

# TAIFLEX SCIENTIFIC CO., LTD.

## Meeting Minutes of 2020 Annual Shareholders' Meeting

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

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

Attendance: The shareholders present in person or by proxy represented 168,262,381 shares (including 60,420,760 shares attended through electronic means), which accounted for 80.46% of the total shares outstanding.

Directors present: Ta-Wen Sun, Ching-Yi Chang, Chun-Chi Lin, Fu-Le Lin and Chun-Yen Chiang

Independent Directors present: Wen-I Lo, convener of the Audit Committee; Chein-Ming Hsu, convener of the Compensation Committee; Shi-Chern Yen

Guests: Jheng-Chu Chen, CPA; Zhi-Ming Yen, General Manager.

Chairperson: Ta-Wen Sun, Chairperson of the Board

Recorder: Yi-Han Lin

### I. Chairperson's Opening Remarks (omitted)

### II. Report Items

1. Appropriation of remuneration to directors and compensation to employees in 2019 (Please refer to the meeting agenda.)
2. Business report for 2019 (Please refer to the meeting agenda.)
3. Audit Committee's review report on the 2019 financial statements. Please refer to Attachment I.
4. Amendments to the Rules of Procedure for the Board of Directors' Meetings. Please refer to Attachment II.

### III. Ratification Items

Item 1

(Proposed by the Board of Directors)

Subject: To ratify the 2019 financial statements

- Explanation:
1. The 2019 business report and consolidated and parent company only financial statements were audited by Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Fang-Wun Li, and reviewed by the Audit Committee.
  2. Please refer to Attachment III for the financial statements.
  3. Please ratify the above-mentioned financial statements.

Resolution: The voting result showed that 158,205,331 votes were in favor of the proposal, which accounted for 94.02% of the total represented shares present; 39,367 votes were against the proposal; 10,017,683 votes were abstained/withhold; and there was no invalid vote. The proposal was ratified by the majority of voting rights represented at the time of voting.

Item 2

(Proposed by the Board of Directors)

Subject: To ratify the distribution of 2019 earnings

- Explanation:
1. The earnings available for distribution of NT\$2,872,186,881 is calculated by adding the unappropriated earnings from previous year of NT\$2,423,341,095, and the remeasurement of defined benefit plan transferred from retained earnings directly of NT\$59,880,278 to net income for 2019 of NT\$630,681,528, and appropriating 10% of the sum of net income and items, other than the net income, included in the current year's undistributed earnings, i.e. NT\$57,080,125, for legal capital reserve and NT\$64,875,339 for special capital reserve.
  2. Dividends to shareholders:  
Each common share holder will be entitled to receive a cash dividend of NT\$1.2 per share and the overall cash dividend amounts to NT\$250,943,630. Unappropriated earnings at the end of period of NT\$2,621,243,251, net of dividends, will be retained for distribution in later years. Earnings from 2019 will be distributed first. Cash dividends to be paid are rounded to the nearest dollar. Dividends of fractional dollar amount to an individual shareholder are transferred to the Employee Welfare Committee of the Company.
  3. The earning distribution plan is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, or transfer or cancellation of treasury stocks and the dividend distribution rate is affected, the Chairperson is authorized to adjust the cash dividend to be distributed to each share based on the total amount of cash resolved to be distributed and the actual number of outstanding shares on the record date.
  4. When the conditions for this earning distribution are changed due to amendments to laws or decisions of regulators, the Chairperson is authorized to take all necessary measures.

5. The 2019 earning distribution table is as follows:

Taiflex Scientific Co., Ltd.  
2019 Earning Distribution Table

(In New Taiwan Dollars)

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

Chairperson: Ta-Wen Sun

President: Zhi-Ming Yen

Accounting Manager: Fang-Yi Xie

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

(Note 2) In compliance with changes in the domestic accounting standards, when an entity appropriates a legal capital reserve pursuant to Article 237 of the Company Act, the basis for the recognition is changed from net income to the sum of net income and items, other than the net income, included in the current year's undistributed earnings starting from the appropriation of 2019 earnings.

Legal reserve appropriated is calculated as follows:  $(630,681,528 - 59,880,278) * 10\% = 57,080,125$

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

(Note 4) The distribution item above is calculated pursuant to the Articles of Incorporation. The amount and percentage are calculated as follows:

Dividends to shareholders: Cash dividend of NT\$1.2 per share \* 209,119,692 shares = NT\$250,943,630.

6. Please ratify the distribution of 2019 earnings.

Resolution: The voting result showed that 158,743,904 votes were in favor of the proposal, which accounted for 94.34% of the total represented shares present; 40,768 votes were against the proposal; 9,477,709 votes were abstained/withhold; and there was no invalid vote. The proposal was ratified by the majority of voting rights represented at the time of voting.

#### IV. Discussion Items

Item 1

(Proposed by the Board of Directors)

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

Explanation: 1. Due to an expansion of business scope for operational needs and rules set by the competent authority, the Company proposes to amend some articles within the "Articles of Incorporation".

2. Please refer to Attachment IV for the Comparison Table of Amendments to "Articles of Incorporation".

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

Resolution: The voting result showed that 158,746,952 votes were in favor of the proposal, which accounted for 94.34% of the total represented shares present; 39,716 votes were against the proposal; 9,475,713 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

Item 2

(Proposed by the Board of Directors)

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

Explanation: 1. In response to the amendments made by the competent authority in the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", the Company proposes to amend some articles within the "Rules of Procedure for Shareholders' Meeting".

2. Please refer to Attachment V for the Comparison Table of Amendments to "Rules of Procedure for Shareholders' Meeting".

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

Resolution: The voting result showed that 158,746,546 votes were in favor of the proposal, which accounted for 94.34% of the total represented shares present; 40,124 votes were against the proposal; 9,457,711 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

Item 3

(Proposed by the Board of Directors)

Subject: To amend the Company's "Procedures for Endorsement and Guarantee"

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

Resolution: The voting result showed that 158,746,546 votes were in favor of the proposal, which accounted for 94.34% of the total represented shares present; 40,126 votes were against the proposal; 9,457,709 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

Item 4

(Proposed by the Board of Directors)

Subject: To amend the Company's "Procedures for Lending Funds to Other Parties"

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

Resolution: The voting result showed that 158,739,943 votes were in favor of the proposal, which accounted for 94.34% of the total represented shares present; 41,726 votes were against the proposal; 9,480,712 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

Item 5

(Proposed by the Board of Directors)

Subject: To distribute cash out of capital surplus

- Explanation:
1. The Company proposes to distribute NT\$271,855,600 from capital surplus related to share issued at a premium to shareholders.
  2. Shareholders recorded in the register on the record date are entitled to receive NT\$1.3 per share (rounded to the nearest dollar). Dividends of fractional dollar amount to an

individual shareholder are transferred to the Employee Welfare Committee of the Company. Once the proposal is approved at the shareholders' meeting, Chairperson will be authorized to set the record and payment dates for the cash distribution from capital surplus and handle relevant matters.

3. In the event that there are changes in the total number of outstanding shares due to exercise of employee stock options for common shares, capital increase by cash, stock buyback, or transfer or cancellation of treasury stocks, it is proposed for the shareholders' meeting to authorized the Chairperson to handle matters pertaining to the dividend distribution rate changes.
4. The proposal is submitted for discussion and approval.

Resolution: The voting result showed that 158,747,259 votes were in favor of the proposal, which accounted for 94.34% of the total represented shares present; 39,394 votes were against the proposal; 9,475,728 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

#### **V. Election Items: Election of all directors**

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

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

Election result:

**Taiflex Scientific Co., Ltd.**

**List of Directors elected at 2020 shareholders' meeting**

Type of Candidates	Shareholder's account No. /ID	Candidates Name	Votes Received
Director	113	Qiao Mei Development Corporation Representative: Ta-Wen Sun	152,181,908
Director	467	Ching-Yi Chang	148,381,668
Director	D101*****	Chein-Ming, Hsu	145,045,768
Director	60326	Fiu Ding Trust & Investment Co., Ltd Representative:Jui-Chang Lin	142,318,376
Director	T120*****	Chun-Chi, Lin	142,016,753
Director	1	Fu-Le Lin	141,857,555
Independent Director	K121*****	Wen-I Lo	141,575,995
Independent Director	S121*****	Duen-Jen Cheng	141,565,728
Independent Director	Q100*****	Shi-Chern Yen	141,477,475

**VI. Other Proposed Resolutions:**

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

(Proposed by the Board of Directors)

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

Resolution: The voting result showed that 136,433,909 votes were in favor of the proposal, which accounted for 81.08% of the total represented shares present; 16,816,686 votes were against the proposal; 15,011,786 votes were abstained/withhold; and there was no invalid vote. The proposal was approved by the majority of voting rights represented at the time of voting.

VII. Extempore Motions: None.

VIII. Meeting Adjourned: 9:48 a.m., May 28, 2020

The minutes of the shareholders' meeting only states the key points of the meeting, and the results of the resolution. The content, procedures and shareholders' speeches of the meeting are based on the video of the meeting.



## **Attachment I - Audit Committee's review report on the 2019 financial statements**

### **Audit Committee's Review Report**

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

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

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

Audit Committee of Taiflex Scientific Co., Ltd.

Chairman of the Audit Committee: Wen-I Lo

February 26, 2020

## Attachment II - Comparison Table of Amendments to Rules of Procedure for the Board of Directors' Meetings

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

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

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

# **Attachment III - Independent Auditors' Report and 2019 Consolidated Financial Statements**

## **Independent Auditors' Report**

To Taiflex Scientific Co., Ltd.

### **Audit opinion**

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

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

### **Basis for audit opinion**

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

### **Key audit matters**

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

#### **1. Impairment of receivables**

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

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

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

## 2. Inventory valuation

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

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

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

## **Responsibilities of management and governance bodies for the consolidated financial statements**

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

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

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

## **Auditors' responsibilities for the audit of the consolidated financial statements**

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

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

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

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

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

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

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

### **Others**

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

Ernst & Young, Taiwan

February 26, 2020



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

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

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

(Continued)

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

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

(Concluded)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

(Concluded)

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

# **Independent Auditors' Report and 2019 Parent Company Only Financial Statements**

## **Independent Auditors' Report**

To Taiflex Scientific Co., Ltd.

### **Audit opinion**

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

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

### **Basis for audit opinion**

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

### **Key audit matters**

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

#### **1. Impairment of receivables**

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

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

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

## 2. Inventory valuation

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

Ernst & Young

February 26, 2020

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

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

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

(Continued)

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

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

(Concluded)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

(Concluded)

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



## Attachment IV - Comparison Table of Amendments to Articles of Incorporation

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

## Attachment VIII - List of Director Candidates

### Taiflex Scientific Co., Ltd. List of Director Candidates

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

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

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



## Attachment IX - List of Concurrent Positions Held by New Director

### Taiflex Scientific Co., Ltd.

#### List of Concurrent Positions Held by New Director

<b>Title</b>	<b>Name</b>	<b>Name of Other Companies</b>	<b>Concurrent Position Held</b>
Representative of Corporate Director	Qiao Mei Development Corporation Representative: Ta-Wen Sun	(3152.TT) Advanced Ceramic X Corp.	Independent Director
Director	Fu-Le Lin	Koatech Technology Corporation	Director and Chairperson
Independent Director	Shi-Chern Yen	(8179.TT) Subtron Technology Co., Ltd.	Independent Director