the Company's person-in-charge shall soon notify the Borrower in a letter detailing the loan terms, including the credit limit, duration, interest rate, collateral and guarantors, and request the Borrower to sign the loan agreement within the prescribed period. If the Board of Directors disapproves the loan, the Company's person-in-charge shall promptly inform Borrower the reason of the rejection.
- (4) Contract signing and identity verification
- (i) The loan agreement will be signed after the provisions drawn by the Company's person-in-charge are reviewed by supervisors and verified by legal advisers.
 - (ii) The provisions of the loan agreement shall conform to the approved loan terms and conditions. After the Borrower and joint guarantor affix their signatures and seals to the agreement, the Company's person-in-charge shall complete the verification procedures.
- (5) Collateral assessment and pledge creation
- Regardless of the loan amount, secured promissory note of equivalent value shall be obtained. The Borrower shall provide collaterals and complete the pledging procedures if necessary. In addition, the Company shall assess the value of the collateral to ensure its rights. Instead of providing collaterals, if the Borrower has individuals or companies of equivalent financial ability and credit to guarantee Borrower's loan, the Board of Directors may resolve to use the credit report from

the Financial Department as reference. In case that a company guarantees Borrower's loan, the articles of incorporation of the company shall be reviewed to see if provisions thereunder allows such guarantee to be provided. However, the aforementioned limitation does not apply to financing between companies, whose voting shares are 100% held, directly or indirectly, by the Company.

(6) Insurance

- (i) All collaterals, except for land and securities, shall be covered by fire insurance and relevant insurances. In principle, the insured amount shall not be lower than the value of the pledged collateral. The Company shall be named as the beneficiary in the insurance policy. The name, quantity, location, insurance terms and insurance endorsement of the objects specified in the insurance policy shall be consistent with the loan terms and conditions approved by the Company.
- (ii) The Company's person-in-charge shall notify the Borrower to renew the insurance before it expires.

(7) Appropriation

The fund shall be appropriated after the loan terms are approved, loan agreement signed and pledge registration completed by the Borrower, and all procedures have been verified without any mistake.

Article 6: Lending duration and interest calculation

- (1) The lending duration shall be less than one year in principle. For companies with operating cycle longer than one year, the duration would be based on the cycle.
- (2) The interest rate of financing shall not be lower than the highest interest rate of the Company's short-term borrowings from the financial institutions. Borrowers shall pay the interests arising from financing on a quarterly basis. Under special circumstances, payment schedule can be adjusted accordingly upon approval of the Board of Directors.

Article 7: Subsequent control on loan amount and procedures for overdue credit

- (1) Following loan appropriation, the Company shall frequently evaluate the financial, operating and related credit conditions of the Borrower and its guarantor. If collateral is provided, the Company shall be aware of the fluctuations in collateral's value. In case of significant changes, the Company shall notify the Chairperson immediately and take actions according to instructions of the Chairperson.

- (2) Interest should be calculated when the Borrower repays the loan upon or before its due date. Once the principal and interest of the loan are repaid, the Company shall cancel and return the promissory note to the Borrower or cancel the pledge.
- (3) The Borrower shall immediately repay the principal and interest when the loan is due. If the Borrower fails to repay the loan and requires an extension, the request for extension shall be submitted beforehand and approved by the Board of Directors. The extension on each loan shall be less than three months and one-time only. The lending duration of such a loan, including the extension, shall be less than one year or one operating cycle as defined in Paragraph (1) of Article 6. In case of violation, the Company shall be entitled to impose penalties and take legal actions to recover the loan from the collateral provided or from the guarantor.

Article 8: Procedures for public announcement and filing

- (1) The Company shall input previous month's balance of lending of the Company and its subsidiaries in Market Observation Post System by the tenth day of every month.
- (2) If the fund lending meets one of the following criteria, the Company shall input the balance of lending in Market Observation Post System within two days from the date of occurrence (the date of occurrence being the first day):
 - (i) The Company and its subsidiaries' balance of lending exceeds 20 percent of the Company's net worth, as disclosed by the Company's latest financial statements.
 - (ii) The Company and its subsidiaries' balance of lending to a single enterprise exceeds 10 percent of the Company's net worth, as disclosed by the Company's latest financial statements.
 - (iii) The amount of incremental lending by the Company or its subsidiaries exceeds NT\$10,000,000 and 2 percent of the Company's net worth, as disclosed by the Company's latest financial statements.

The date of occurrence specified in the Procedures refers to the contracting date, payment date, resolution date of the Board of Directors or other dates on which the transaction party and amount can be ascertained, whichever is earlier.

- (3) Provided that the subsidiaries of the Company are not publicly listed companies in the domestic market, the Company shall announce and file the matters specified in the Subparagraph (iii) of the preceding paragraph on behalf of subsidiaries.

- (4) The Company shall assess the financing status, recognize appropriate allowance for bad debts, properly disclose relevant information in the financial reports and provide related data for the certified public accountants to execute the necessary audit procedures.

Article 9: Case registration and safekeeping

- (1) The Company shall establish a memorandum book containing the financing party, amount, date of resolution of the Board of Directors, date of fund appropriation, and matters to be carefully assessed in accordance with the Procedures.
- (2) Following loan appropriation, the Company's person-in-charge of the loan shall organize and put the debt certificates, such as deed and promissory note, collateral supporting document, insurance policy and correspondences into a bag for safekeeping. The contents and Borrower's name should be indicated on the bag. After being inspected by the supervisor of Financial Department, the bag shall be sealed, and the safekeeping log shall be signed or affixed by both parties.

Article 10: Guidelines for financing other parties:

- (1) The Company shall carefully assess if the fund lending complies with the Procedures and submit the assessment to the Board of Directors for resolution before financing other parties. The authorization for approval cannot be delegated to other persons.
- (2) The internal auditor of the Company shall at least quarterly audit the procedures for financing other parties and execution status and prepare written record accordingly. If material violation is found, the Company should submit relevant improvement plan to the audit committee. Improvement should be executed by schedule and reported to the Board of Directors upon completion.
- (3) When change of circumstances results in Borrower's failure to meet the criteria of the Procedures or lending balance exceeds the limit, the audit department of the Company shall urge the Financial Department to set a deadline to recover the exceeding amount and send the improvement plan to the audit committee.
- (4) The Company's person-in-charge shall prepare the details of fund lending of previous month by the fifth day of every month and submit it for review level-by-level.

Article 11: Control procedures for financing other parties by subsidiaries

- (1) The Company shall request the company, in which the Company directly or indirectly owns 100 percent of its voting shares, to set its Procedures for Lending

Funds to Other Parties when planning to lend funds to others. The procedures shall be implemented after being passed by resolution of its Board Meeting and/or Shareholders' Meeting.

- (2) A company, in which the Company directly or indirectly owns 100 percent of its voting shares, shall prepare credit reports and comments, stipulate lending terms, and obtain approvals from its Board when planning to lend funds to others.
- (3) A company, in which the Company directly or indirectly owns 100 percent of its voting shares, shall provide related documents periodically to the Company for audit purpose when lending funds to others.

Article 12: Penalty

The managers and persons-in-charge who violate the Procedures shall be penalized based on the severity of violation in accordance with the Rules of Rewards and Punishments for the Company's employees.

Article 13: Implementation and amendment

The Procedures shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and adopted at the shareholders' meeting.

It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board Meeting.

If any director expresses objection on the record or in writing, the Company shall propose the objection at the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.

If the Company has independent directors, their opinions shall be fully considered while submitting the Procedures to the Board of Directors for discussion in accordance with the aforesaid regulations. The definite opinions on whether to approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board of Directors.

Article 14: The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.

The first amendment was made on June 21, 2002.

The second amendment was made on March 7, 2003.

The third amendment was made on June 16, 2009.

The fourth amendment was made on June 18, 2010.

The fifth amendment was made on June 13, 2012.

The sixth amendment was made on June 17, 2013.

The seventh amendment was made on June 24, 2014.

The eighth amendment was made on May 27, 2016.

The ninth amendment was made on May 26, 2017.

Appendix V Director Election Procedures

Taiflex Scientific Company Limited Director Election Procedures

Article 1: The Procedures are established in compliance with “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” for a fair, just and open election of directors.

Article 2: Except for matters regulated in applicable laws, such as the Company Act, or the Articles of Incorporation of the Company, the election of directors shall be in compliance with the Procedures.

Article 3: Board composition shall be taken into consideration for director election. Board members shall possess knowledge, skills and qualities necessary to carry out their duties. Abilities needed for each member are presented as follows:

1. Operational judgment
2. Accounting and financial analysis
3. Business management
4. Crisis management
5. Industrial knowledge
6. International market perspective
7. Leadership
8. Decision-making

Article 4: Deleted

Article 5: The qualification and election of the Company’s independent directors shall be in compliance with “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

Article 6: (Deleted.)

Article 7: The directors of the Company are elected using the open-ballot, cumulative voting method. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.

The independent and non-independent directors shall be elected simultaneously with the number of votes and elected directors calculated separately.

Article 8: The Company shall prepare the same number of ballots as directors to be elected and the

number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the Shareholders' Meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.

Article 9: For the number of seats set forth in the Articles of Incorporation, the number of votes for independent and non-independent directors are calculated separately, and candidates who acquire more votes shall win the seats of independent and non-independent directors respectively. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the Chairperson shall draw lots on behalf of the candidate who is not present.

Article 9-1: More than half of the directors shall not have the following relationships:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

Article 9-2: If the originally-elected directors fail to meet the conditions under Article 26-3 of the Securities and Exchange Act, the director receiving the lowest number of votes among those not meeting the conditions is not elected.

Article 10: Before the election, the Chairperson shall appoint several persons each to check and record the ballots. The persons to check the ballots have to be appointed from among the shareholders present. The ballot box used for voting shall be prepared by the Company or the Board and checked in public by the person to check the ballots before voting.

Article 11: If the candidate is a shareholder, voters shall fill in the "candidate" column with the candidate's name and shareholder number. If the candidate is not a shareholder of the Company, voters shall fill in the "candidate" column with the candidate's name and ID number. If the candidate is a government agency or a corporate shareholder, the "candidate" column shall be filled in with the full name of the government agency or the corporate shareholder or the full name and the name(s) of their representative(s). If there are multiple representatives, their names shall be filled in separately.

Article 12: If the ballot is missing, filled in incorrectly or modified, it will not be reissued or provided.

Article 13: Ballots shall be deemed void in any of the following circumstances:

1. Ballots not prepared by the Company's Board of Directors
2. Blank ballots
3. Illegible writing or modification
4. If the candidate is a shareholder, the name or shareholder number of the candidate

filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder, the name or ID number of the candidate filled in the ballot is incorrect

5. Ballots with written characters or symbols in addition to candidate's name, shareholder number (ID number) and the number of votes cast for the candidate
6. The name of the candidates filled in the ballots being the same as another candidate's name and the shareholder number or ID number are not provided for identification

Article 14: The ballots shall be calculated during the meeting right after the vote casting and the results of the election for directors shall be announced by the Chairperson at the meeting.

Article 15: The Board will issue elected notices to elected directors.

Article 16: The Procedures were established on March 25, 2005 and became effective after approval at the shareholders' meeting, as would any revision thereof.

The first revision was made on June 8, 2006.

The second revision was made on May 9, 2007.

The third revision was made on May 26, 2017.

Appendix VI Shareholdings of All Directors

Taiflex Scientific Co., Ltd. Details on Shareholdings of All Directors

1. The table below lists the shareholdings of all directors on the register of shareholders as of the book closure date (March 30, 2020) for the 2020 annual shareholders' meeting.
2. The Company has issued 209,119,692 shares. Pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the percentage of issued shares held by all directors shall be at least 7.1729%.

Note: The Company has three independent directors. Pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum number of shares to be held shall be 80% of the amount stipulated in Paragraph 1 of Article 2.

Details on Shareholdings of All Directors on the Register of Shareholders as of the Book Closure Date

Title	Name	Shareholding
Chairperson Director	Qiao Mei Development Corporation Representative: Ta-Wen Sun Representative: Chun-Yen Chiang	15,713,729
Director	Ching-Yi Chang	5,009,282
Director	Fuding Investment Co., Ltd. Representative: Re-Zhang Lin	1,020,000
Director	Chun-Chi Lin	0
Director	Fu-Le Lin	338,249
Independent Director	Chein-Ming Hsu	0
Independent Director	Wen-I Lo	0
Independent Director	Shi-Chern Yen	0
Shareholdings of all directors		22,081,260

The number of shares held by all directors are in compliance with percentages stipulated by laws and regulations.

Other Explanatory Items

Procedure regarding shareholder proposals of this shareholders' meeting

- Explanation:
1. Pursuant to Article 172-1 of the Company Act, shareholders holding 1% or more of the total number of outstanding shares of a company may submit proposals for discussion at annual shareholders' meeting. Each shareholder can submit only one proposal, otherwise such proposals would not be included in the agenda.
 2. Shareholders can submit proposals for 2020 annual shareholders' meeting from January 11, 2020 to January 20, 2020. Relevant information has been released in the Market Observation Post System website in accordance with relevant laws.
 3. The Company did not receive any shareholder proposals.