

Stock Code: 8039

TAIFLEX SCIENTIFIC CO., LTD.

2022 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

Time: 9:00 a.m., May 26, 2022

Place: No.1, Huanqu 3rd Rd., Qianzhen Dist., Kaohsiung City

Virtual meeting platform:

Taiwan Depository & Clearing Corporation (<https://www.stockvote.com.tw/evote/index.html>)

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 2022 Annual Shareholders' Meeting

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

TAIFLEX SCIENTIFIC CO., LTD.

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- I. Call Meeting to Order
- II. Chairperson's Opening Remarks
- III. Report Items
 1. Appropriation of remuneration to directors and compensation to employees in 2021
 2. Business report for 2021
 3. Audit Committee's review report on the 2021 financial statements
 4. Issuance of the first overseas unsecured convertible bonds in 2021
- IV. Ratification Items
 1. 2021 financial statements
 2. Distribution of 2021 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 Acquisition or Disposal of Assets
- VI. Extempore Motions
- VII. Meeting Adjourned

Report Items

Item 1 Appropriation of remuneration to directors and compensation to employees in 2021

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 directors shall not be higher than four percent of the balance.

2. The Company recognized NT\$74,523,064 and NT\$20,377,619 for compensation to employees and remuneration to directors, respectively, as expenses for the year ended December 31, 2021. The appropriation would be paid in cash form.

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

Item 2 Business report for 2021

Taiflex Scientific Co., Ltd.

Business Report for 2021

1. 2021 Operating Results

The Company generated a net revenue of NT\$9,405 million in 2021, an increase of 7.3% from NT\$8,766 million in 2020. Net income attributable to shareholders of the parent company came to NT\$735 million, down 4.9% year-over-year, with an earnings per share of NT\$3.51. COVID-19 continued to exert its influence on global economy in 2021. Adjustments on preventive measures adopted by governments around the world brought about a surging demand whereby major economies enjoyed significant economic growth. In contrast to the substantial hikes in demand, the overall supply capacity of the industry was constrained due to relevant prevention policies. As supply failed to meet the demand, the operating costs such as raw materials, transportation and wages rocketed and inflation was just around the corner.

Benefitting from rising demand and professional competence in supply chain management, we achieved growth in revenue despite shortages in key components such as chips confronted by end customers. However, the rapidly rising operating costs imposed enormous pressure on the entire industry. We strived to lower the impact of rising costs by improving our operation efficiency. The profits in 2021 declined slightly compared to the previous year.

Looking at 2022, countries around the world begin pondering ways to coexist with COVID-19 and mitigate the adverse impact on economy. The European countries have started to gradually lift all preventive measures and global economic activities are expected to slowly return to normal. Nevertheless, the soaring price pressure drives central banks worldwide to reverse the expansionary monetary policy adopted during the pandemic. As monetary policy tightens, interest rates move towards rate-rising cycles. Meanwhile, manufacturers are bound to transfer some costs to consumers as the rising costs become unbearable. The magnitude of impact on consumption from these two factors remains to be seen. However, 2022 is no doubt going to be a turbulent year.

To cope with uncertainties looming over demand, we will stay focused on risk control. By minimizing the impact of emergencies and maintaining a sound supply capacity, we will continue to enhance our leading position in the supply chain and expand our market share. Also, through the launching of new products, we can further grasp the emerging requirements for high frequency and high speed in communications as well as the enormous business opportunities in electronic components driven by alternative fuel vehicles to stay on top of long-term growth trends.

(1) Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2021	2020	Change (in Dollar Amount)	Change (in Percentage)
Net revenue	9,405,002	8,766,318	638,684	7.29%
Gross profit	2,198,643	2,078,573	120,070	5.78%
Net income	744,862	784,353	(39,491)	(5.03%)

(2) Profitability analysis

Item	2021	2020
Net profit margin	7.91%	8.94%
Return on assets	5.94%	6.99%
Return on shareholders' equity	9.61%	10.50%

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

(a) Electronic materials

Electronic devices continue to head towards high-frequency and high-speed communication as well as being compact and energy-saving. We allocate our research and development resources on products under three themes: materials featuring high frequency, high speed, and low latency to satisfy transmission requirements; materials featuring high dimensional stability and low ion transport to satisfy system-level

packaging and fine line requirements; and heavy copper materials with thick insulation layer to satisfy charging requirements. We fulfill customers' demands with our comprehensive product portfolio and offer total solutions with our core formula capabilities.

(b) Heat dissipation materials

Besides developing our electronic materials business, we utilize our core formulas and production capabilities to diversify product lines. In light of the heat management demand brought about by high performance computing, we actively take part in heat dissipation materials and deepen our involvement in heat dissipation for automotive market in order to level out the volatility in the electronic industry.

(c) Semiconductor materials

Through a spin-off, Taiflex established Taichem Materials Co., Ltd. (Taichem Materials) in September 2020 to take charge of the semiconductor material business. At present, the main products include laser release materials which are primarily used in the advanced packaging process as well as packaging materials for mini-LED and micro-LED. We now align our work with progresses of customers and offer customized services through in-house formula technology. As the production volume of customers picks up, so would our growth momentum.

2. Overview of 2022 Business Plan

(1) Business policy

The most imminent risk in 2022 is the threat from inflation, resulting in countries adopting a tight monetary policy and the impact on consumer market is difficult to estimate. Furthermore, with port congestion persists around the world, the soaring transportation costs and supply chain shortages are not likely to end in the short term. The increasing ESG awareness also elevates operating costs. Companies are facing tremendous pressure and risks where operating profits are concerned.

Thus, we will reinforce our risk control mechanisms and improve management flexibility as well as decision-making speed to cope with volatile changes. Foremost, we will increase supplier diversity and establish dynamic inventory strategies, allowing flexibility in global production deployment. At the same time, key materials will require dual certification and sourcing to lower the risk of factories shutdown or logistics disruption from a single area. In response to the possible downturn in consumer spending, we will pay special attention to inventory control and credit management. Through conservative and prudent financial

policies, we will maintain sufficient cash to adapt to changes in the economic environment. In addition to increasing our risk tolerance, we can quickly seize investment and growth opportunities.

As for the consumption market as a whole, although the overall smartphone sales have slowed down, new material applications stemming from increasing demand in 5G, metaverse and alternative energy vehicles still bring about brand-new high added-value growth opportunities to upstream material vendors. We are recognized by international companies for our sustainable operating capacity and have maintained long-term partnerships. We continue to work closely together on the research and development of new materials in order to seize business opportunities from new applications.

In contrast to new designs and applications, cost competitiveness is the deciding factor in the traditional market. With advantages in economies of scale plus competence in supply chain management, we can fulfill market demand with competitive cost structures and continue to expand our market share, securing our leading position in the competition. ESG is another key issue for modern-day corporations and even a determinant in supplier selection for international corporations. Being a long-term industry leader, we have sufficient resources to invest in various aspects including environmental protection, social welfare and corporate governance. While fulfilling our corporate social responsibilities, we can ensure that we would pass inspections of the competent authorities and international brands as well as maintain stable growth.

(2) Sales forecast and basis

Electronics materials: Sales in 2022 are expected to increase slightly compared to 2021

Basis:

- (a) Although the lifting of preventive measures worldwide boosts consumer spending, the impact of uncertainties, including the ongoing inflationary pressure, shortage in supplies and the rate increasing policy adopted by central banks in different countries, on demand remains to be seen. Moreover, a major part of WFH demand for electronic devices has been satisfied during the prolonged pandemic. The growth of the entire consumer electronics market is expected to lean towards the conservative side.
- (b) Even though the growth momentum of the market as a whole is unclear, as our overall competitiveness exceeds that of others, we can better serve customers during the time of uncertainty. We expect to further expand our market shares, thereby increasing the overall shipment.
- (c) In summary, although the growth from market demand is uncertain in 2022, we aim to

increase our market share with complete product lines, reputable quality products and cost competitiveness, driving up the sales volume of electronic materials.

- (3) Key production and sales policies
 - (a) Expand the supply capacity of Rudong production base to support the increasing demand for local production as well as reduce the supply chain disruption risk at other production bases due to COVID-19.
 - (b) Establish a third overseas production base upon evaluation to further improve our supply flexibility for regional economic developments.
 - (c) Establish dynamic inventory policies, set up an intelligence center and introduce advanced production-sales planning systems to closely monitor customer demand and swiftly adjust our production planning.
 - (d) Build regional hubs in China. Accelerate inventory flows, reduce overall transportation costs as well as improve fill rate via cost-efficient transportation routes and warehouse planning.
 - (e) Expand the technical service team for end customers, take the lead in understanding final demand, and enhance the efficiency of product research and development.
 - (f) Optimize product portfolio and pricing strategy, and enhance customer satisfaction as well as profitability.

3. Strategies for Future Developments

- (1) Extend the existing material formulas and precision manufacturing technology and explore market opportunities to develop new businesses in pursue of long-term growth. Besides the existing electronic materials business which will ride on the tide of 5G communication growth, we are expanding our operation to heat dissipation and semiconductor materials.
- (2) Through collaborations with end customers in design and joint research and development with front-end materials suppliers plus our existing technology and advantages in economies of scale, we aim to stabilize and strengthen the overall supply chain connectivity and thereby create high entry barriers for competitors.
- (3) Increase ESG investments, systematize workflows and carry out waste reduction measures to reduce environmental hazards and pursue sustainable developments.

4. Impacts from External Competitions, Regulatory Compliance and Macro-environment

(1) External competitions

- (a) Rapid advancement in products and technology lead to quick changes in customer demand. In addition to increasing development costs, the challenge for speedy mass production of new product has turned severe and the existing products are confronted with higher price competition pressure.
- (b) The broad gap between peak and low seasons posts challenges to capacity flexibility and resource allocation.
- (c) Being a leading global producer of FCCL, our competitive advantages in supply chain management and economies of scale allow us to meet customers' demand in time. We also 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 customers with seizing the growth opportunities.

(2) Regulatory compliance

- (a) Changes in tariff competitiveness due to regional trade agreements as well as regulatory changes in cross-strait trading will have direct impact on allocation of corporate resources.
- (b) Tax reform worldwide on transfer pricing will affect corporate strategies and the design of global value chain framework.

(3) Macro-environment

- (a) Inflationary pressure and tight monetary policy bring about damaging uncertainties to the market demand and increase the difficulties in supply chain inventory management, production scheduling and delivery. In addition, the upward trends of costs in raw materials, transportation and personnel persist, posing a great challenge to profitability.
- (b) The increasing focus on ESG will drive up operating costs and relevant investments. Besides technology, quality and cost, ESG will become a crucial factor in corporate competitiveness.
- (c) Our government has less participation in the prevalent regional trade integration agreements comparing to other competing countries. The growing pressure from competing with Japan and South Korea as well as future challenges from Southeast Asia countries will put our global strategies to the test.

Looking back at 2021, as countries gradually opened up, people's lives were expected to return to normal. However, the challenge of inflation immediately after tested the risk management capacity of corporations. The Company will strive to maintain a balance between risks and operations and

improve flexibility through a variety of operational strategies, e.g., increase local purchases, adopt dynamic inventory strategies, optimize product structure, and improve production efficiency and expense control. We will persistently strengthen our core competitiveness, invest research and development resources in advanced flexible electronics materials, heat dissipation materials and semiconductor materials, and work towards producing high-value products. At the same time, we will utilize our leading position in flexible materials to collaborate with customers in order to capture the driving forces of market growth and consolidate the foundation for sustainability.

Wishing all shareholders good health and prosperity!

Chairperson: Ta-Wen Sun

President: Zong-Han Jiang

Accounting Manager: Fang-Yi Xie

Item 3 Audit Committee's review report on the 2021 financial statements

Audit Committee's Review Report

To: 2022 Annual Shareholders' Meeting of Taiflex Scientific Co., Ltd.

The Board of Directors has prepared the business report, consolidated and parent company only financial statements and earning distribution proposal for the year ended December 31, 2021. Certified Public Accountants of Ernst & Young, Fang-Wun Li and Jheng-Chu Chen, were retained by the Board to audit the consolidated and parent company only financial statements and they have issued audit reports.

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.

Taiflex Scientific Co., Ltd.

Chairman of the Audit Committee: Wen-I Lo

February 23, 2022

Item 4 Issuance of the first overseas unsecured convertible bonds in 2021

Explanation: To provide for material purchases denominated in foreign currencies and acquisition of equipment, the Company issued its first overseas unsecured convertible bonds in 2021. The details are as follows:

No. of issue/Type	First overseas unsecured convertible bonds in 2021
Approval date	September 24, 2021
Pricing date	November 25, 2021
Issue date	November 30, 2021
Maturity date	November 30, 2026
Issue amount	US\$70,000 thousand
Denomination	US\$100 thousand
Issue price	100% of par value
Place of issuance and listing	Singapore Exchange Securities Trading Limited
Conversion price at issuance	NT\$53.50 (The fixed exchange rate for the conversion price is NT\$27.79 = US\$1.00)
Conversion period	March 1, 2022 to November 20, 2026
Coupon rate	0%
Repayment	Unless the bonds have been redeemed, repurchased and cancelled or converted by the bondholders, the Company will redeem the bonds in whole at the par value plus an annual interest rate of 0% on the maturity date.
Trustee	Citicorp International Limited
Paying and conversion agent	Citibank, N.A., London Branch
Use of proceeds	The issuance raised a total of US\$70,000 thousand, where US\$67,097.8 thousand were used for material purchases denominated in foreign currencies while US\$2,902.2 thousand were used for equipment purchases. The Company has used some of the proceeds. Relevant details are disclosed at the Market Observation Post System.
No. of shares converted	None

Ratification Items

Item 1

(Proposed by the Board of Directors)

Subject: To ratify the 2021 financial statements

Explanation: 1. The 2021 business report and consolidated and parent company only financial statements, which were audited by Certified Public Accountants of Ernst & Young,

Fang-Wun Li and Jheng-Chu Chen, were reviewed by the Audit Committee.

2. Please refer to Attachment I on page 16 to 25 and Attachment II on page 26 to 35 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 2021 earnings

Explanation: 1. The earnings available for distribution of NT\$3,438,932,769 is calculated by adding the unappropriated earnings from previous year of NT\$2,765,352,595, and the remeasurement of defined benefit plan transferred into retained earnings directly of NT\$15,655,058 to net income for 2021 of NT\$734,653,650, 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\$75,030,871, for legal reserve and NT\$1,697,663 for special reserve.

2. Dividends to shareholders:

Shareholders will be entitled to receive a cash dividend of NT\$2.5 per share and the overall cash dividend amounts to NT\$522,799,230. Unappropriated earnings at the end of period of NT\$2,916,133,539, net of dividends, will be retained for distribution in later years. Earnings from 2021 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, conversion of convertible bonds into 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 2021 earning distribution table is as follows:

Taiflex Scientific Co., Ltd.
2021 Earning Distribution Table

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		2,765,352,595	
Add: Net income of 2021	734,653,650		
Other comprehensive income (Remeasurement of defined benefit plan) (Note 1)	15,655,058		
Less: Legal reserve (Note 2)	(75,030,871)		
Special reserve (Note 3)	(1,697,663)		
Distributable earnings		3,438,932,769	
Distribution item: (Note 4)			
Dividends to shareholders - cash	522,799,230		NT\$2.5 per share
Total distributed earnings		(522,799,230)	
Unappropriated earnings, ending balance		2,916,133,539	

Chairperson: Ta-Wen Sun President: Zong-Han Jiang Accounting Manager: Fang-Yi Xie

(Note 1) The remeasurement of defined benefit plan under IAS 19 is transferred into 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 legal 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: $(734,653,650 + 15,655,058) * 10\% = 75,030,871$

(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 subparagraph, 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\$2.5 per share * 209,119,692 shares = NT\$522,799,230.

6. Please ratify the distribution of 2021 earnings.

Resolution:

Discussion Items

Item 1

Subject: To amend the "Articles of Incorporation" (Proposed by the Board of Directors)

Explanation: 1. In response to business needs and amendments to the Company Act, the Company proposes to amend some articles within the "Articles of Incorporation".

2. Please refer to Attachment III on page 36 to 38 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

Subject: To amend the "Rules of Procedure for Shareholders' Meeting" (Proposed by the Board of Directors)

Explanation: 1. The amendments to Article 172-2 of the Company Act allow public companies to convene virtual shareholders' meetings. In compliance with amendments made by the competent authorities to 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 IV on page 39 to 44 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

Subject: To amend the “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board of Directors)

Explanation: 1. In compliance with amendments made by the competent authorities to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the Company proposes to amend some articles within the “Procedures for Acquisition or Disposal of Assets”.

2. Please refer to Attachment V on page 45 to 49 of this meeting agenda for the Comparison Table of Amendments to “Procedures for Acquisition or Disposal of Assets”.

3. The draft amendment is submitted for discussion and approval.

Resolution:

Extempore Motions

Meeting Adjourned

Attachment I Independent Auditors' Report and 2021 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 its subsidiaries (hereinafter referred to as "Taiflex Group") as of December 31, 2021 and 2020; and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to consolidated financial statements (including a 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, 2021 and 2020, 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 and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Taiflex Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("the Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate 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, 2021 based on our professional judgment. These matters 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 matters. 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\$3,963,359 thousand and accounted for 30% of Taiflex Group's consolidated total assets as of December 31, 2021. 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, 2021, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,868,747 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, 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 those charged with governance 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 and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 also 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.

Those charged with governance of Taiflex Group (including the 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 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, 2021. 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, 2021 and 2020, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 23, 2022

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021	December 31, 2020
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 3,270,401	\$ 1,793,632
Financial assets at fair value through profit or loss - current	4, 6(2)	27,529	29,832
Financial assets at amortized cost - current	4, 6(3)	276,900	138,719
Notes receivable, net	4, 6(4)	929,304	727,722
Accounts receivable, net	4, 6(5)	3,034,055	3,454,652
Other receivables		50,517	54,596
Inventories, net	4, 6(6)	1,868,747	1,282,343
Prepayments		51,909	77,403
Other current assets	8	47,597	22,902
Total current assets		<u>9,556,959</u>	<u>7,581,801</u>
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(8)	372,637	-
Investments accounted for using the equity method	4, 6(9)	41,046	40,984
Property, plant and equipment	4, 6(10)	3,360,247	3,176,745
Right-of-use assets	4, 6(22)	371,103	380,857
Intangible assets	4, 6(11,13)	162,379	124,053
Deferred income tax assets	4, 6(25)	195,565	200,958
Other non-current assets	4, 6(12)	14,944	26,517
Total non-current assets		<u>4,517,921</u>	<u>3,950,114</u>
 Total assets		 <u>\$ 14,074,880</u>	 <u>\$ 11,531,915</u>

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2021	December 31, 2020
Current liabilities			
Short-term loans	6(14)	\$ 790,000	\$ 150,000
Financial liabilities at fair value through profit or loss - current	4, 6(15)	11,049	11,839
Contract liabilities - current	4, 6(20)	1,853	2,508
Notes payable		369	381
Accounts payable		1,279,303	1,747,887
Other payables		648,844	573,823
Current income tax liabilities	4, 6(25)	133,232	276,047
Lease liabilities - current	4, 6(22)	16,353	16,600
Current portion of long-term loans	6(17)	50,000	25,000
Other current liabilities		3,829	2,387
Total current liabilities		<u>2,934,832</u>	<u>2,806,472</u>
Non-current liabilities			
Bonds payable	6(16)	1,855,472	-
Long-term loans	6(17)	759,720	539,000
Deferred income tax liabilities	4, 6(25)	111,828	89,642
Lease liabilities - non-current	4, 6(22)	250,691	256,652
Net defined benefit liabilities - non-current	4, 6(18)	248,689	261,958
Other non-current liabilities	4, 12	255	255
Total non-current liabilities		<u>3,226,655</u>	<u>1,147,507</u>
Total liabilities		<u>6,161,487</u>	<u>3,953,979</u>
Equity attributable to shareholders of the parent			
Capital	6(19)		
Common stock		2,091,197	2,091,197
Capital surplus	6(19)	1,145,766	1,066,147
Retained earnings			
Legal reserve		1,014,369	939,900
Special reserve		234,299	230,993
Unappropriated earnings		3,515,661	3,365,926
Total retained earnings		<u>4,764,329</u>	<u>4,536,819</u>
Others	4	<u>(235,996)</u>	<u>(234,299)</u>
Total equity attributable to shareholders of the parent		<u>7,765,296</u>	<u>7,459,864</u>
Non-controlling interests	4, 6(19)	<u>148,097</u>	<u>118,072</u>
Total equity		<u>7,913,393</u>	<u>7,577,936</u>
Total liabilities and equity		<u>\$ 14,074,880</u>	<u>\$ 11,531,915</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, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Notes	2021	2020
Operating revenue	4, 6(20)	\$ 9,405,002	\$ 8,766,318
Operating costs	4, 6(6)	<u>(7,206,359)</u>	<u>(6,687,745)</u>
Gross profit		2,198,643	2,078,573
Operating expenses	4, 6(23)		
Sales and marketing expenses		(506,635)	(417,547)
General and administrative expenses		(424,366)	(344,566)
Research and development expenses		(323,220)	(281,360)
Expected credit gains	6(21)	4,386	7,785
Total operating expenses		<u>(1,249,835)</u>	<u>(1,035,688)</u>
Operating income		948,808	1,042,885
Non-operating income and expenses	6(24)		
Interest income		5,370	7,881
Other income		32,329	21,519
Other gains and losses		(16,929)	(69,574)
Finance costs		(20,798)	(20,763)
Share of profit or loss of associates accounted for using the equity method	4, 6(9)	<u>(7,966)</u>	<u>(16,151)</u>
Total non-operating income and expenses		<u>(7,994)</u>	<u>(77,088)</u>
Income from continuing operations before income tax		940,814	965,797
Income tax expense	4, 6(25)	<u>(195,952)</u>	<u>(181,444)</u>
Net income of continuing operations		744,862	784,353
Net income		<u>744,862</u>	<u>784,353</u>
Other comprehensive income (loss)	6(24)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		19,569	(35,220)
Unrealized losses on investments in equity instruments at fair value through other comprehensive income		(15,622)	-
Income tax related to items that will not be reclassified subsequently		(3,914)	7,044
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		17,486	(4,119)
Income tax related to items that may be reclassified subsequently to profit or loss		<u>(3,497)</u>	<u>824</u>
Total other comprehensive income (loss), net of tax		14,022	(31,471)
Total comprehensive income		<u>\$ 758,884</u>	<u>\$ 752,882</u>
Net income attributable to:	4, 6(26)		
Shareholders of the parent		\$ 734,654	\$ 772,859
Non-controlling interests		10,208	11,494
		<u>\$ 744,862</u>	<u>\$ 784,353</u>
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 748,612	\$ 741,377
Non-controlling interests		10,272	11,505
		<u>\$ 758,884</u>	<u>\$ 752,882</u>
Earnings per share (NT\$)	4, 6(26)		
Earnings per share - basic		\$ 3.51	\$ 3.70
Earnings per share - diluted		<u>\$ 2.98</u>	<u>\$ 3.67</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, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent									
	Retained Earnings					Others				
	Common Stock	Capital Surplus	Legal Reserve	Special 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, 2020	\$ 2,091,197	\$1,342,759	\$882,821	\$166,117	\$2,994,142	\$ (224,393)	\$ (6,600)	\$ 7,246,043	\$ 106,567	\$ 7,352,610
Appropriation and distribution of 2019 earnings										
Legal reserve			57,079		(57,079)			-		-
Special reserve				64,876	(64,876)			-		-
Cash dividends for common stocks					(250,944)			(250,944)		(250,944)
Changes in other capital surplus										
Adjustments to share of changes in equities of associates		(4,852)						(4,852)		(4,852)
Cash dividends from capital surplus		(271,855)						(271,855)		(271,855)
Changes in other capital surplus		95						95		95
Net income for the year ended December 31, 2020					772,859			772,859	11,494	784,353
Other comprehensive income (loss) for the year ended December 31, 2020					(28,176)	(3,306)		(31,482)	11	(31,471)
Total comprehensive income	-	-	-	-	744,683	(3,306)	-	741,377	11,505	752,882
Balance as of December 31, 2020	<u>\$ 2,091,197</u>	<u>\$1,066,147</u>	<u>\$ 939,900</u>	<u>\$ 230,993</u>	<u>\$ 3,365,926</u>	<u>\$ (227,699)</u>	<u>\$ (6,600)</u>	<u>\$ 7,459,864</u>	<u>\$ 118,072</u>	<u>\$ 7,577,936</u>
Balance as of January 1, 2021	\$ 2,091,197	\$1,066,147	\$ 939,900	\$ 230,993	\$ 3,365,926	\$ (227,699)	\$ (6,600)	\$ 7,459,864	\$ 118,072	\$ 7,577,936
Appropriation and distribution of 2020 earnings										
Legal reserve			74,469		(74,469)			-		-
Special reserve				3,306	(3,306)			-		-
Cash dividends for common stocks					(522,799)			(522,799)		(522,799)
Changes in other capital surplus										
Due to recognition of equity component of convertible bonds - stock options		70,203						70,203		70,203
Adjustments to share of changes in equities of associates		9,416						9,416		9,416
Net income for the year ended December 31, 2021					734,654			734,654	10,208	744,862
Other comprehensive income (loss) for the year ended December 31, 2021					15,655	13,925	(15,622)	13,958	64	14,022
Total comprehensive income	-	-	-	-	750,309	13,925	(15,622)	748,612	10,272	758,884
Non-controlling interests									19,753	19,753
Balance as of December 31, 2021	<u>\$ 2,091,197</u>	<u>\$1,145,766</u>	<u>\$1,014,369</u>	<u>\$ 234,299</u>	<u>\$ 3,515,661</u>	<u>\$ (213,774)</u>	<u>\$ (22,222)</u>	<u>\$ 7,765,296</u>	<u>\$ 148,097</u>	<u>\$ 7,913,393</u>

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 940,814	\$ 965,797
Adjustments:		
Non-cash income and expense items:		
Depreciation	373,650	314,135
Amortization	23,278	20,454
Expected credit gains	(4,386)	(7,785)
Net loss on financial assets (liabilities) at fair value through profit or loss	12,438	16,767
Interest expense	20,798	20,763
Interest income	(5,370)	(7,881)
Share of loss of associates accounted for using the equity method	7,966	16,151
Loss (gain) on disposal of property, plant and equipment	6,692	(1,133)
Gain on disposal of non-current assets held for sale	-	(32,022)
Impairment loss for non-financial assets	-	24,000
Gain on reversal of impairment loss for non-financial assets	(2,879)	-
Others	49,368	15,875
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets mandatorily at fair value through profit or loss	(15,399)	3,027
(Increase) decrease in notes receivable	(201,582)	20,929
Decrease (increase) in accounts receivable	424,706	(855,338)
Decrease (increase) in other receivables	4,085	(18,488)
Increase in inventories	(636,600)	(359,299)
Decrease in prepayments	15,649	37,872
Increase in other current assets	(2,926)	(194)
Increase in other non-current assets	(660)	(1,384)
(Decrease) increase in contract liabilities	(655)	1,424
(Decrease) increase in notes payable	(12)	23
(Decrease) increase in accounts payable	(468,584)	914,647
Increase in other payables	11,176	86,985
Increase (decrease) in other current liabilities	1,442	(83)
Increase in net defined benefit liabilities	2,386	7,188
Cash generated from operations	<u>555,395</u>	<u>1,182,430</u>
Interest received	5,364	7,877
Interest paid	(13,927)	(16,204)
Income tax paid	(318,599)	(41,040)
Net cash generated by operating activities	<u>228,233</u>	<u>1,133,063</u>

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of investments in equity instruments at fair value through other comprehensive income – non-current	\$ (388,259)	\$ -
Acquisition of financial assets at amortized cost	(138,181)	(89,719)
Acquisition of investments accounted for using the equity method	-	(12,517)
Disposal of investments accounted for using the equity method	3,000	-
Disposal of non-current assets held for sale	-	473,559
Acquisition of property, plant and equipment	(529,361)	(551,071)
Disposal of property, plant and equipment	2,901	1,277
Increase in refundable deposits	-	(8,723)
Decrease in refundable deposits	11,665	-
Acquisition of intangible assets	(12,101)	(15,773)
Increase in other current assets - other financial assets - current	(21,769)	(50)
Net cash used in investing activities	<u>(1,072,105)</u>	<u>(203,017)</u>
Cash flows from financing activities:		
Increase in short-term loans	640,000	-
Decrease in short-term loans	-	(590,000)
Issuance of corporate bonds	1,945,300	-
Increase in long-term loans	245,720	-
Repayment of long-term loans	-	(370,565)
Decrease in guarantee deposits received	-	(215,774)
Increase in payables	-	95
Repayment of lease principal	(22,461)	(24,029)
Distribution of cash dividends	(522,799)	(522,799)
Changes in non-controlling interests	19,753	-
Net cash generated by (used in) financing activities	<u>2,305,513</u>	<u>(1,723,072)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>15,128</u>	<u>2,137</u>
Net increase (decrease) in cash and cash equivalents	1,476,769	(790,889)
Cash and cash equivalents at beginning of period	1,793,632	2,584,521
Cash and cash equivalents at end of period	<u>\$ 3,270,401</u>	<u>\$ 1,793,632</u>

(Concluded)

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

Attachment II Independent Auditors' Report and 2021 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, 2021 and 2020; and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only financial statements (including a 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, 2021 and 2020, 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 responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Taiflex in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("the Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate 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, 2021 based on our professional judgment. These matters 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 matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

3. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$2,877,431 thousand and accounted for 21% of Taiflex's total assets as of December 31, 2021. 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.

4. Inventory valuation

As of December 31, 2021, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,264,356 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, 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 those charged with governance 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 also 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.

Those charged with governance of Taiflex (including the 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:

7. 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 or error is higher than for one resulting from error.
8. 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.
9. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
10. 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.
11. 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.
12. 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 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, 2021. 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, Taiwan

February 23, 2022

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021	December 31, 2020
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 2,475,183	\$ 1,207,757
Financial assets at fair value through profit or loss - current	4, 6(2)	27,529	29,832
Financial assets at amortized cost - current	4, 6(3)	276,900	138,719
Notes receivable, net	4, 6(4)	947	1,578
Accounts receivable, net	4, 6(5)	1,541,995	1,863,251
Accounts receivable – related parties	6(5), 7	1,334,489	1,086,180
Other receivables		37,329	42,862
Other receivables – related parties	7	52,948	125,657
Inventories, net	4, 6(6)	1,264,356	881,132
Prepayments		15,959	31,654
Other current assets	8	22,177	21,439
Total current assets		7,049,812	5,430,061
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	372,637	-
Investments accounted for using the equity method	4, 6(8)	3,379,245	2,794,135
Property, plant and equipment	4, 6(9)	2,159,881	2,193,741
Right-of-use assets	4, 6(20)	241,961	251,158
Intangible assets	4, 6(10)	91,212	50,467
Deferred income tax assets	4, 6(22)	126,798	131,151
Prepayments for investments	4, 6(8)	26,659	-
Other non-current assets	4, 6(11)	7,144	6,384
Total non-current assets		6,405,537	5,427,036
		\$ 13,455,349	\$ 10,857,097
Total assets			

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS--(Continued)
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2021	December 31, 2020
Current liabilities			
Short-term loans	6(12)	\$ 780,000	\$ 150,000
Financial liabilities at fair value through profit or loss - current	4, 6(13)	10,697	11,294
Contract liabilities - current	4, 6(17)	957	492
Notes payable		-	12
Accounts payable		1,120,605	1,413,506
Accounts payable – related parties	7	33,887	11,091
Other payables		478,021	476,475
Other payables – related parties	7	26,123	18,497
Current income tax liabilities	4, 6(22)	128,609	266,652
Lease liabilities - current	4, 6(20)	8,896	10,554
Current portion of long-term loans	6(14)	50,000	25,000
Other current liabilities		2,875	1,981
Total current liabilities		<u>2,640,670</u>	<u>2,385,554</u>
Non-current liabilities			
Bonds payable	6(14)	1,855,472	-
Long-term loans	6(15)	594,850	415,630
Deferred income tax liabilities	4, 6(22)	111,660	89,607
Lease liabilities - non-current	4, 6(20)	238,712	244,484
Net defined benefit liabilities - non-current	4, 6(16)	248,689	261,958
Total non-current liabilities		<u>3,049,383</u>	<u>1,011,679</u>
Total liabilities		<u>5,690,053</u>	<u>3,397,233</u>
Equity			
Capital	6(17)		
Common stock		2,091,197	2,091,197
Capital surplus	6(17)	1,145,766	1,066,147
Retained earnings			
Legal reserve		1,014,369	939,900
Special reserve		234,299	230,993
Unappropriated earnings		3,515,661	3,365,926
Total retained earnings		<u>4,764,329</u>	<u>4,536,819</u>
			(234,299)
Others	4	(235,996)	
Total equity		<u>7,765,296</u>	<u>7,459,864</u>
Total liabilities and equity		<u>\$ 13,455,349</u>	<u>\$ 10,857,097</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, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Notes	2021	2020
Operating revenue	4, 6(18), 7	\$ 7,671,215	\$ 7,491,041
Operating costs	4, 6(6, 21), 7	<u>(5,895,089)</u>	<u>(5,703,657)</u>
Gross profit		1,776,126	1,787,384
Unrealized sales profit or loss		-	(1,255)
Realized sales profit or loss		5,243	-
Gross profit, net		<u>1,781,369</u>	<u>1,786,129</u>
Operating expenses	4, 6(21)		
Sales and marketing expenses		(382,637)	(301,917)
General and administrative expenses		(308,223)	(257,229)
Research and development expenses		(284,484)	(260,938)
Expected credit gains	6(19)	3,472	7,669
Total operating expenses		<u>(971,872)</u>	<u>(812,415)</u>
Operating income		<u>809,497</u>	<u>973,714</u>
Non-operating income and expenses	6(21)		
Interest income		1,474	5,168
Other income		31,766	24,984
Other gains and losses		(22,581)	(116,375)
Finance costs		(17,516)	(15,318)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	4, 6(8)	<u>100,091</u>	<u>42,685</u>
Total non-operating income and expenses		<u>93,234</u>	<u>(58,856)</u>
Income from continuing operations before income tax		902,731	914,858
Income tax expense	4, 6(22)	<u>(168,077)</u>	<u>(141,999)</u>
Net income of continuing operations		<u>734,654</u>	<u>772,859</u>
Net income		<u>734,654</u>	<u>772,859</u>
Other comprehensive income (loss)	6(21)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		19,569	(35,220)
Unrealized losses on investments in equity instruments at fair value through other comprehensive income		(15,622)	-
Income tax related to items that will not be reclassified subsequently	6(22)	(3,914)	7,044
Items that may be reclassified subsequently to profit or loss	6(21)		
Exchange differences on translation of foreign operations		17,406	(4,132)
Income tax related to items that may be reclassified subsequently	6(22)	<u>(3,481)</u>	<u>826</u>
Total other comprehensive income (loss), net of tax		<u>13,958</u>	<u>(31,482)</u>
Total comprehensive income		<u>\$ 748,612</u>	<u>\$ 741,377</u>
Earnings per share (NT\$)	4, 6(23)		
Earnings per share - basic		<u>\$ 3.51</u>	<u>\$ 3.70</u>
Earnings per share - diluted		<u>\$ 2.98</u>	<u>\$ 3.67</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, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Item	Retained Earnings					Others		Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special 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, 2020	\$ 2,091,197	\$ 1,342,759	\$ 882,821	\$ 166,117	\$ 2,994,142	\$ (224,393)	\$ (6,600)	\$ 7,246,043
Appropriation and distribution of 2019 earnings								
Legal reserve			57,079		(57,079)			-
Special reserve				64,876	(64,876)			-
Cash dividends for common stocks					(250,944)			(250,944)
Changes in other capital surplus								
Adjustments to share of changes in equities of associates		(4,852)						(4,852)
Cash dividends from capital surplus		(271,855)						(271,855)
Changes in other capital surplus		95						95
Net income for the year ended December 31, 2020					772,859			772,859
Other comprehensive income (loss) for the year ended December 31, 2020					(28,176)	(3,306)		(31,482)
Total comprehensive income	-	-	-	-	744,683	(3,306)	-	741,377
Balance as of December 31, 2020	<u>\$ 2,091,197</u>	<u>\$ 1,066,147</u>	<u>\$ 939,900</u>	<u>\$ 230,993</u>	<u>\$ 3,365,926</u>	<u>\$ (227,699)</u>	<u>\$ (6,600)</u>	<u>\$ 7,459,864</u>
Balance as of January 1, 2021	\$ 2,091,197	\$ 1,066,147	\$ 939,900	\$ 230,993	\$ 3,365,926	\$ (227,699)	\$ (6,600)	\$ 7,459,864
Appropriation and distribution of 2020 earnings								
Legal reserve			74,469		(74,469)			-
Special reserve				3,306	(3,306)			-
Cash dividends for common stocks					(522,799)			(522,799)
Changes in other capital surplus								
Due to recognition of equity component of convertible bonds - stock options		70,203						70,203
Adjustments to share of changes in equities of associates		9,416						9,416
Net income for the year ended December 31, 2021					734,654			734,654
Other comprehensive income (loss) for the year ended December 31, 2021					15,655	13,925	(15,622)	13,958
Total comprehensive income	-	-	-	-	750,309	13,925	(15,622)	748,612
Balance as of December 31, 2021	<u>\$ 2,091,197</u>	<u>\$ 1,145,766</u>	<u>\$ 1,014,369</u>	<u>\$ 234,299</u>	<u>\$ 3,515,661</u>	<u>\$ (213,774)</u>	<u>\$ (22,222)</u>	<u>\$ 7,765,296</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, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 902,731	\$ 914,858
Adjustments:		
Non-cash income and expense items:		
Depreciation	280,706	271,091
Amortization	19,555	16,643
Expected credit gains	(3,472)	(7,669)
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	12,631	15,997
Interest expense	17,516	15,318
Interest income	(1,474)	(5,168)
Share of profits of subsidiaries and associates accounted for using the equity method	(100,091)	(42,685)
Loss (gain) on disposal of property, plant and equipment	7,348	(35)
Impairment loss for non-financial assets	-	24,000
Others	34,660	18,605
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets mandatorily at fair value through profit or loss	(15,399)	4,640
Decrease in notes receivable	631	1,362
Decrease (increase) in accounts receivable	324,728	(429,366)
Increase in accounts receivable – related parties	(248,309)	(18,129)
Decrease (increase) in other receivables	5,539	(23,980)
Decrease (increase) in other receivables – related parties	72,709	(82,545)
Increase in inventories	(418,603)	(272,732)
Decrease (increase) in prepayments	5,850	(8,976)
(Increase) decrease in other current assets	(707)	395
Increase in contract liabilities	465	492
(Decrease) increase in notes payable	(12)	12
(Decrease) increase in accounts payable	(292,901)	633,237
Increase in accounts payable – related parties	22,796	7,999
(Decrease) increase in other payables	(16,422)	59,099
Increase (decrease) in other payables – related parties	7,626	(2,697)
(Decrease) increase in other current liabilities	(5,260)	1,140
Increase in net defined benefit liabilities	6,300	7,188
Cash generated from operations	<u>619,141</u>	<u>1,098,094</u>
Interest received	1,468	5,164
Interest paid	(11,354)	(11,197)
Income tax paid	(287,109)	(11,582)
Net cash generated by operating activities	<u><u>322,146</u></u>	<u><u>1,080,479</u></u>

(Continued)

(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-(Continued)
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities:		
Acquisition of investments in equity instruments at fair value through other comprehensive income – non-current	\$ (388,259)	\$ -
Acquisition of financial assets at amortized cost	(138,181)	(89,719)
Acquisition of financial assets at fair value through profit or loss	-	(1,322)
Acquisition of investments accounted for using the equity method	(453,431)	(188,549)
Disposal of investments accounted for using the equity method	3,000	-
Increase in prepayments for investments	(26,659)	-
Acquisition of property, plant and equipment	(285,312)	(300,415)
Disposal of property, plant and equipment	4,299	35
Increase in refundable deposits	(760)	-
Decrease in refundable deposits	-	1,524
Decrease in other receivables – related parties	-	416,666
Acquisition of intangible assets	(11,389)	(14,161)
Increase in other current assets - other financial assets	(31)	(50)
Dividends received	-	142,771
Net cash used in investing activities	<u>(1,296,723)</u>	<u>(33,220)</u>
Cash flows from financing activities:		
Increase in short-term loans	630,000	-
Decrease in short-term loans	-	(520,000)
Issuance of corporate bonds	1,945,300	-
Increase in long-term loans	204,220	-
Repayment of long-term loans	-	(459,370)
Decrease in payables	-	95
Repayment of lease principal	(14,718)	(15,930)
Distribution of cash dividends	(522,799)	(522,799)
Net cash generated by (used in) financing activities	<u>2,242,003</u>	<u>(1,518,004)</u>
Net increase (decrease) in cash and cash equivalents	1,267,426	(470,745)
Cash and cash equivalents at beginning of period	<u>1,207,757</u>	<u>1,678,502</u>
Cash and cash equivalents at end of period	<u>\$ 2,475,183</u>	<u>\$ 1,207,757</u>

(Concluded)

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

Attachment III Comparison Table of Amendments to Articles of Incorporation

Articles	Before the Amendment	After the Amendment	Basis and Reasons
Article 12-1		<u>The Company's shareholders' meeting may be convened virtually or in other ways announced by the Ministry of Economic Affairs.</u>	In compliance with amendments to the Company Act, shareholders' meetings may be convened virtually.
Article 28	<p>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.</p> <p>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 <u>submitted</u> 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.</p>	<p>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.</p> <p>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 <u>approved in the Board of Directors' meeting by the majority of attending directors which represents more than two-third of all directors and reported</u> 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.</p>	For business needs and in compliance with amendments made by the competent authority.
Article 28-1	<p>Current year's earnings of the Company, if any, shall be distributed in the following order:</p> <ol style="list-style-type: none"> 1. Taxes and dues 2. Deficit compensation 3. 10% of net profit as legal reserves. <p>However, this shall not apply when the accumulated legal reserve has equaled the total capital of the</p>	<p>Current year's earnings of the Company, if any, shall be distributed in the following order:</p> <ol style="list-style-type: none"> 1. Taxes and dues 2. Deficit compensation 3. 10% of net profit as legal reserves. <p>However, this shall not apply when the accumulated legal reserve has equaled the total capital of the</p>	For business needs and in compliance with amendments made by the competent authority.

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>Company.</p> <p>4. Special reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority.</p> <p>5. For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of <u>bonus to shareholders</u> and <u>submit it to the shareholders' meeting for resolution.</u></p>	<p>Company.</p> <p>4. Special reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority.</p> <p>5. For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of <u>earnings. Regarding earnings distributed by an issuance of new shares, the proposal shall be approved by the shareholders' meeting, and for earnings distributed in the form of cash, the proposal shall be submitted to the Board of Directors' meeting for resolution.</u></p> <p><u>The Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.</u></p>	
Article 34	<p>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.</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</p>	<p>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.</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</p>	To add the amendment date.

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>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 on May 26, 2017.</p> <p>The twenty-fourth amendment was made on May 28, 2020.</p> <p>The twenty-fifth amendment was made on July 16, 2021.</p>	<p>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 on May 26, 2017.</p> <p>The twenty-fourth amendment was made on May 28, 2020.</p> <p>The twenty-fifth amendment was made on July 16, 2021.</p> <p><u>The twenty-sixth amendment was made on May 26, 2022.</u></p>	

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

Articles	Before the Amendment	After the Amendment	Basis and Reasons
Article 2	<p>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.</p> <p>When the government or a juristic person is a Shareholder, the representative attending the shareholders' meeting is not limited to one person only.</p>	<p>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.</p> <p>When the government or a juristic person is a Shareholder, the representative attending the shareholders' meeting is not limited to one person only.</p> <p><u>For virtual shareholders' meetings, Shareholders shall register with the Company two days before the meeting if they intend to attend the meeting online. After the proxy form has been delivered to the Company, if the Shareholder intends to attend the meeting online, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p> <p><u>For virtual shareholders' meetings, the means for Shareholders to attend the virtual meeting and exercise their rights, actions to be taken when the virtual meeting platform or online participation is obstructed due to force</u></p>	In compliance with amendments made by the competent authority.

Articles	Before the Amendment	After the Amendment	Basis and Reasons
		<u>majeure events, the date of deferred or resumed meeting when the need arises and other matters requiring attention shall be specified. Where a virtual shareholders' meeting is convened, alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall also be specified. For virtual shareholders' meetings, the shareholder attendance registrations may begin on the virtual meeting platform 30 minutes prior to the time the meeting commences. Shareholders completing the registration will be deemed as attending the shareholders' meeting in person.</u>	
Article 4	<p>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.</p>	<p>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.</p> <p><u>The constrains on meeting venue do not apply in the case of virtual shareholders' meetings.</u></p>	<p>In compliance with amendments made by the competent authority.</p>
Article 5	<p>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 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</p>	<p>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 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</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>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.</p>	<p>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.</p> <p><u>Changes to the methods of convening the shareholders' meeting shall be resolved by the board of directors and made before sending out the shareholders' meeting notice.</u></p>	
Article 7	<p>The Company shall record on audio and video the entire proceedings of the shareholders' meeting and retain the recordings for at least one year. If Shareholders file lawsuits pursuant to Article 189 of the Company Act, the recordings shall be retained until the lawsuit is concluded.</p>	<p>The Company shall record on audio and video the entire proceedings of the shareholders' meeting and retain the recordings for at least one year. If Shareholders file lawsuits pursuant to Article 189 of the Company Act, the recordings shall be retained until the lawsuit is concluded.</p> <p><u>For virtual shareholders' meetings, the Company shall keep records of the shareholder registration, sign-in, check-in, question time, and voting as well as the vote counting by the Company, and make an uninterrupted audio and video recording of the entire proceedings of the virtual meetings.</u></p> <p><u>The records and audio and video recording in the preceding paragraph shall be properly retained throughout the life of the Company. Copies of the audio and video recording shall be given to the party engaged by the Company to handle the virtual meetings for safekeeping.</u></p>	<p>In compliance with amendments made by the competent authority.</p>
Article 8	<p>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</p>	<p>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</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>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, 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.</p> <p>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.</p>	<p>issued shares, the chairperson shall announce the adjournment of meeting. <u>For virtual shareholders' meetings, the Company shall also announce the adjournment of meeting at the virtual meeting platform.</u></p> <p>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, 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. <u>For virtual shareholders' meetings, Shareholders shall re-register with the Company pursuant to Article 2 if they intend to attend the meeting online.</u></p> <p>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.</p>	
Article 10	<p>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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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</p>	In compliance with amendments made by the competent authority.

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>chairperson shall stop such interruption.</p>	<p>chairperson shall stop such interruption. <u>For virtual shareholders' meetings, Shareholders attending online may raise questions in writing at the virtual meeting platform after the chairperson calls the meeting to order and before he/she announces the meeting adjourned. Shareholders cannot raise more than two questions concerning the same proposal and each question shall be limited to 200 words. Paragraphs 1 to 3, Article 11 and Article 13 do not apply. Questions referred to in the preceding paragraph are advised to be disclosed to the public at the virtual meeting platform if they do not violate any rules nor exceed the scope of a proposal.</u></p>	
<p>Article 16</p>	<p>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, Article 179 of the Company Act.</p> <p>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.</p>	<p>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, Article 179 of the Company Act.</p> <p>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.</p> <p><u>For virtual shareholders' meetings, when the meeting is called to order, Shareholders attending the meeting online shall cast votes on proposals and elections via the virtual meeting platform before the chairperson announces the end of the voting session. Otherwise, they are deemed to have waived their rights.</u></p> <p><u>For virtual shareholders' meetings, all votes are counted after the chairperson announces the end of the voting session. Results of votes and elections shall be announced immediately.</u></p> <p><u>For hybrid shareholders' meetings,</u></p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
		<p><u>Shareholders, solicitors or proxies who intend to attend the in-person shareholders' meeting in person after registering to attend the meeting online in accordance with Article 2 shall retract their registrations two days before the shareholders' meeting by the same means as their original registration. If their registrations are retracted after that time, they can only attend the shareholders' meeting online. When voting rights have been exercised by correspondence or electronically, unless the Shareholders withdraw their declarations of intent and attend the shareholders' meeting online, they cannot exercise voting rights on the original proposals, make any amendments to the original proposals or exercise voting rights on amendments to the original proposals, except for extraordinary motions.</u></p>	
Article 22	<p>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. The fifth amendment was made on May 28, 2020.</p>	<p>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. The fifth amendment was made on May 28, 2020. <u>The sixth amendment was made on May 26, 2022.</u></p>	To add the amendment date.

Attachment V Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets

Articles	Before the Amendment	After the Amendment	Basis and Reasons
Article 7	<p>Procedures for acquisition or disposal of real estate, equipment, or right-of-use assets thereof:</p> <p>...</p> <p>(4) Appraisal reports for assets</p> <p>...</p> <p>(iii) If any of the following situation occurs, unless all of the appraisal values for asset acquisition are higher than the trading amount or all of the appraisal values for asset disposal are lower than the trading price, the Company shall contact CPAs <u>to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation</u> and to express specific opinions on the reasons for the discrepancy and the fairness of the trading price.</p> <p>A. The difference between the appraisal results and the trading amount exceeds 20 percent of the trading amount or more.</p> <p>B. The difference between the appraisal results from more than two professional appraisers exceeds 10 percent of the trading amount.</p> <p>...</p>	<p>Procedures for acquisition or disposal of real estate, equipment, or right-of-use assets thereof:</p> <p>...</p> <p>(4) Appraisal reports for assets</p> <p>...</p> <p>(iii) If any of the following situation occurs, unless all of the appraisal values for asset acquisition are higher than the trading amount or all of the appraisal values for asset disposal are lower than the trading price, the Company shall contact CPAs to express specific opinions on the reasons for the discrepancy and the fairness of the trading price.</p> <p>A. The difference between the appraisal results and the trading amount exceeds 20 percent of the trading amount or more.</p> <p>B. The difference between the appraisal results from more than two professional appraisers exceeds 10 percent of the trading amount.</p> <p>...</p>	<p>In compliance with amendments made by the competent authority.</p>
Article 8	<p>Acquisition or disposal procedures for marketable securities</p> <p>...</p> <p>(ii) Regarding marketable securities which are not traded in a centralized or OTC market, the Company shall, before the date of occurrence, obtain the target company's latest CPA-audited or reviewed financial statements as a reference for assessment of the trading price and take into</p>	<p>Acquisition or disposal procedures for marketable securities</p> <p>...</p> <p>(ii) Regarding marketable securities which are not traded in a centralized or OTC market, the Company shall, before the date of occurrence, obtain the target company's latest CPA-audited or reviewed financial statements as a reference for assessment of the trading price and take into</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>accounts its book value per share, profitability, future development potential, etc. In addition, where the trading amount exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the trading price. <u>If the CPA requires expert reports, actions shall be taken in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation.</u> Investment amounts below (including) NT\$50,000,000 shall be approved by the Chairperson and reported afterwards in the upcoming Board of Directors' meeting. An analysis report on the unrealized gain or loss of long and short-term marketable securities shall be presented concurrently. Amounts over NT\$50,000,000 must be passed by the Board of Directors. However, if the timing of acquisition or disposal does not fall on the Board of Directors' meeting session, it may be approved by the Chairperson and ratified afterwards in the upcoming Board of Directors' meeting.</p> <p>...</p>	<p>accounts its book value per share, profitability, future development potential, etc. In addition, where the trading amount exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the trading price. Investment amounts below (including) NT\$50,000,000 shall be approved by the Chairperson and reported afterwards in the upcoming Board of Directors' meeting. An analysis report on the unrealized gain or loss of long and short-term marketable securities shall be presented concurrently. Amounts over NT\$50,000,000 must be passed by the Board of Directors. However, if the timing of acquisition or disposal does not fall on the Board of Directors' meeting session, it may be approved by the Chairperson and ratified afterwards in the upcoming Board of Directors' meeting.</p> <p>...</p>	
Article 9	<p>Procedures for related party transaction</p> <p>...</p> <p>The calculation of trading amount shall be conducted in accordance with Article 14 herein. The term "within one year" means one year calculated retrospectively from the transaction date, which is considered as the base date. The part which has been approved by the Board of Directors in accordance with the Procedures is excluded from</p>	<p>Procedures for related party transaction</p> <p>...</p> <p>For following transactions between the Company and its subsidiaries or between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company, the Board of Directors may authorize the Chairperson to approve transactions within a certain amount in accordance with Article 7 herein and</p>	In compliance with amendments made by the competent authority.

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>the calculation. For following transactions between the Company and its subsidiaries or between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company, the Board of Directors may authorize the Chairperson to approve transactions within a certain amount in accordance with Article 7 herein and report it afterwards for acknowledgement in the upcoming Board of Directors' meeting.</p> <p>A. Acquisition or disposal of operating equipment or right-of use assets thereof.</p> <p>B. Acquisition or disposal of operating real estate right-of-use assets.</p> <p>When the Company reports to the Board of Directors pursuant to this Article, it shall fully consider each independent director's opinions and include his/her comments for objection or reservation in the Board of Directors' meeting minutes.</p>	<p>report it afterwards for acknowledgement in the upcoming Board of Directors' meeting.</p> <p>A. Acquisition or disposal of operating equipment or right-of use assets thereof.</p> <p>B. Acquisition or disposal of operating real estate right-of-use assets.</p> <p>When the Company reports to the Board of Directors pursuant to this Article, it shall fully consider each independent director's opinions and include his/her comments for objection or reservation in the Board of Directors' meeting minutes.</p> <p><u>Where the Company or its subsidiaries that are not domestic public companies engage in transaction set forth in paragraph 2 with a trading amount exceeding 10 percent of the Company's total assets, the Company shall submit information set out in paragraph 1 to the shareholders' meeting and obtain its approvals before signing the contract and making payments. This rule, however, does not apply to transactions between the Company and its subsidiaries or between subsidiaries.</u></p> <p>The calculation of trading amount shall be conducted in accordance with Article 14 herein. The term "within one year" means one year calculated retrospectively from the transaction date, which is considered as the base date. The part which has been approved by <u>the shareholders' meeting and the Board of Directors</u> in accordance with the Procedures is excluded from the calculation.</p>	
Article 10	<p>Procedures for acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates</p> <p>...</p> <p>(4) Expert assessment reports for intangible assets or right-of-use assets thereof, or membership certificates</p>	<p>Procedures for acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates</p> <p>...</p> <p>(4) Expert assessment reports for intangible assets or right-of-use assets thereof, or membership certificates</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>(i) Where the trading amount of the Company's acquisition or disposal of membership certificates exceeds 1 percent of the paid-in capital or NT\$3,000,000, the Company shall ask an expert to produce an appraisal report.</p> <p>(ii) Where the trading amount of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof exceeds 10 percent of the paid-in capital or NT\$20,000,000, the Company shall ask an expert to produce an appraisal report.</p> <p>(iii) Where the trading amount of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000, the Company shall contact CPAs to express an opinion on the reasonableness of the trading price before the day of occurrence. <u>The CPAs shall take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation.</u></p>	<p>(i) Where the trading amount of the Company's acquisition or disposal of membership certificates exceeds 1 percent of the paid-in capital or NT\$3,000,000, the Company shall ask an expert to produce an appraisal report.</p> <p>(ii) Where the trading amount of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof exceeds 10 percent of the paid-in capital or NT\$20,000,000, the Company shall ask an expert to produce an appraisal report.</p> <p>(iii) Where the trading amount of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000, the Company shall contact CPAs to express an opinion on the reasonableness of the trading price before the day of occurrence.</p>	
Article 14	<p>Procedures for public disclosure of information</p> <p>...</p> <p>(iv) Other than the three preceding subparagraphs, any trading of assets, disposals of financial institutions' claims or engagement in investment in China with trading amount exceeding 20 percent of the Company's paid-in capital or NT\$300,000,000. The following situations are exceptions: A. Purchase or sale of domestic government bonds.</p>	<p>Procedures for public disclosure of information</p> <p>...</p> <p>(iv) Other than the three preceding subparagraphs, any trading of assets, disposals of financial institutions' claims or engagement in investment in China with trading amount exceeding 20 percent of the Company's paid-in capital or NT\$300,000,000. The following situations are exceptions: A. Purchase or sale of domestic government bonds <u>or overseas</u></p>	In compliance with amendments made by the competent authority.

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>B. If the Company specializes in investment, the purchase or sale of marketable securities in securities exchanges or OTC markets.</p> <p>C. Purchase or sale of bonds with repurchase or resale agreements.</p> <p>...</p>	<p><u>government bonds with credit ratings equal to or above the sovereign rating of Taiwan.</u></p> <p>B. If the Company specializes in investment, the purchase or sale of marketable securities in securities exchanges or OTC markets.</p> <p>C. Purchase or sale of bonds with repurchase or resale agreements.</p> <p>...</p>	
Article 18	<p>Additional provisions</p> <p>Any other matter not set forth in the Procedures shall be handled in accordance with related laws and regulations.</p> <p>The Procedures was established on April 15, 2000.</p> <p>The first amendment was made on March 7, 2003.</p> <p>The second amendment was made on May 9, 2007.</p> <p>The third amendment was made on June 3, 2008.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on August 30, 2010.</p> <p>The sixth amendment was made on June 9, 2011.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 17, 2013.</p> <p>The ninth amendment was made on May 26, 2017.</p> <p>The tenth amendment was made on May 29, 2019.</p>	<p>Additional provisions</p> <p>Any other matter not set forth in the Procedures shall be handled in accordance with related laws and regulations.</p> <p>The Procedures was established on April 15, 2000.</p> <p>The first amendment was made on March 7, 2003.</p> <p>The second amendment was made on May 9, 2007.</p> <p>The third amendment was made on June 3, 2008.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on August 30, 2010.</p> <p>The sixth amendment was made on June 9, 2011.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 17, 2013.</p> <p>The ninth amendment was made on May 26, 2017.</p> <p>The tenth amendment was made on May 29, 2019.</p> <p><u>The eleventh amendment was made on May 26, 2022.</u></p>	To add the amendment date.

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. CC01080 electronic parts and components manufacturing
 2. F107170 wholesale of industrial catalyst
 3. F107200 wholesale of chemistry raw material
 4. F107990 wholesale of other chemical products
 5. F119010 wholesale of electronic materials
 6. F207170 retail sale of industrial catalyst
 7. F207200 retail sale of chemistry raw material
 8. F207990 retail sale of other chemical products
 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 Shares issued by the Company are exempt from printing. They shall be registered in the central securities depository and handled in accordance with the depository's rules.

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 proxy form 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 proxy forms 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 reserves. However, this shall not apply when the accumulated legal reserve has equaled the total capital of the Company.
4. Special 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.

The twenty-fourth amendment was made on May 28, 2020.

The twenty-fifth amendment was made on July 16, 2021.

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 issued 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 Company shall record on audio and video the entire proceedings of the shareholders' meeting and retain the recordings for at least one year. If Shareholders file lawsuits pursuant to Article 189 of the Company Act, the recordings shall be retained 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. Relevant proposals shall be resolved by voting on a proposal-by-proposal basis. 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 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. He/she shall also allow ample time for voting.

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.

The fifth amendment was made on May 28, 2020.

Appendix III 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 28, 2022) for the 2022 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	16,263,729
Director	Ching-Yi Chang	5,829,282
Director	Chein-Ming Hsu	0
Director	Fuding Investment Co., Ltd. Representative: Re-Zhang Lin	1,020,000
Director	Chun-Chi Lin	0
Director	Fu-Le Lin	290,249
Independent Director	Wen-I Lo	0
Independent Director	Yung-Shun Chuang	0
Independent Director	Shi-Chern Yen	0
Shareholdings of all directors		23,403,260

Notes: 1. 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 2022 annual shareholders' meeting from March 18, 2022 to March 28, 2022. 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.