

Stock Code: 8039

TAIFLEX SCIENTIFIC CO., LTD.

2024 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

Time: 9:00 a.m., May 24, 2024

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 2024 Annual Shareholders' Meeting

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

TAIFLEX SCIENTIFIC CO., LTD.

Agenda of 2024 Annual Shareholders' Meeting

Type: Physical shareholders' meeting

Time: 9:00 a.m., May 24, 2024

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 2023 remuneration to directors and compensation to employees
 2. Business report for 2023
 3. Audit Committee's review report on 2023 financial statements
 4. Cash dividends for 2023 earnings distribution
 5. Amendments to Rules of Procedure for the Board of Directors' Meeting
- IV. Ratification Items:
 1. 2023 financial statements
 2. 2023 earnings distribution
- V. Discussion Items: Issuance of new shares for capitalization of profits
- VI. Extempore Motions
- VII. Meeting Adjourned

Report Items

Item 1 Distribution of 2023 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\$41,163,482 and NT\$11,255,760, respectively, for the year ended December 31, 2023. The distribution would be made in the form of cash. The difference between actual payments and the amount accrued in 2023 of NT\$7,126 was recognized as expenses in 2023.
3. This item was reviewed by the Compensation Committee and approved by the Board of Directors.

Item 2 Business report for 2023

Taiflex Scientific Co., Ltd.

Business Report for 2023

1. 2023 Operating Results

The Company generated net revenues of NT\$8,151 million in 2023, a decrease of 6.6% from NT\$8,722 million in 2022. Net income attributable to shareholders of the parent company came to NT\$423 million, down 39.6% year-over-year, with an earnings per share of NT\$2.02. Looking back at 2023, the global demand for consumer electronics did not rise as pandemic abated. Instead, we saw central banks worldwide tightened the monetary policy due to high inflationary pressure. With suppressed demand for consumer electronics under high interest rates, the elevated inventory level maintained throughout the supply chain to avoid supply chain disruption during the pandemic needed to be digested, resulting in a relatively slow year for the entire consumer electronics industry. Despite our leading position in the field, we were not immune to the impact of industry downturn, and our revenue and profit both declined compared to the previous year as a result.

Looking forward to the macroeconomic environment in 2024, as the tightening of monetary policy by central banks worldwide comes to an end and the supply chain inventory level returns to a relatively healthy state after a year-long inventory adjustment, the recovery of end demand for consumer electronics shall be just around the corner. The demand of AI end devices in particular, is the focus of major companies. Nevertheless, cost control remains crucial in business operation as high interest rates and inflationary pressure have yet to subside.

Besides carrying on with developing high-frequency, high-speed and advanced packaging materials for the high-performance computing demand brought about by AI, the Company will

launch cost-effective products to meet the general market demand in response to current economic environment, aiming to expand our market share and maintain our leading position in the industry.

(1) Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2023	2022	Change (in Dollar Amount)	Change (in Percentage)
Operating revenue	8,150,519	8,721,875	(571,356)	(6.55%)
Gross profit	1,791,507	2,078,863	(287,356)	(13.82%)
Net income	360,723	691,713	(339,990)	(47.85%)

(2) Profitability analysis

Item	2023	2022
Net profit margin	4.42%	7.93%
Return on assets	2.98%	5.34%
Return on equity	4.47%	8.66%

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

A. Electronic materials

With gradual adoption of AI functions in end devices and the development of B5G and 6G high-speed communication, high-frequency, high-speed, lightweight and energy-saving remain the key directions of material developments. 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. We actively engage in heat dissipation materials and roll out high-power heat dissipation substrates to further our involvement in heat dissipation for the automotive segment, thereby offsetting the relatively higher volatility of the electronic industry.

C. Semiconductor materials

Through a spin-off, Taiflex established Taichem Materials Co., Ltd. in September 2020 to manage our semiconductor materials business. Our main products include laser

release materials which are primarily used in the 2.5D and 3D advanced packaging process, and we are also involved in developing materials for Micro LED mass transfer and packaging. We align our work with progresses of customers and offer customized services by leveraging our in-house formula technology. As the production volume of customers picks up, so would our growth momentum.

2. Overview of 2024 Business Plan

(1) Business policy

Although the consumer electronics segment is expected to recover in 2024, cost control remains crucial as consumers cut down their spendings on non-essential consumer goods and high-cost pressure persists. Moreover, as the importance of ESG performance is growing among global brands, how to achieve a balance between reducing the overall operating costs and investing in ESG is also vital for building competitive advantages. All things considered, severe challenges faced by the industry and the necessity of continuous R&D investments will put operating profits under pressure in 2024.

Furthermore, the Company chooses Thailand to build its third production base in response to rising concerns over geoeconomic risks from customers around the world. We strengthen our global presence to meet customer demand and enhance supply resilience. Mass production of our Thailand factory is scheduled to commence in the second quarter of 2024, and to achieve the sustainable development goals, the factory will pursue the goals of carbon neutrality and RE100.

Although the global smartphone market has gradually entered the plateau stage, there are still some highlights in areas such as phones with edge AI functions, foldable phones, and phones with premium lenses. New applications create new material demands. We are recognized by international companies for our sustainable operational capabilities and have maintained our long-term partnerships. We continue to work closely with them on material research and development in order to seize business opportunities from new applications, and to maintain our margins through the introduction of new products.

(2) Sales volume forecast and basis

Electronics materials: Sales in 2024 are expected to increase slightly compared to 2023

Basis:

- A. As inventory of the entire supply chain is reduced to a relatively healthy level, the adverse effect of inventory adjustment by customers is expected to be mitigated and the overall demand will return to a level similar to that of the end demand.
- B. Shipment growth in categories such as edge AI functions and foldable phones is promising and expected to prompt the recovery of the overall consumer electronics demand. At this stage, however, the market as a whole is expected to maintain a moderate recovery.
- C. As an industry leader, we will benefit from the industry rebound and further increase our market share by leveraging our comprehensive product lines, reputable quality products and cost competitiveness, driving up the sales volume of electronic materials by a small increase compared to last year.

(3) Key production and sales policies

- A. Enhance supply chain resilience and establish global supply chains: Expand the capacity of our Rudong production base and build up the capacity of our Thailand factory to satisfy the needs of different customers.
- B. Promote smart manufacturing to improve the operational efficiency of our production bases worldwide: 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.
- C. Strengthen the competence of the technical service team for end customers, take the lead in understanding their demand, and enhance the efficiency of product research and development.
- D. Optimize product portfolio and pricing strategy, and increase market share.

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 advantages in technology and economies of scale, we aim to stabilize and strengthen the overall supply chain connectivity, thereby creating high entry barriers for competitors.
- (3) Optimize 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. At the same time, we lower costs through various reduction measures.

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

(1) External competitions

- A. Rapid advancements in product and technology require a fast time to market. 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 pressure.
- B. Governments around the world push for local supply chains as supply chain fragmentation and regional economy emerge.
- C. 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.
- C. The complexity and rapid changes in regulations pertaining to renewable energy and carbon fee as well as considerable differences between countries will significantly increase the complexity of corporate responses.

(3) Macro-environment

- A. Inflationary environment, tight monetary policy and geopolitical risk bring about devastating effect to consumers and customer demand. They not only increase cost pressure but also the difficulties in supply chain inventory management, production scheduling and delivery. These factors plus the long-term upward trends of raw materials and personnel costs pose a serious 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 companies' global strategies.

Facing with rapid changes in competitions along with increasingly challenging environment, 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 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 2023 financial statements

Audit Committee's Review Report

To: 2024 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, 2023. 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 20, 2024

Item 4 Cash dividends for 2023 earnings distribution

Explanation:

1. Pursuant to earnings distribution stipulated in Article 28-1 of the Articles of Incorporation, the Board of Directors is authorized to approve the distribution of cash dividends and report to the shareholders' meeting.
2. Cash dividends for 2023 earnings distribution were approved by the Board of Directors. Shareholders will be entitled to receive a cash dividend of NT\$1 per share. Cash dividends to be paid are rounded down the nearest dollar. Dividends of fractional dollar amount to an individual shareholder are transferred to the Employee Welfare Committee of the Company.

Item 5 To amend the “Rules of Procedure for the Board of Directors’ Meeting”

Explanation:

1. To align with the amendments to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” promulgated by the competent authority, the Company proposes to amend some articles within the “Rules of Procedure for the Board of Directors’ Meeting”.
2. Please refer to Attachment III on page 33 to 35 of this meeting agenda for the Comparison Table of Amendments to “Rules of Procedure for the Board of Directors’ Meeting”.

Ratification Items

Item 1

Subject: To ratify the 2023 financial statements (Proposed by the Board of Directors)

Explanation:

1. The 2023 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 and Attachment II on page 23 to 32 of this meeting agenda for the financial statements.
3. Please ratify the above-mentioned financial statements.

Resolution:

Item 2

Subject: To ratify the 2023 earnings distribution

(Proposed by the Board of Directors)

Explanation:

1. The earnings available for distribution of NT\$3,661,468,114 is calculated by adding the unappropriated earnings from previous year of NT\$3,115,050,741, and the remeasurement of defined benefit plan transferred into retained earnings directly of NT\$22,507,521 to net income for 2023 of NT\$422,973,609, 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\$44,548,113, for legal reserve and reversing special reserve of NT\$145,484,356.
2. Dividends to shareholders:

Shareholders will be entitled to receive a cash dividend of NT\$1 per share and a stock dividend of NT\$0.5 per share. The total amount of dividends equals NT\$313,679,542. Unappropriated earnings at the end of period of NT\$3,347,788,572, net of dividends, will be retained for distribution in later years. Earnings from 2023 will be distributed first. Cash dividends to be paid are rounded down 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, transfer of treasury stocks, or conversion or cancellation of convertible bonds, and the stock and cash dividend payout ratios are affected, the Chairperson is authorized to handle matters pertaining to the changes in dividend payout ratio.
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.
5. 2023 earnings distribution table is as follows:

Taiflex Scientific Co., Ltd.

2023 Earnings Distribution Table

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		3,115,050,741	
Add: Net income of 2023	422,973,609		
Other comprehensive income (Remeasurement of defined benefit plan) (Note 1)	22,507,521		
Reversal of special reserve	145,484,356		
Less: Legal reserve (Note 2)	(44,548,113)		

Item	Subtotal	Total	Note
Distributable earnings		3,661,468,114	
Distribution items:			
Dividends to shareholders - cash (Note 3)	209,119,692		NT\$1 per share
Dividends to shareholders - stock	104,559,850		NT\$0.5 per share
Total distributed earnings		(313,679,542)	
Unappropriated earnings, ending balance		3,347,788,572	

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: $(422,973,609 + 22,507,521) * 10\% = 44,548,113$.

(Note 3) 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 per share * 209,119,692 shares = NT\$209,119,692.

6. Please ratify the 2023 earnings distribution.

Resolution:

Discussion Items

Subject: Issuance of new shares for capitalization of profits (Proposed by the Board of Directors)

Explanation:

1. It is proposed to issue 10,455,985 common shares at the par value of NT\$10 for the capitalization of NT\$104,559,850 in profits for business needs. The new shares give their holders the same rights and obligations as the existing shares and are issued in dematerialized form.
2. For this issuance of new shares from capitalization of profits, shareholders recorded in the register of shareholders on the record date are entitled to 50 shares for every thousand shares held (calculated based on 209,119,692 outstanding shares). For fractional shares, the distribution will be made in the form of cash based on the par value and rounded down to the nearest dollar. Alternatively, shareholders may arrange to combine fractional shares within five days starting from the record date. The Chairperson is authorized to appoint specified person(s) to subscribe fractional shares that are either not combined or remain fractional after being combined at their par value.
3. The issuance of new shares 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, transfer of treasury stocks, or conversion or cancellation of convertible bonds, the Chairperson is authorized to adjust the payout ratio based on the amount of stock dividends resolved to be distributed and the actual number of outstanding shares on the record date-

4. Once approved in the Annual Shareholders' Meeting, the Board of Directors is authorized to set the ex-dividend date for the distribution.
5. When matters related to the capital increase need to be modified or changed due to amendments to laws, decisions of regulators, or facts, it is proposed the Chairperson be authorized by the shareholders' meeting to take all necessary measures.
6. The proposal is submitted for discussion and approval.

Resolution:

Extempore Motions

Meeting Adjourned

Attachment I Independent Auditors' Report and 2023 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 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 coverlay amounted to NT\$3,816,017 thousand and accounted for 30% of Taiflex Group's consolidated total assets as of December 31, 2023. 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, 2023, net inventories of flexible copper-clad laminate and coverlay amounted to NT\$1,409,726 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 Group or cease its 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, 2023. 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, 2023 and 2022, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 20, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 1,965,421	\$ 2,264,386
Financial assets at fair value through profit or loss - current	4, 6(2)	32,713	26,925
Financial assets at amortized cost - current	4, 6(3)	-	30,743
Notes receivable, net	4, 6(4)	720,982	702,095
Accounts receivable, net	4, 6(5)	3,095,035	2,991,214
Other receivables		52,913	36,871
Inventories, net	4, 6(6)	1,409,726	1,770,596
Prepayments		48,981	42,169
Other current assets	8	48,789	48,121
Total current assets		7,374,560	7,913,120
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	426,661	255,689
Investments accounted for using the equity method	4, 6(8)	15,152	27,508
Property, plant and equipment	4, 6(9)	4,529,075	3,905,972
Right-of-use assets	4, 6(22)	363,168	381,448
Intangible assets	4, 6(10,12)	151,100	164,049
Deferred income tax assets	4, 6(25)	157,049	175,599
Other non-current assets	4, 6(11)	14,697	24,142
Total non-current assets		5,656,902	4,934,407
Total assets		\$ 13,031,462	\$ 12,847,527

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
Current liabilities			
Short-term loans	6(13)	\$ 218,859	\$ 255,000
Financial liabilities at fair value through profit or loss - current	4, 6(14)	1,570	21,136
Contract liabilities - current	4, 6(20)	1,473	758
Notes payable		18,578	402
Accounts payable		1,042,424	752,369
Other payables		652,002	669,642
Current income tax liabilities	4, 6(25)	216,706	275,025
Lease liabilities - current	4, 6(22)	19,775	21,926
Current portion of bonds	6(15)	1,891,501	-
Current portion of long-term loans	6(16)	36,457	69,260
Other current liabilities		3,890	3,690
Total current liabilities		4,103,235	2,069,208
Non-current liabilities			
Bonds payable	6(15)	-	1,873,400
Long-term loans	6(16)	345,524	305,216
Deferred income tax liabilities	4, 6(25)	118,076	108,382
Lease liabilities - non-current	4, 6(22)	247,359	259,844
Net defined benefit liabilities - non-current	4, 6(17)	132,642	179,147
Other non-current liabilities	4, 12	15,999	255
Total non-current liabilities		859,600	2,726,244
Total liabilities		4,962,835	4,795,452
Equity attributable to shareholders of the parent			
Capital	6(18)		
Common stock		2,091,197	2,091,197
Capital surplus	6(18)	1,026,197	1,140,566
Retained earnings			
Legal reserve		1,163,891	1,089,400
Special reserve		310,176	235,996
Unappropriated earnings		3,560,533	3,661,049
Total retained earnings		5,034,600	4,986,445
Others	4	(164,692)	(310,176)
Total equity attributable to shareholders of the parent		7,987,302	7,908,032
Non-controlling interests	4, 6(18)	81,325	144,043
Total equity		8,068,627	8,052,075
Total liabilities and equity		\$ 13,031,462	\$ 12,847,527

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
Operating revenue	4, 6(20)	\$ 8,150,519	\$ 8,721,875
Operating costs	4, 6(6,23)	(6,359,012)	(6,643,012)
Gross profit		<u>1,791,507</u>	<u>2,078,863</u>
Operating expenses	4, 6(23)		
Sales and marketing expenses		(455,450)	(537,631)
General and administrative expenses		(478,979)	(486,493)
Research and development expenses		(366,518)	(400,591)
Expected credit loss	6(21)	(2,962)	(6,068)
Total operating expenses		<u>(1,303,909)</u>	<u>(1,430,783)</u>
Operating income		<u>487,598</u>	<u>648,080</u>
Non-operating income and expenses	6(24)		
Interest income		27,568	15,275
Other income		47,126	41,199
Other gains and losses		(36,355)	209,569
Finance costs		(32,456)	(35,206)
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	(11,162)	(1,604)
Total non-operating income and expenses		<u>(5,279)</u>	<u>229,233</u>
Income before income tax		482,319	877,313
Income tax expense	4, 6(25)	(121,596)	(185,600)
Net income from continuing operations		<u>360,723</u>	<u>691,713</u>
Net income		<u>360,723</u>	<u>691,713</u>
Other comprehensive income (loss)	6(24)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		28,134	55,540
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		170,972	(116,948)
Income tax related to items that will not be reclassified subsequently		(5,626)	(11,108)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(32,443)	53,809
Income tax related to items that may be reclassified subsequently to profit or loss		6,488	(10,762)
Total other comprehensive income (loss), net of tax		<u>167,525</u>	<u>(29,469)</u>
Total comprehensive income		<u>\$ 528,248</u>	<u>\$ 662,244</u>
Net income attributable to:			
Shareholders of the parent		\$ 422,974	\$ 700,483
Non-controlling interests		(62,251)	(8,770)
		<u>\$ 360,723</u>	<u>\$ 691,713</u>
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 590,966	\$ 670,749
Non-controlling interests		(62,718)	(8,505)
		<u>\$ 528,248</u>	<u>\$ 662,244</u>
Earnings per share (NT\$)	4, 6(26)		
Earnings per share - basic		\$ 2.02	\$ 3.35
Earnings per share - diluted		<u>\$ 1.73</u>	<u>\$ 2.87</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, 2023 and 2022
(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, 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)			-		-
Special reserve			75,031	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	<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>	<u>\$ 144,043</u>	<u>\$ 8,052,075</u>
Balance as of January 1, 2023	\$ 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
Appropriation and distribution of 2022 earnings										
Legal reserve			74,491		(74,491)			-		-
Special reserve				74,180	(74,180)			-		-
Cash dividends for common stocks					(397,327)			(397,327)		(397,327)
Changes in other capital surplus										
Changes from investments in associates accounted for using the equity method		73						73		73
Cash dividends from capital surplus		(125,472)						(125,472)		(125,472)
Net income for the year ended December 31, 2023					422,974			422,974	(62,251)	360,723
Other comprehensive income (loss) for the year ended December 31, 2023					22,508	(25,488)	170,972	167,992	(467)	167,525
Total comprehensive income	-	-	-	-	445,482	(25,488)	170,972	590,966	(62,718)	528,248
Disposal of investments accounted for using the equity method		(3)						(3)		(3)
Share-based payments		11,033						11,033		11,033
Balance as of December 31, 2023	<u>\$ 2,091,197</u>	<u>\$ 1,026,197</u>	<u>\$ 1,163,891</u>	<u>\$ 310,176</u>	<u>\$ 3,560,533</u>	<u>\$ (196,494)</u>	<u>\$ 31,802</u>	<u>\$ 7,987,302</u>	<u>\$ 81,325</u>	<u>\$ 8,068,627</u>

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 482,319	\$ 877,313
Adjustments:		
Non-cash income and expense items:		
Depreciation	435,954	408,616
Amortization	23,251	23,284
Expected credit loss	2,962	6,068
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(5,345)	71,326
Interest expense	32,456	35,206
Interest income	(27,568)	(15,275)
Compensation costs of share-based payments	11,033	-
Share of loss of associates accounted for using the equity method	11,162	1,604
Loss (gain) on disposal of property, plant and equipment	308	(427)
Gain on disposal of investments accounted for using the equity method	(807)	(39,846)
Others	70,461	126,302
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(20,009)	(60,635)
(Increase) decrease in notes receivable	(18,887)	227,209
(Increase) decrease in accounts receivable	(107,478)	36,253
(Increase) decrease in other receivables	(17,471)	14,658
Decrease (increase) in inventories	291,757	(28,154)
(Increase) decrease in prepayments	(11,009)	10,442
(Increase) decrease in other current assets	(988)	773
Decrease (increase) in other non-current assets	10,361	(10,775)
Increase (decrease) in contract liabilities	715	(1,095)
Increase in notes payable	18,176	33
Increase (decrease) in accounts payable	290,055	(526,934)
(Decrease) increase in other payables	(47,942)	57,209
Increase (decrease) in other current liabilities	200	(139)
Decrease in net defined benefit liabilities	(23,997)	(25,110)
Cash generated from operations	<u>1,399,669</u>	<u>1,187,906</u>
Interest received	28,997	14,263
Interest paid	(10,202)	(11,468)
Income tax paid	(146,612)	(48,995)
Net cash generated by operating activities	<u>\$ 1,271,852</u>	<u>\$ 1,141,706</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Disposal of financial assets at amortized cost	\$ 30,743	\$ 246,157
Disposal of investments accounted for using the equity method	2,071	46,419
Acquisition of property, plant and equipment	(1,015,157)	(977,068)
Disposal of property, plant and equipment	92	1,151
Increase in refundable deposits	(1,525)	-
Decrease in refundable deposits	-	702
Acquisition of intangible assets	(1,210)	(4,359)
Increase in other current assets - other financial assets - current	-	(1,297)
Decrease in other current assets - other financial assets - current	320	-
Net cash used in investing activities	<u>(984,666)</u>	<u>(688,295)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(36,141)	(535,000)
Increase in long-term loans	7,505	-
Repayment of long-term loans	-	(435,244)
Increase in guarantee deposits received	15,744	-
Repayment of lease principal	(32,381)	(23,533)
Distribution of cash dividends	(522,799)	(522,799)
Changes in non-controlling interests	-	4,437
Net cash used in financing activities	<u>(568,072)</u>	<u>(1,512,139)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(18,079)</u>	<u>52,713</u>
Net decrease in cash and cash equivalents	(298,965)	(1,006,015)
Cash and cash equivalents at beginning of period	2,264,386	3,270,401
Cash and cash equivalents at end of period	<u>\$ 1,965,421</u>	<u>\$ 2,264,386</u>

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

(Concluded)

Attachment II Independent Auditors' Report and 2023 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, 2023 and 2022, 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 financial status of the Company as of December 31, 2023 and 2022, and its 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, 2023 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 coverlay amounted to NT\$2,613,856 thousand and accounted for 21% of Taiflex's total assets as of December 31, 2023. 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, 2023, net inventories of flexible copper-clad laminate and coverlay amounted to NT\$992,593 thousand; thus, it was a significant item to Taiflex. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

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

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

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is also responsible for assessing the ability of Taiflex in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease its 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 the 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, 2023. 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 20, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 877,547	\$ 1,220,684
Financial assets at fair value through profit or loss - current	4, 6(2)	32,621	26,925
Financial assets at amortized cost - current	4, 6(3)	-	30,743
Notes receivable, net	4, 6(4)	444	359
Accounts receivable, net	4, 6(5)	1,967,968	2,073,040
Accounts receivable - related parties	6(5), 7	645,444	608,753
Other receivables		25,764	27,681
Other receivables - related parties	7	270,351	73,018
Inventories, net	4, 6(6)	992,593	1,267,489
Prepayments		18,366	14,113
Other current assets	8	22,347	21,083
Total current assets		4,853,445	5,363,888
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	426,661	255,689
Investments accounted for using the equity method	4, 6(8)	4,164,295	3,847,586
Property, plant and equipment	4, 6(9)	2,400,662	2,334,661
Right-of-use assets	4, 6(21)	238,488	241,187
Intangible assets	4, 6(10)	77,368	89,778
Deferred income tax assets	4, 6(24)	116,986	108,464
Other non-current assets	4, 6(11)	6,529	6,474
Total non-current assets		7,430,989	6,883,839
Total assets		\$ 12,284,434	\$ 12,247,727

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS-(Continued)
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
Current liabilities			
Short-term loans	6(12)	\$ -	\$ 190,000
Financial liabilities at fair value through profit or loss - current	4, 6(13)	1,556	21,069
Contract liabilities - current	4, 6(19)	9	-
Accounts payable		934,716	648,729
Accounts payable - related parties	7	33,467	58,345
Other payables		511,333	516,649
Other payables - related parties	7	20,349	15,826
Current income tax liabilities	4, 6(24)	203,214	274,858
Lease liabilities - current	4, 6(21)	11,009	9,988
Current portion of bonds	6(14)	1,891,501	-
Current portion of long-term loans	6(15)	-	60,583
Other current liabilities		3,065	3,121
Total current liabilities		3,610,219	1,799,168
Non-current liabilities			
Bonds payable	6(14)	-	1,873,400
Long-term loans	6(15)	200,000	141,417
Deferred income tax liabilities	4, 6(24)	117,783	108,015
Lease liabilities - non-current	4, 6(21)	236,488	238,548
Net defined benefit liabilities - non-current	4, 6(16)	132,642	179,147
Total non-current liabilities		686,913	2,540,527
Total liabilities		4,297,132	4,339,695
Equity			
Capital	6(17)		
Common stock		2,091,197	2,091,197
Capital surplus	6(17)	1,026,197	1,140,566
Retained earnings			
Legal reserve		1,163,891	1,089,400
Special reserve		310,176	235,996
Unappropriated earnings		3,560,533	3,661,049
Total retained earnings		5,034,600	4,986,445
Others	4	(164,692)	(310,176)
Total equity		7,987,302	7,908,032
Total liabilities and equity		\$ 12,284,434	\$ 12,247,727

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
Operating revenue	4, 6(19), 7	\$ 6,837,677	\$ 7,287,918
Operating costs	4, 6(6,22), 7	(5,371,905)	(5,551,347)
Gross profit		<u>1,465,772</u>	<u>1,736,571</u>
Realized gain/(loss) on transactions with associates		3,555	3,226
Gross profit, net		<u>1,469,327</u>	<u>1,739,797</u>
Operating expenses	4, 6(22)		
Sales and marketing expenses		(299,188)	(355,369)
General and administrative expenses		(325,780)	(356,117)
Research and development expenses		(314,812)	(350,360)
Expected credit (loss)/gain	6(20)	(2,990)	(2,526)
Total operating expenses		<u>(942,770)</u>	<u>(1,064,372)</u>
Operating income		<u>526,557</u>	<u>675,425</u>
Non-operating income and expenses	6(23)		
Interest income		17,384	7,734
Other income		42,797	39,306
Other gains and losses		(38,002)	230,285
Finance costs		(25,026)	(30,284)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	4, 6(8)	<u>(25,078)</u>	<u>(54,431)</u>
Total non-operating income and expenses		<u>(27,925)</u>	<u>192,610</u>
Income before income tax		498,632	868,035
Income tax expense	4, 6(24)	<u>(75,658)</u>	<u>(167,552)</u>
Net income from continuing operations		<u>422,974</u>	<u>700,483</u>
Net income		<u>422,974</u>	<u>700,483</u>
Other comprehensive income (loss)	6(23)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		28,134	55,540
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		170,972	(116,948)
Income tax related to items that will not be reclassified subsequently	6(24)	(5,626)	(11,108)
Items that may be reclassified subsequently to profit or loss	6(23)		
Exchange differences on translation of foreign operations		(31,859)	53,477
Income tax related to items that may be reclassified subsequently to profit or loss	6(24)	6,371	(10,695)
Total other comprehensive income (loss), net of tax		<u>167,992</u>	<u>(29,734)</u>
Total comprehensive income		<u>\$ 590,966</u>	<u>\$ 670,749</u>
Earnings per share (NT\$)	4, 6(25)		
Earnings per share - basic		<u>\$ 2.02</u>	<u>\$ 3.35</u>
Earnings per share - diluted		<u>\$ 1.73</u>	<u>\$ 2.87</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, 2023 and 2022
(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, 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>
Balance as of January 1, 2023	\$ 2,091,197	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032
Appropriation and distribution of 2022 earnings								
Legal reserve			74,491		(74,491)			-
Special reserve				74,180	(74,180)			-
Cash dividends for common stocks					(397,327)			(397,327)
Changes in other capital surplus								
Changes from investments in associates accounted for using the equity method		916						916
Cash dividends from capital surplus		(125,472)						(125,472)
Net income for the year ended December 31, 2023					422,974			422,974
Other comprehensive income (loss) for the year ended December 31, 2023					22,508	(25,488)	170,972	167,992
Total comprehensive income	-	-	-	-	445,482	(25,488)	170,972	590,966
Disposal of investments accounted for using the equity method		(3)						(3)
Share-based payments		10,190						10,190
Balance as of December 31, 2023	<u>\$ 2,091,197</u>	<u>\$ 1,026,197</u>	<u>\$ 1,163,891</u>	<u>\$ 310,176</u>	<u>\$ 3,560,533</u>	<u>\$ (196,494)</u>	<u>\$ 31,802</u>	<u>\$ 7,987,302</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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 498,632	\$ 868,035
Adjustments:		
Non-cash income and expense items:		
Depreciation	297,835	290,617
Amortization	21,333	21,286
Expected credit loss	2,990	2,526
Net (gain) loss on financial assets (liabilities) at fair value through profit or loss	(5,200)	69,775
Interest expense	25,026	30,284
Interest income	(17,384)	(7,734)
Compensation costs of share-based payments	10,190	-
Share of loss of associates accounted for using the equity method	25,078	54,431
Gain on disposal of property, plant and equipment	-	(80)
Gain on disposal of investments accounted for using the equity method	(807)	(39,846)
Others	37,924	89,949
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(20,009)	(58,799)
(Increase) decrease in notes receivable	(85)	588
Decrease (increase) in accounts receivable	102,082	(533,571)
(Increase) decrease in accounts receivable - related parties	(36,691)	725,736
Decrease in other receivables	462	10,642
Increase in other receivables - related parties	(197,333)	(20,070)
Decrease (increase) in inventories	238,320	(93,085)
(Increase) decrease in prepayments	(4,253)	2,548
(Increase) decrease in other current assets	(1,195)	1,066
Increase (decrease) in contract liabilities	9	(957)
Increase (decrease) in accounts payable	285,987	(471,876)
(Decrease) increase in accounts payable - related parties	(24,878)	24,458
(Decrease) increase in other payables	(35,905)	32,082
Increase (decrease) in other payables - related parties	4,523	(10,297)
Decrease in other current liabilities	(3,444)	(3,169)
Decrease in net defined benefit liabilities	(18,371)	(14,002)
Cash generated from operations	<u>1,184,836</u>	<u>970,537</u>
Interest received	18,839	6,740
Interest paid	(3,369)	(7,380)
Income tax paid	(145,311)	(28,255)
Net cash generated by operating activities	<u>\$ 1,054,995</u>	<u>\$ 941,642</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Disposal of financial assets at amortized cost	\$ 30,743	\$ 246,157
Acquisition of investments accounted for using the equity method	(370,609)	(455,846)
Disposal of investments accounted for using the equity method	2,071	46,419
Acquisition of property, plant and equipment	(499,024)	(469,432)
Disposal of property, plant and equipment	169,354	1,927
Increase in refundable deposits	(55)	-
Decrease in refundable deposits	-	670
Acquisition of intangible assets	(243)	(169)
(Increase) decrease in other current assets - other financial assets - current	(69)	28
Dividends received	-	4,676
Net cash used in investing activities	<u>(667,832)</u>	<u>(625,570)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(190,000)	(590,000)
Repayment of long-term loans	(2,000)	(442,850)
Repayment of lease principal	(15,501)	(14,922)
Distribution of cash dividends	(522,799)	(522,799)
Net cash used in financing activities	<u>(730,300)</u>	<u>(1,570,571)</u>
Net decrease in cash and cash equivalents	(343,137)	(1,254,499)
Cash and cash equivalents at beginning of period	1,220,684	2,475,183
Cash and cash equivalents at end of period	<u>\$ 877,547</u>	<u>\$ 1,220,684</u>

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

(Concluded)

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

Articles	Before the Amendment	After the Amendment	Basis and Reasons
Article 3	<p>The board meetings shall be held at least once quarterly. The notice indicating the reasons for convening the board meetings shall be given to all directors in writing, by e-mail or fax seven days before the meeting. In case of emergency, the meeting notice can be given in writing, by e-mail or fax at a shorter period of time. All matters specified in Paragraph 1 of Article 7 of the Rules shall be itemized in the reasons for convening the board meetings; none of them may be raised as an extempore motion <u>except for emergency or legitimate reasons.</u></p>	<p>The board meetings shall be held at least once quarterly. The notice indicating the reasons for convening the board meetings shall be given to all directors in writing, by e-mail or fax seven days before the meeting. In case of emergency, the meeting notice can be given in writing, by e-mail or fax at a shorter period of time. All matters specified in Paragraph 1 of Article 7 of the Rules shall be itemized in the reasons for convening the board meetings; none of them may be raised as an extempore motion.</p>	<p>In view of the fact that matters specified in Paragraph 1, Article 7 herein are important matters related to the Company's operations, the directors should be given sufficient information and time to evaluate the proposals before making decisions.</p>
Article 7	<p>The Company shall propose the following matters to be discussed at the board meetings:</p> <p>...</p> <p>6. Appointment and discharge of financial, accounting or internal audit officers.</p> <p>7. Donation to related parties or material donation to non-related parties. For emergency donations made for the public welfare for material disasters relief, the board may ratify such donations in its next board meeting.</p> <p>8. Any other matters that shall be resolved by the shareholders' meeting or board meeting as required by Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or that are deemed to be material by the regulatory authorities.</p> <p>The term "related parties" in Subparagraph 7 of the preceding</p>	<p>The Company shall propose the following matters to be discussed at the board meetings:</p> <p>...</p> <p>6. <u>The election and discharge of chairperson when the board of directors does not have managing directors.</u></p> <p>7. Appointment and discharge of financial, accounting or internal audit officers.</p> <p>8. Donation to related parties or material donation to non-related parties. For emergency donations made for the public welfare for material disasters relief, the board may ratify such donations in its next board meeting.</p> <p>9. Any other matters that shall be resolved by the shareholders' meeting or board meeting as required by Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or</p>	<p>In compliance with amendments made by the competent authority.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “material donation to non-related parties” means each donation or aggregate amount to the same party within one year exceeds NT\$ 100,000,000 or 1 percent of net operating revenue or 5 percent of paid-in capital as reflected in the audited financial report for the most current fiscal year.</p> <p>...</p>	<p>that are deemed to be material by the regulatory authorities. The term “related parties” in Subparagraph 8 of the preceding paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “material donation to non-related parties” means each donation or aggregate amount to the same party within one year exceeds NT\$ 100,000,000 or 1 percent of net operating revenue or 5 percent of paid-in capital as reflected in the audited financial report for the most current fiscal year.</p> <p>...</p>	
Article 12	<p>If half of all directors were absent from the board meeting at the scheduled time, the chairperson may announce the postponement of meeting. The postponement is limited to two times. If the number of directors did not meet the quorum after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures specified in the first paragraph of Article 3.</p> <p>The term “all directors” in the preceding paragraph means the number of directors who are actually in office.</p>	<p>If half of all directors were absent from the board meeting at the scheduled time, the chairperson may announce the postponement of meeting <u>to a later time on the same day</u>. The postponement is limited to two times. If the number of directors did not meet the quorum after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures specified in the first paragraph of Article 3.</p> <p>The term “all directors” in the preceding paragraph means the number of directors who are actually in office.</p>	<p>In order to avoid disputes arising due to an undetermined time for the postponed meeting, the postponement is limited to the original meeting date.</p>
Article 13	<p>The board meetings shall proceed in accordance with the agenda attached to the meeting notice. Change of agenda is subject to the approval of majority of attending directors.</p> <p>The chairperson shall not adjourn the meeting before completion of agenda unless agreed by the majority of attending directors.</p> <p>In the process of the board</p>	<p>The board meetings shall proceed in accordance with the agenda attached to the meeting notice. Change of agenda is subject to the approval of majority of attending directors.</p> <p>The chairperson shall not adjourn the meeting before completion of agenda unless agreed by the majority of attending directors.</p> <p>In the process of the board</p>	<p>To amend in compliance with regulations of the competent authority and actual practices.</p>

Articles	Before the Amendment	After the Amendment	Basis and Reasons
	<p>meetings, if the number of directors in attendance were less than the majority of directors originally attending the meeting, the chairperson shall temporarily adjourn the meeting upon a motion by the directors in attendance. Under such circumstance, the first paragraph of the preceding article shall apply mutatis mutandis.</p>	<p>meetings, if the number of directors in attendance were less than the majority of directors originally attending the meeting, the chairperson shall temporarily adjourn the meeting upon a motion by the directors in attendance. Under such circumstance, the first paragraph of the preceding article shall apply mutatis mutandis.</p> <p><u>When the board meeting is in progress, if the chairperson is unable to chair the meeting for any cause or declares the meeting adjourned without adhering to Paragraph 2, the provisions of Paragraph 3, Article 10 shall apply mutatis mutandis to the election of a proxy for the chairperson.</u></p>	
Article 20	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>...</p> <p>The ninth amendment to the Rules took effect after being approved by the board of directors on February 26, 2020. It was then proposed at the shareholders' meeting.</p>	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>...</p> <p>The ninth amendment to the Rules took effect after being approved by the board of directors on February 26, 2020. It was then proposed at the shareholders' meeting.</p> <p><u>The tenth amendment to the Rules took effect after being approved by the board of directors on February 20, 2024. It was then proposed at the shareholders' meeting.</u></p>	To add the amendment date.

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 Shareholdings of All Directors

Taiflex Scientific Co., Ltd.

Details on Shareholdings of All Directors

1. The table below lists the shareholdings of all directors on the register of shareholders as of the book closure date (March 26, 2024) for the 2024 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	7,695
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		23,410,955

Notes: 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 2024 annual shareholders' meeting from March 16, 2024 to March 26, 2024. 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.