

Stock Code: 8039

TAIFLEX SCIENTIFIC CO., LTD.

2023 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

Time: 9:00 a.m., May 30, 2023

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

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 2023 Annual Shareholders' Meeting

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

TAIFLEX SCIENTIFIC CO., LTD.

Agenda of 2023 Annual Shareholders' Meeting

Type: Physical shareholders' meeting

Time: 9:00 a.m., May 30, 2023

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

- I. Call Meeting to Order
- II. Chairperson's Opening Remarks
- III. Report Items
 1. Distribution of 2022 remuneration to directors and compensation to employees
 2. Business report for 2022
 3. Audit Committee's review report on 2022 financial statements
 4. Cash dividends for 2022 earnings distribution
 5. Distribution of cash from capital surplus
- IV. Ratification Items: 2022 financial statements
- V. Discussion Items: To amend the Procedures for Acquisition or Disposal of Assets
- VI. Election Items: Election of all directors
- VII. Other Proposed Resolutions: Release of the new directors from non-compete restrictions
- VIII. Extempore Motions
- IX. Meeting Adjourned

Report Items

Item 1 Distribution of 2022 remuneration to directors and compensation to employees

- Explanation:
1. Pursuant to Article 28 of the Articles of Incorporation on the distribution 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 appropriated compensation to employees and remuneration to directors of NT\$71,668,142 and NT\$19,596,967, respectively, for the year ended December 31, 2022. The distribution would be made in the form of cash. The difference between actual payments and the amount accrued in 2022 of NT\$59,302 will be a deduction to expenses in 2023.
 3. This item was reviewed by the Compensation Committee and approved in the Board of Directors' meeting.

Item 2 Business report for 2022

Taiflex Scientific Co., Ltd.

Business Report for 2022

1. 2022 Operating Results

The Company generated net revenues of NT\$8,722 million in 2022, a decrease of 7.3% from NT\$9,405 million in 2021. Net income attributable to shareholders of the parent company came to NT\$700 million, down 4.7% year-over-year, with an earnings per share of NT\$3.35. During the year, the supply chain disruption caused by Russia-Ukraine war and Covid-19 as well as the prolonged loose monetary policy fueled global inflation. As a result, major central banks initiated rate hike cycles to battle against inflation. Under the dual influence of price spikes and rising interest rates, the end-market demand of the global consumer electronics plummeted. The plunge along with the digesting of substantial inventories accumulated during the pandemic in every stage of the supply chain put sales under greater recessionary pressure.

Amid the stagnant end demand, we eliminated the adverse impact of plunging demand with our fine customer mix and competent supply chain management and suffered only a slight decrease in terms of revenue and profit. Furthermore, we escalated our investments in new material research and development as well as product sampling, striving to expand our market share while awaiting economy recovery to take our operation to the next level.

Looking at 2023, as the lagging response of tight monetary policy kicks in and the Russia-Ukraine war persists, global spending is expected to remain relatively sluggish in the first half of the year. However, the supply chain inventory digestion may come to an end in the first half of 2023; therefore, there could be opportunities for recovery in the second half of the year. Since sustained price pressure and high costs of capital still have an enormous impact on business

operation, the world's leading companies opt for layoffs and capital expenditure reductions to cope with the economic downward spiral. In view of the situation, reasonable control over operating costs and appropriate research and development efforts will be crucial for sustainable operation and future growth under the circumstances.

In response to the high level of uncertainty in current economic climate, risk control and operating cost reduction are our priorities. Meanwhile, we aim for reasonable allocation of resources to continue necessary investments, thereby enhancing our leading position in the supply chain and expanding our market share. Through the launch of new materials, we can further capture the emerging requirements for high-frequency and high-speed communications as well as the enormous business opportunities in electronic components driven by alternative fuel vehicles to ignite long-term growth momentum.

(1) Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2022	2021	Change (in Dollar Amount)	Change (in Percentage)
Net revenue	8,721,875	9,405,002	(683,127)	(7.26%)
Gross profit	2,078,863	2,198,643	(119,780)	(5.45%)
Net income	691,713	744,862	(53,149)	(7.14%)

(2) Profitability analysis

Item	2022	2021
Net profit margin	7.93%	7.91%
Return on assets	5.34%	5.94%
Return on equity	8.66%	9.61%

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

A. Electronic materials

Electronic devices continue to advance towards high-frequency and high-speed communications as well as being compact and energy-saving. We allocate our research and development resources on product developments of the following 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. Besides communications, we will also engage in the development of high weather resistance and high stability materials for the automotive segment.

B. Heat dissipation materials

Besides making progress in electronic materials, 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 the automotive market in order to smooth out the higher volatility of the electronic industry.

C. Semiconductor materials

Through a spin-off, Taiflex established Taichem Materials Co., Ltd. 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 2023 Business Plan

(1) Business policy

The most dominant risk in 2023 is the combination of high inflation, rising cost of capital and sluggish end demand. In addition, the increasing awareness of sustainability leads to elevated expectations on companies' levels of ESG involvement. Companies are thus confronted by increasing investments and operating costs, putting more pressure on operating margins.

We will reinforce our risk control mechanisms in light of the situation. To start with, we will implement supplier diversity and establish dynamic inventory mechanism, allowing flexibility in global production deployment. At the same time, dual certification and sourcing will be required for key materials to lower the risk of supply chain disruption from a single region. In response to ebbing consumer spending, we will continue with our inventory control measures and implement customer credit management policy. Cash will be maintained at an appropriate level through prudent financial management policies to cope with the impact of potential recession. Risk management measures not only increase our risk tolerance, but also identify investment opportunities stemming from economic downturn.

As the pandemic boom fades, shipments of laptops and tablets are under recessionary pressure. The situation plus a lack of compelling features in smartphones decelerates the overall sales momentum. Nevertheless, the widespread of 5G adoption, continual enhancement on camera resolution and growing demand from metaverse and alternative energy vehicles can still push forward the demand for material upgrades, which become growth opportunities for upstream material suppliers. 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 applications, cost competitiveness is the deciding factor in the traditional materials market. With advantages in economies of scale, global production capacity and supply chain management competence, we can satisfy customers' demand with low-risk and competitive cost structures, keeping on expanding market share and securing our leading position in the competition.

ESG is another key issue for modern-day corporations and even considered 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 withstand the scrutiny of competent authorities and international brands as well as maintain a stable growth.

(2) Sales volume forecast and basis

Electronics materials: Sales in 2023 are expected to stay flat compared to 2022

Basis:

- A. The devastating effects of ongoing inflationary pressure and high costs of capital on consumer spending, plus the disappearance of pandemic boom all contribute to recessionary pressure on the overall demand for consumer electronics.
- B. Even though the market has lost growth momentum, as our competitiveness and resources available surpass that of our competitors, we can further expand our market shares, thereby keeping our shipments flat compared to 2022.
- C. In summary, although we expect to see weakening market demand in 2023, we aim to increase our market share with our comprehensive product lines, reputable quality products and cost competitiveness, driving up the sales volume of electronic materials to stay flat compared to last year.

(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.
- B. Complete the construction of our Thailand production base to further improve our supply flexibility for regional economic developments.
- C. Strengthen smart manufacturing, set up an intelligence center and introduce advanced production-sales planning systems to closely monitor customer demand and production dynamics, thereby swiftly adjusting our production plans.
- D. Expand the technical service team for end customers, take the lead in understanding their demand, and enhance the efficiency of product research and development.
- E. 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 tides of 5G communications and alternative energy vehicles 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, thereby creating high entry barriers for competitors.
- (3) Increase ESG investments. Besides systematizing workflows and carrying out waste reduction measures to reduce environmental hazards, we increase investments in renewables to meet customers' expectation and pursue sustainable developments.

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

- (1) External competitions
 - A. Rapid advancement in product 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 while 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. Governments around the world push for local supply chains as regional economy emerges.
 - D. Being a leading global producer of FCCL, our competitive advantages in supply chain management and economies of scale allow us to meet customer 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 them 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 devastating effect to the market demand and increase the difficulties in supply chain inventory management, production scheduling and delivery. In addition, the long-term upward trends of costs in raw materials and personnel persist, posing a great challenge to profitability.
 - B. The increasing focus on ESG will continue to 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 are critical to the global strategies of companies.

Looking back at 2022, as countries gradually opened up, people's lives returned to normal. However, inflation followed by high costs of capital put the risk competence of companies to the test. The Company will stay committed to maintaining a balance between risks and operations and improve business flexibility through a variety of operational strategies, e.g., increase local purchases, adopt dynamic inventory strategies, optimize product structure, and improve production efficiency as well as expense control in order to mitigate the impact of stalling economy.

We will persistently strengthen our core competitiveness, invest research and development resources in materials of flexible electronics, heat dissipation and semiconductor, 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: Chi-Yuan Pan

Item 3 Audit Committee's review report on 2022 financial statements

Audit Committee's Review Report

To: 2023 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 earnings distribution proposal for the year ended December 31, 2022. Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Ching-Piao Cheng, 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 earnings 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 22, 2023

Item 4 Cash dividends for 2022 earnings distribution

Explanation: 1. The earnings available for distribution of NT\$3,512,378,156 is calculated by adding the unappropriated earnings from previous year of NT\$2,916,133,539, and the remeasurement of defined benefit plan transferred into retained earnings directly of NT\$44,432,092 to net income for 2022 of NT\$700,483,835, 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\$74,491,593, for legal reserve and NT\$74,179,717 for special reserve.

2. Dividends to shareholders:

Shareholders will be entitled to receive a cash dividend of NT\$1.9 per share and the overall cash dividend amounts to NT\$397,327,415. Unappropriated earnings at the end of period of NT\$3,115,050,741, net of dividends, will be retained for distribution in later years. Earnings from 2022 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 earnings distribution plan is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, or transfer or cancellation of treasury stocks and the dividend distribution rate is affected, the Chairperson is authorized to adjust the cash dividend to be distributed to each share based on the total amount of cash resolved to be distributed and the actual number of outstanding shares on the record date.
4. When the conditions for this earnings distribution are changed due to amendments to laws or decisions of regulators, the Chairperson is authorized to take all necessary measures.

Item 5 Distribution of cash from capital surplus

Explanation: 1. The Company proposes to distribute NT\$125,471,815 from capital surplus related to shares issued at a premium to shareholders in the form of cash.

2. Shareholders recorded in the register on the record date are entitled to receive NT\$0.6 per share (rounded to the nearest dollar). Dividends of fractional dollar amount to an individual shareholder are transferred to the Employee Welfare Committee of the Company. The Chairperson is authorized to set the record date and payment date for the cash distribution from capital surplus and handle relevant matters.
3. In the event that there are changes in the total number of outstanding shares and consequently the payout ratio due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, or transfer or cancellation of treasury stocks, the Chairperson is authorized to handle matters pertaining to changes in the dividend distribution rate.

Ratification Items

Subject: To ratify the 2022 financial statements (Proposed by the Board of Directors)

- Explanation:
1. The 2022 business report and consolidated and parent company only financial statements, which were audited by Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Ching-Piao Cheng, were reviewed by the Audit Committee.
 2. Please refer to Attachment I on page 13 to 22, Attachment II on page 23 to 32 and Attachment III on page 33 of this meeting agenda for the financial statements and 2022 Earnings Distribution Table.
 3. Please ratify the above-mentioned financial statements.

Resolution:

Discussion Items

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

- Explanation:
1. Due to business needs, the Company proposes to amend some articles within the “Procedures for Acquisition or Disposal of Assets”.
 2. Please refer to Attachment IV on page 34 to 35 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:

Election Items

Subject: To hold the election for all directors (Proposed by the Board of Directors)

- Explanation:
1. The 9th term of directors of the Company expires on May 27, 2023. Pursuant to Article 195 of the Company Act, an election shall be held to elect new directors.
 2. In compliance with the Articles of Incorporation, the Company shall elect nine directors (including three independent directors) to serve a term of three years. Their tenure starts right after the shareholders’ meeting. The tenure of newly elected directors commences on May 30, 2023 and expires on May 29, 2026. Directors are eligible for re-election.

3. In compliance with the Articles of Incorporation, the election of directors adopts the candidate nomination system. Please refer to Attachment V on page 36 to 37 of this meeting agenda for the List of Director Candidates.
4. Please hold the election.

Election result:

Other Proposed Resolutions

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

(Proposed by the Board of Directors)

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

Resolution:

Extempore Motions

Meeting Adjourned

Attachment I Independent Auditors' Report and 2022 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, 2022 and 2021, 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, 2022 and 2021, 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. 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, 2022 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\$3,693,309 thousand and accounted for 29% of Taiflex Group's consolidated total assets as of December 31, 2022. 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, 2022, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,770,596 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 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 exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. 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, 2022. 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, 2022 and 2021, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 22, 2023

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2022	December 31, 2021
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 2,264,386	\$ 3,270,401
Financial assets at fair value through profit or loss - current	4, 6(2)	26,925	27,529
Financial assets at amortized cost - current	4, 6(3)	30,743	276,900
Notes receivable, net	4, 6(4)	702,095	929,304
Accounts receivable, net	4, 6(5)	2,991,214	3,034,055
Other receivables		36,871	50,517
Inventories, net	4, 6(6)	1,770,596	1,868,747
Prepayments		42,169	51,909
Other current assets	8	48,121	47,597
Total current assets		<u>7,913,120</u>	<u>9,556,959</u>
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	255,689	372,637
Investments accounted for using the equity method	4, 6(8)	27,508	41,046
Property, plant and equipment	4, 6(9)	3,905,972	3,360,247
Right-of-use assets	4, 6(21)	381,448	371,103
Intangible assets	4, 6(10,12)	164,049	162,379
Deferred income tax assets	4, 6(24)	175,599	195,565
Other non-current assets	4, 6(11)	24,142	14,944
Total non-current assets		<u>4,934,407</u>	<u>4,517,921</u>
Total assets		<u>\$ 12,847,527</u>	<u>\$ 14,074,880</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, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2022	December 31, 2021
Current liabilities			
Short-term loans	6(13)	\$ 255,000	\$ 790,000
Financial liabilities at fair value through profit or loss - current	4, 6(14)	21,136	11,049
Contract liabilities - current	4, 6(19)	758	1,853
Notes payable		402	369
Accounts payable		752,369	1,279,303
Other payables		669,642	648,844
Current income tax liabilities	4, 6(24)	275,025	133,232
Lease liabilities - current	4, 6(21)	21,926	16,353
Current portion of long-term loans	6(16)	69,260	50,000
Other current liabilities		3,690	3,829
Total current liabilities		<u>2,069,208</u>	<u>2,934,832</u>
Non-current liabilities			
Bonds payable	6(15)	1,873,400	1,855,472
Long-term loans	6(16)	305,216	759,720
Deferred income tax liabilities	4, 6(24)	108,382	111,828
Lease liabilities - non-current	4, 6(21)	259,844	250,691
Net defined benefit liabilities - non-current	4, 6(17)	179,147	248,689
Other non-current liabilities	4, 12	255	255
Total non-current liabilities		<u>2,726,244</u>	<u>3,226,655</u>
Total liabilities		<u>4,795,452</u>	<u>6,161,487</u>
Equity attributable to shareholders of the parent			
Capital	6(18)		
Common stock		2,091,197	2,091,197
Capital surplus	6(18)	1,140,566	1,145,766
Retained earnings			
Legal reserve		1,089,400	1,014,369
Special reserve		235,996	234,299
Unappropriated earnings		3,661,049	3,515,661
Total retained earnings		<u>4,986,445</u>	<u>4,764,329</u>
Others	4	(310,176)	(235,996)
Total equity attributable to shareholders of the parent		<u>7,908,032</u>	<u>7,765,296</u>
Non-controlling interests	4, 6(18)	144,043	148,097
Total equity		<u>8,052,075</u>	<u>7,913,393</u>
Total liabilities and equity		<u>\$ 12,847,527</u>	<u>\$ 14,074,880</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
Operating revenue	4, 6(19)	\$ 8,721,875	\$ 9,405,002
Operating costs	4, 6(6)	<u>(6,643,012)</u>	<u>(7,206,359)</u>
Gross profit		2,078,863	2,198,643
Operating expenses	4, 6(22)		
Sales and marketing expenses		(537,631)	(506,635)
General and administrative expenses		(486,493)	(424,366)
Research and development expenses		(400,591)	(323,220)
Expected credit (loss) gain	6(20)	<u>(6,068)</u>	4,386
Total operating expenses		<u>(1,430,783)</u>	<u>(1,249,835)</u>
Operating income		648,080	948,808
Non-operating income and expenses	6(23)		
Interest income		15,275	5,370
Other income		41,199	32,329
Other gains and losses		209,569	(16,929)
Finance costs		(35,206)	(20,798)
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	<u>(1,604)</u>	<u>(7,966)</u>
Total non-operating income and expenses		<u>229,233</u>	<u>(7,994)</u>
Income before income tax from continuing operations		877,313	940,814
Income tax expense	4, 6(24)	<u>(185,600)</u>	<u>(195,952)</u>
Net income from continuing operations		691,713	744,862
Net income		<u>691,713</u>	<u>744,862</u>
Other comprehensive income (loss)	6(23)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		55,540	19,569
Unrealized losses on investments in equity instruments at fair value through other comprehensive income		(116,948)	(15,622)
Income tax related to items that will not be reclassified subsequently		(11,108)	(3,914)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		53,809	17,486
Income tax related to items that may be reclassified subsequently to profit or loss		<u>(10,762)</u>	<u>(3,497)</u>
Total other comprehensive income (loss), net of tax		<u>(29,469)</u>	14,022
Total comprehensive income		<u>\$ 662,244</u>	<u>\$ 758,884</u>
Net income attributable to:	4, 6(25)		
Shareholders of the parent		\$ 700,483	\$ 734,654
Non-controlling interests		<u>(8,770)</u>	10,208
		<u>\$ 691,713</u>	<u>\$ 744,862</u>
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 670,749	\$ 748,612
Non-controlling interests		<u>(8,505)</u>	10,272
		<u>\$ 662,244</u>	<u>\$ 758,884</u>
Earnings per share (NT\$)	4, 6(25)		
Earnings per share - basic		\$ 3.35	\$ 3.51
Earnings per share - diluted		<u>\$ 2.87</u>	<u>\$ 2.98</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, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent							Total	Non-Controlling Interests	Total Equity
	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			
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
Changes from investments in associates accounted for using the equity method		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	\$ 2,091,197	\$ 1,145,766	\$ 1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296	\$ 148,097	\$ 7,913,393
Balance as of January 1, 2022	\$ 2,091,197	\$ 1,145,766	\$ 1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296	\$ 148,097	\$ 7,913,393
Appropriation and distribution of 2021 earnings										
Legal reserve			75,031		(75,031)			-		-
Special reserve				1,697	(1,697)			-		-
Cash dividends for common stocks					(522,799)			(522,799)		(522,799)
Changes in other capital surplus										
Changes from investments in associates accounted for using the equity method		7						7		7
Net income for the year ended December 31, 2022					700,483			700,483	(8,770)	691,713
Other comprehensive income (loss) for the year ended December 31, 2022					44,432	42,782	(116,948)	(29,734)	265	(29,469)
Total comprehensive income	-	-	-	-	744,915	42,782	(116,948)	670,749	(8,505)	662,244
Disposal of investments accounted for using the equity method		(5,207)						(5,207)		(5,207)
Changes in percentage of ownership interests in subsidiaries						(14)		(14)		(14)
Non-controlling interests									4,451	4,451
Balance as of December 31, 2022	\$ 2,091,197	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032	\$ 144,043	\$ 8,052,075

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 877,313	\$ 940,814
Adjustments:		
Non-cash income and expense items:		
Depreciation	408,616	373,650
Amortization	23,284	23,278
Expected credit loss (gain)	6,068	(4,386)
Net loss on financial assets (liabilities) at fair value through profit or loss	71,326	12,438
Interest expense	35,206	20,798
Interest income	(15,275)	(5,370)
Share of loss of associates accounted for using the equity method	1,604	7,966
(Gain) loss on disposal of property, plant and equipment	(427)	6,692
Gain on disposal of investments accounted for using the equity method	(39,846)	(1,612)
Gain on reversal of impairment loss for non-financial assets	-	(2,879)
Others	126,302	50,980
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(60,635)	(15,399)
Decrease (increase) in notes receivable	227,209	(201,582)
Decrease in accounts receivable	36,253	424,706
Decrease in other receivables	14,658	4,085
Increase in inventories	(28,154)	(636,600)
Decrease in prepayments	10,442	15,649
Decrease (increase) in other current assets	773	(2,926)
Increase in other non-current assets	(10,775)	(660)
Decrease in contract liabilities	(1,095)	(655)
Increase (decrease) in notes payable	33	(12)
Decrease in accounts payable	(526,934)	(468,584)
Increase in other payables	57,209	11,176
(Decrease) increase in other current liabilities	(139)	1,442
(Decrease) increase in net defined benefit liabilities	(25,110)	2,386
Cash generated from operations	1,187,906	555,395
Interest received	14,263	5,364
Interest paid	(11,468)	(13,927)
Income tax paid	(48,995)	(318,599)
Net cash generated by operating activities	1,141,706	228,233

(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, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
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)
Disposal of financial assets at amortized cost	246,157	-
Disposal of investments accounted for using the equity method	46,419	3,000
Acquisition of property, plant and equipment	(977,068)	(529,361)
Disposal of property, plant and equipment	1,151	2,901
Decrease in refundable deposits	702	11,665
Acquisition of intangible assets	(4,359)	(12,101)
Increase in other current assets - other financial assets - current	(1,297)	(21,769)
Net cash used in investing activities	(688,295)	(1,072,105)
 Cash flows from financing activities:		
Increase in short-term loans	-	640,000
Decrease in short-term loans	(535,000)	-
Issuance of corporate bonds	-	1,945,300
Increase in long-term loans	-	245,720
Repayment of long-term loans	(435,244)	-
Repayment of lease principal	(23,533)	(22,461)
Distribution of cash dividends	(522,799)	(522,799)
Changes in non-controlling interests	4,437	19,753
Net cash (used in) generated by financing activities	(1,512,139)	2,305,513
 Effect of exchange rate changes on cash and cash equivalents	52,713	15,128
Net (decrease) increase in cash and cash equivalents	(1,006,015)	1,476,769
Cash and cash equivalents at beginning of period	3,270,401	1,793,632
Cash and cash equivalents at end of period	\$ 2,264,386	\$ 3,270,401

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

(Concluded)

Attachment II Independent Auditors' Report and 2022 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, 2022 and 2021, 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, 2022 and 2021, 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. 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, 2022 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\$2,682,152 thousand and accounted for 22% of Taiflex's total assets as of December 31, 2022. 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, 2022, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,267,489 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 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 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 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 exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. 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, 2022. 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 22, 2023

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2022	December 31, 2021
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 1,220,684	\$ 2,475,183
Financial assets at fair value through profit or loss - current	4, 6(2)	26,925	27,529
Financial assets at amortized cost - current	4, 6(3)	30,743	276,900
Notes receivable, net	4, 6(4)	359	947
Accounts receivable, net	4, 6(5)	2,073,040	1,541,995
Accounts receivable - related parties	6(5), 7	608,753	1,334,489
Other receivables		27,681	37,329
Other receivables - related parties	7	73,018	52,948
Inventories, net	4, 6(6)	1,267,489	1,264,356
Prepayments		14,113	15,959
Other current assets	8	21,083	22,177
Total current assets		5,363,888	7,049,812
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	255,689	372,637
Investments accounted for using the equity method	4, 6(8)	3,847,586	3,379,245
Property, plant and equipment	4, 6(9)	2,334,661	2,159,881
Right-of-use assets	4, 6(20)	241,187	241,961
Intangible assets	4, 6(10)	89,778	91,212
Deferred income tax assets	4, 6(23)	108,464	126,798
Prepayments for investments	4, 6(8)	-	26,659
Other non-current assets	4, 6(11)	6,474	7,144
Total non-current assets		6,883,839	6,405,537
Total assets		\$ 12,247,727	\$ 13,455,349

(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, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2022	December 31, 2021
Current liabilities			
Short-term loans	6(12)	\$ 190,000	\$ 780,000
Financial liabilities at fair value through profit or loss - current	4, 6(13)	21,069	10,697
Contract liabilities - current	4, 6(18)	-	957
Accounts payable		648,729	1,120,605
Accounts payable - related parties	7	58,345	33,887
Other payables		516,649	478,021
Other payables - related parties	7	15,826	26,123
Current income tax liabilities	4, 6(23)	274,858	128,609
Lease liabilities - current	4, 6(20)	9,988	8,896
Current portion of long-term loans	6(14)	60,583	50,000
Other current liabilities		3,121	2,875
Total current liabilities		<u>1,799,168</u>	<u>2,640,670</u>
Non-current liabilities			
Bonds payable	6(14)	1,873,400	1,855,472
Long-term loans	6(15)	141,417	594,850
Deferred income tax liabilities	4, 6(23)	108,015	111,660
Lease liabilities - non-current	4, 6(20)	238,548	238,712
Net defined benefit liabilities - non-current	4, 6(16)	179,147	248,689
Total non-current liabilities		<u>2,540,527</u>	<u>3,049,383</u>
Total liabilities		<u>4,339,695</u>	<u>5,690,053</u>
Equity			
Capital	6(17)		
Common stock		2,091,197	2,091,197
Capital surplus	6(17)	1,140,566	1,145,766
Retained earnings			
Legal reserve		1,089,400	1,014,369
Special reserve		235,996	234,299
Unappropriated earnings		3,661,049	3,515,661
Total retained earnings		<u>4,986,445</u>	<u>4,764,329</u>
Others	4	(310,176)	(235,996)
Total equity		<u>7,908,032</u>	<u>7,765,296</u>
Total liabilities and equity		<u>\$ 12,247,727</u>	<u>\$ 13,455,349</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
Operating revenue	4, 6(18), 7	\$ 7,287,918	\$ 7,671,215
Operating costs	4, 6(6, 21), 7	<u>(5,551,347)</u>	<u>(5,895,089)</u>
Gross profit		1,736,571	1,776,126
Realized sales profit or loss		<u>3,226</u>	<u>5,243</u>
Gross profit, net		<u>1,739,797</u>	<u>1,781,369</u>
Operating expenses	4, 6(21)		
Sales and marketing expenses		(355,369)	(382,637)
General and administrative expenses		(356,117)	(308,223)
Research and development expenses		(350,360)	(284,484)
Expected credit (loss) gain	6(19)	<u>(2,526)</u>	<u>3,472</u>
Total operating expenses		<u>(1,064,372)</u>	<u>(971,872)</u>
Operating income		<u>675,425</u>	<u>809,497</u>
Non-operating income and expenses	6(22)		
Interest income		7,734	1,474
Other income		39,306	31,766
Other gains and losses		230,285	(22,581)
Finance costs		(30,284)	(17,516)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	4, 6(8)	<u>(54,431)</u>	<u>100,091</u>
Total non-operating income and expenses		<u>192,610</u>	<u>93,234</u>
Income before income tax from continuing operations		868,035	902,731
Income tax expense	4, 6(23)	<u>(167,552)</u>	<u>(168,077)</u>
Net income from continuing operations		<u>700,483</u>	<u>734,654</u>
Net income		<u>700,483</u>	<u>734,654</u>
Other comprehensive income (loss)	6(22)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		55,540	19,569
Unrealized losses on investments in equity instruments at fair value through other comprehensive income		(116,948)	(15,622)
Income tax related to items that will not be reclassified subsequently	6(23)	(11,108)	(3,914)
Items that may be reclassified subsequently to profit or loss	6(22)		
Exchange differences on translation of foreign operations		53,477	17,406
Income tax related to items that may be reclassified subsequently	6(23)	<u>(10,695)</u>	<u>(3,481)</u>
Total other comprehensive (loss) income, net of tax		<u>(29,734)</u>	<u>13,958</u>
Total comprehensive income		<u>\$ 670,749</u>	<u>\$ 748,612</u>
Earnings per share (NT\$)	4, 6(24)		
Earnings per share - basic		<u>\$ 3.35</u>	<u>\$ 3.51</u>
Earnings per share - diluted		<u>\$ 2.87</u>	<u>\$ 2.98</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, 2022 and 2021
(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, 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
Changes from investments in associates accounted for using the equity method		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>
Balance as of January 1, 2022	\$ 2,091,197	\$ 1,145,766	\$1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296
Appropriation and distribution of 2021 earnings								
Legal reserve			75,031		(75,031)			-
Special reserve				1,697	(1,697)			-
Cash dividends for common stocks					(522,799)			(522,799)
Changes in other capital surplus								
Changes from investments in associates accounted for using the equity method		7						7
Net income for the year ended December 31, 2022					700,483			700,483
Other comprehensive income (loss) for the year ended December 31, 2022					44,432	42,782	(116,948)	(29,734)
Total comprehensive income	-	-	-	-	744,915	42,782	(116,948)	670,749
Disposal of investments accounted for using the equity method		(5,207)						(5,207)
Changes in percentage of ownership interests in subsidiaries						(14)		(14)
Balance as of December 31, 2022	<u>\$ 2,091,197</u>	<u>\$ 1,140,566</u>	<u>\$1,089,400</u>	<u>\$ 235,996</u>	<u>\$ 3,661,049</u>	<u>\$ (171,006)</u>	<u>\$ (139,170)</u>	<u>\$ 7,908,032</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, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 868,035	\$ 902,731
Adjustments:		
Non-cash income and expense items:		
Depreciation	290,617	280,706
Amortization	21,286	19,555
Expected credit loss (gain)	2,526	(3,472)
Net loss on financial assets (liabilities) at fair value through profit or loss	69,775	12,631
Interest expense	30,284	17,516
Interest income	(7,734)	(1,474)
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	54,431	(100,091)
(Gain) loss on disposal of property, plant and equipment	(80)	7,348
Gain on disposal of investments accounted for using the equity method	(39,846)	(1,612)
Others	89,949	36,272
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(58,799)	(15,399)
Decrease in notes receivable	588	631
(Increase) decrease in accounts receivable	(533,571)	324,728
Decrease (increase) in accounts receivable - related parties	725,736	(248,309)
Decrease in other receivables	10,642	5,539
(Increase) decrease in other receivables - related parties	(20,070)	72,709
Increase in inventories	(93,085)	(418,603)
Decrease in prepayments	2,548	5,850
Decrease (increase) in other current assets	1,066	(707)
(Decrease) increase in contract liabilities	(957)	465
Decrease in notes payable	-	(12)
Decrease in accounts payable	(471,876)	(292,901)
Increase in accounts payable - related parties	24,458	22,796
Increase (decrease) in other payables	32,082	(16,422)
(Decrease) increase in other payables - related parties	(10,297)	7,626
Decrease in other current liabilities	(3,169)	(5,260)
(Decrease) increase in net defined benefit liabilities	(14,002)	6,300
Cash generated from operations	<u>970,537</u>	<u>619,141</u>
Interest received	6,740	1,468
Interest paid	(7,380)	(11,354)
Income tax paid	<u>(28,255)</u>	<u>(287,109)</u>
Net cash generated by operating activities	<u><u>941,642</u></u>	<u><u>322,146</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, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
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)
Disposal of financial assets at amortized cost	246,157	-
Acquisition of investments accounted for using the equity method	(455,846)	(453,431)
Disposal of investments accounted for using the equity method	46,419	3,000
Increase in prepayments for investments	-	(26,659)
Acquisition of property, plant and equipment	(469,432)	(285,312)
Disposal of property, plant and equipment	1,927	4,299
Increase in refundable deposits	-	(760)
Decrease in refundable deposits	670	-
Acquisition of intangible assets	(169)	(11,389)
Decrease (increase) in other current assets - other financial assets	28	(31)
Dividends received	4,676	-
Net cash used in investing activities	<u>(625,570)</u>	<u>(1,296,723)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	630,000
Decrease in short-term loans	(590,000)	-
Issuance of corporate bonds	-	1,945,300
Increase in long-term loans	-	204,220
Repayment of long-term loans	(442,850)	-
Repayment of lease principal	(14,922)	(14,718)
Distribution of cash dividends	(522,799)	(522,799)
Net cash (used in) generated by financing activities	<u>(1,570,571)</u>	<u>2,242,003</u>
Net (decrease) increase in cash and cash equivalents	(1,254,499)	1,267,426
Cash and cash equivalents at beginning of period	<u>2,475,183</u>	<u>1,207,757</u>
Cash and cash equivalents at end of period	<u>\$ 1,220,684</u>	<u>\$ 2,475,183</u>

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

(Concluded)

Attachment III 2022 Earnings Distribution Table

Taiflex Scientific Co., Ltd.

2022 Earnings Distribution Table

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		2,916,133,539	
Add: Net income of 2022	700,483,835		
Other comprehensive income (Remeasurement of defined benefit plan) (Note 1)	44,432,092		
Less: Legal reserve (Note 2)	(74,491,593)		
Special reserve (Note 3)	(74,179,717)		
Distributable earnings		3,512,378,156	
Distribution items: (Note 4)			
Dividends to shareholders - cash	397,327,415		NT\$1.9 per share
Total distributed earnings		(397,327,415)	
Unappropriated earnings, ending balance		3,115,050,741	

Chairperson: Ta-Wen Sun President: Zong-Han Jiang Accounting Manager: Chi-Yuan Pan

- (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: $(700,483,835 + 44,432,092) * 10\% = 74,491,593$.
- (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 net deductions from other shareholders' equity of the current year from the profit/loss of the current period and the undistributed earnings of the previous period. For net deductions from other 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 net deductions from other shareholders' equity.
- (Note 4) The distribution item above is calculated pursuant to the Articles of Incorporation. The amount and percentage are calculated as follows:
Dividends to shareholders: Cash dividend of NT\$1.9 per share * 209,119,692 shares = NT\$397,327,415.

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

Articles	Before the Amendment	After the Amendment	Basis and Reasons																								
Article 12	<p>Procedures for derivative instruments transactions</p> <p>...</p> <p>d. Approval authority of derivative instruments:</p> <p>i. Hedge trading - approval authority of preorder/presale forward exchange rates contracts</p> <table border="1"> <thead> <tr> <th>Approval authority</th> <th>Authorization limit for daily trading</th> <th>Authorization limit for trading of accumulative net positions</th> </tr> </thead> <tbody> <tr> <td>Chief finance/ accounting executive</td> <td>Below US\$1.5M</td> <td>Below US\$4.5M (incl.)</td> </tr> <tr> <td>President</td> <td>US\$1.5M-6M (Incl.)</td> <td>Below US\$15M (incl.)</td> </tr> <tr> <td>Chairperson</td> <td>Over US\$6M</td> <td>Below US\$30M (incl.)</td> </tr> </tbody> </table> <p>...</p>	Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions	Chief finance/ accounting executive	Below US\$1.5M	Below US\$4.5M (incl.)	President	US\$1.5M-6M (Incl.)	Below US\$15M (incl.)	Chairperson	Over US\$6M	Below US\$30M (incl.)	<p>Procedures for derivative instruments transactions</p> <p>...</p> <p>d. Approval authority of derivative instruments:</p> <p>i. Hedge trading - approval authority of preorder/presale forward exchange rates contracts</p> <table border="1"> <thead> <tr> <th>Approval authority</th> <th>Authorization limit for daily trading</th> <th>Authorization limit for trading of accumulative net positions</th> </tr> </thead> <tbody> <tr> <td>Chief finance/ accounting executive</td> <td>Below US\$5M</td> <td>Below US\$15M (incl.)</td> </tr> <tr> <td>President</td> <td>US\$5M-10M (Incl.)</td> <td>Below US\$30M (incl.)</td> </tr> <tr> <td>Chairperson</td> <td>Over US\$10M</td> <td>Below US\$50M (incl.)</td> </tr> </tbody> </table> <p>...</p>	Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions	Chief finance/ accounting executive	Below US\$5M	Below US\$15M (incl.)	President	US\$5M-10M (Incl.)	Below US\$30M (incl.)	Chairperson	Over US\$10M	Below US\$50M (incl.)	For business needs
Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions																									
Chief finance/ accounting executive	Below US\$1.5M	Below US\$4.5M (incl.)																									
President	US\$1.5M-6M (Incl.)	Below US\$15M (incl.)																									
Chairperson	Over US\$6M	Below US\$30M (incl.)																									
Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions																									
Chief finance/ accounting executive	Below US\$5M	Below US\$15M (incl.)																									
President	US\$5M-10M (Incl.)	Below US\$30M (incl.)																									
Chairperson	Over US\$10M	Below US\$50M (incl.)																									
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>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>	To add the amendment date.																								

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>The tenth amendment was made on May 29, 2019.</p> <p>The eleventh amendment was made on May 26, 2022.</p>	<p>The tenth amendment was made on May 29, 2019.</p> <p>The eleventh amendment was made on May 26, 2022.</p> <p><u>The twelfth amendment was made on May 30, 2023.</u></p>	

Attachment V List of Director Candidates

Taiflex Scientific Co., Ltd. List of Director Candidates

Type of Candidate	Name	Education	Work Experience	Name of the Government or Legal Entity Represented	Shareholding (Shares)
Director	Ching-Yi Chang	Master of Business Administration, National Chengchi University	<ul style="list-style-type: none"> ▪ Chairperson of the CID Group Ltd. ▪ Chairperson of LandMark Optoelectronics Corporation ▪ Director of Entire Technology Co., Ltd. ▪ Director of Eurocharm Holdings Co., Ltd. 	None	5,829,282
Director	Ta-Wen Sun	Bachelor of Business Administration, Fu Jen Catholic University	<ul style="list-style-type: none"> ▪ Chairperson of Taiflex Scientific Co., Ltd. ▪ Chairperson of Qiao Mei Development Corporation ▪ Chairperson of You Ben Investment Co., Ltd. ▪ Chairperson of Innatech Co., Ltd. ▪ Chairperson of Taichem Materials Co., Ltd. ▪ Chairperson of Taiflex Green Power Co., Ltd. ▪ Director of Rudong Fuzhan Scientific Co., Ltd. ▪ Director of Taiflex Scientific (Thailand) Co., Ltd. 	Qiao Mei Development Corporation	16,263,729
Director	Chein-Ming Hsu	Bachelor of Electrical Engineering, Chung Yuan Christian University	<ul style="list-style-type: none"> ▪ Vice Chairperson of Taiflex Scientific Co., Ltd. ▪ Corporate Representative Director of Taichem Materials Co., Ltd. ▪ Corporate Representative Director of Taiflex Green Power Co., Ltd. 	None	0
Director	Re-Zhang Lin	Bachelor of Accounting, Soochow University	<ul style="list-style-type: none"> ▪ Corporate Representative Director of Taiflex Scientific Co., Ltd. ▪ Chairperson of Taiwan Fu Hsing Industrial Co., Ltd. ▪ Corporate Representative Director of Fine Blanking & Tool Co., Ltd. ▪ Corporate Representative Director of Launch Technologies Co., Ltd. ▪ Corporate Representative Director of Advanced International Multitech Co. Ltd. ▪ Chairperson of Fortress Industrial Co., Ltd. ▪ Chairperson of Tong Hsing Co., Ltd. ▪ Chairperson of ARCTEK Industrial Co., Ltd. ▪ Director of Fu Hsing Americas Inc. 	Fuding Investment Co., Ltd.	1,020,000
Director	Chun-Chi Lin	EMBA, College of Management, National Taiwan University	<ul style="list-style-type: none"> ▪ Independent Director of Silicon Optronics, Inc. ▪ Independent Director of M31 Technology Corporation ▪ Chairperson of Taiwan Electron Microscope Instrument Corporation ▪ Chairperson of Chi Investment Limited ▪ Corporate Representative Director of PentaPro Materials Inc. ▪ Corporate Representative Director of Stek Co., Ltd. ▪ Director of Capital TEN Inc. ▪ Director of Tze Chiang Foundation of Science and Technology ▪ Corporate Representative Director of Taiwan Carbon Nano Technology Corporation ▪ President of KANTO-PPC Inc. ▪ Executive Vice President of Global Unichip Corporation ▪ CEO of Xintec Inc. ▪ CEO/President of VisEra Technologies Co., Ltd. 	None	0

Taiflex Scientific Co., Ltd.

List of Director Candidates (Continued)

Type of Candidate	Name	Education	Work Experience	Name of the Government or Legal Entity Represented	Shareholding (Shares)
Director	Fu-Le Lin	Ph.D. in Polymer Science, University of Akron, USA	<ul style="list-style-type: none"> ▪ Director/Senior R&D Director of Taiflex Scientific Co., Ltd. ▪ Chairperson of Koatech Technology Corporation 	None	290,249
Independent Director	Wen-I Lo	Master of Business Administration, National Chengchi University	<ul style="list-style-type: none"> ▪ Chairperson of CSX Material Co., Ltd. ▪ Independent Director of ADO Optronics Corporation ▪ Corporate Representative Director of Gemtek Technology Co., Ltd. ▪ Corporate Representative Director of PCL (Hsinchu) Co., Ltd. ▪ Supervisor of Sweepot Inc. ▪ Corporate Representative Supervisor of REC Technology Corporation ▪ Chairperson of FengYi Capital Management Co., Ltd. ▪ Supervisor of Wholesenses Global Corp. ▪ Corporate Representative Supervisor of AMPAK Technology Inc. ▪ Independent Director of Allied Biotech Corporation ▪ Vice President of CDIB Capital Management Corporation ▪ President of China Venture Management, Inc. ▪ President of R.O.C. Strategic Company Ltd. ▪ President of R.O.C. Venture Co., Ltd. 	None	0
Independent Director	Yung-Shun Chuang	Honorary Doctorate, National Taiwan University of Science and Technology	<ul style="list-style-type: none"> ▪ Chairperson of AAEMON Technology Inc. ▪ Chairperson of EverFocus Electronics Corporation ▪ Chairperson of ONYX Healthcare Inc. ▪ Director of MACHVISION Inc. ▪ Director of King Core Electronics Inc. ▪ Director of CHC Healthcare Group ▪ Corporate Representative Director of Winmate Inc. ▪ Corporate Representative Director of XAC Automation Corp. ▪ Director of AtechOEM Inc. ▪ Corporate Representative Director of IBASE Technology Inc. ▪ Director of Litemax Electronics Inc. ▪ Director of Allied Biotech Corporation ▪ Independent Director of Top Union Electronics Corp. 	None	0
Independent Director	Shi-Chern Yen	Ph.D. in Chemical Engineering, University of Wisconsin	<ul style="list-style-type: none"> ▪ Independent Director of Taiflex Scientific Co., Ltd. ▪ Emeritus professor and adjunct professor of Chemical Engineering, National Taiwan University ▪ Independent Director of E Ink Holdings Inc. ▪ Independent Director of Shin Foong Specialty and Applied Materials Co., Ltd. ▪ Member of the Compensation Committee of Subtron Technology Co., Ltd. ▪ Independent Director of LandMark Optoelectronics Corporation 	None	0

Appendix I Articles of Incorporation

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 12-1 The Company's shareholders' meeting may be convened virtually or in other ways announced by the Ministry of Economic Affairs.
- 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 president 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 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 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 president 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 approved in the Board meeting by the majority of attending directors which represents more than two-third of all directors and reported 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 shall draft a proposal for earnings distribution. 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 for resolution.

The Company authorizes the Board 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.

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.

The twenty-sixth amendment was made on May 26, 2022.

TAIFLEX SCIENTIFIC CO., LTD.

Chairperson: SUN, TA-WEN

Appendix II Rules of Procedure for Shareholders' Meeting

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.

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.

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 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.

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

number of shares with voting rights exercised by correspondence or electronically.

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

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

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

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

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

The constrains on meeting venue do not apply in the case of virtual shareholders' meetings.

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.

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.

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.

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.

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.

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. For virtual shareholders' meetings, the Company shall also announce the adjournment of meeting at the virtual meeting platform.

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. For virtual shareholders' meetings, Shareholders shall re-register with the Company pursuant to Article 2 if they intend to attend the meeting online.

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.

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.

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.

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.

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.

For hybrid shareholders' meetings, Shareholders, solicitors or proxies who intend to attend the physical 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.

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.

The sixth amendment was made on May 26, 2022.

Appendix III Director Election Procedures

Taiflex Scientific Company Limited

Director Election Procedures

- Article 1: The Procedures are established in compliance with “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” for a fair, just and open election of directors.
- Article 2: Except for matters regulated in applicable laws, such as the Company Act, or the Articles of Incorporation of the Company, the election of directors shall be in compliance with the Procedures.
- Article 3: Board composition shall be taken into consideration for director election. Board members shall possess knowledge, skills and qualities necessary to carry out their duties. Abilities needed for each member are presented as follows:
1. Operational judgment
 2. Accounting and financial analysis
 3. Business management
 4. Crisis management
 5. Industrial knowledge
 6. International market perspective
 7. Leadership
 8. Decision-making
- Article 4: Deleted
- Article 5: The qualification and election of the Company’s independent directors shall be in compliance with “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”
- Article 6: (Deleted.)
- Article 7: The directors of the Company are elected using the open-ballot, cumulative voting method. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.
- The independent and non-independent directors shall be elected simultaneously with the number of votes and elected directors calculated separately.
- Article 8: The Company shall prepare the same number of ballots as directors to be elected and the number of voting rights shall be specified on the ballots, which would be

distributed to shareholders attending the Shareholders' Meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.

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

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

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

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

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

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

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

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

1. Ballots not prepared by the Company's Board of Directors
2. Blank ballots
3. Illegible writing or modification
4. If the candidate is a shareholder, the name or shareholder number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder, the name or ID number of the candidate filled in the ballot is incorrect

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

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

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

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

The first revision was made on June 8, 2006.

The second revision was made on May 9, 2007.

The third revision was made on May 26, 2017.

Appendix IV 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 (April 1, 2023) for the 2023 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	Qiao Mei Development Corporation	16,263,729
Director	Representative: Ta-Wen Sun	
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 2023 annual shareholders' meeting from January 13, 2023 to January 30, 2023. 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.