

TAIFLEX SCIENTIFIC CO., LTD.

Meeting Minutes of 2021 Annual Shareholders' Meeting

Time: 9:00 a.m., July 16, 2021

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

Attendance: The shareholders present in person or by proxy represented 165,855,608 shares (including 80,490,364 shares attended through electronic means), which accounted for 79.31% of the total shares outstanding.

Directors present: Ta-Wen Sun, Chein-Ming Hsu, Ching-Yi Chang, Chun-Chi Lin and Fu-Le Lin

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

Guests: Jheng-Chu Chen, CPA; Zong-Han Jiang, General Manager.

Chairperson: Ta-Wen Sun, Chairperson of the Board

Recorder: Yi-Jiun Chen

I. Chairperson's Opening Remarks (omitted)

II. Report Items

1. Appropriation of remuneration to directors and compensation to employees in 2020 (Please refer to the meeting agenda.)
2. Business report for 2020 (Please refer to the meeting agenda.)
3. Audit Committee's review report on the 2020 financial statements. Please refer to Attachment I.
4. Execution status on the spin-off of the Company's advanced material operation to set up a wholly-owned subsidiary (Please refer to the meeting agenda.)

III. Ratification Items

Item 1

(Proposed by the Board of Directors)

Subject: To ratify the 2020 financial statements

- Explanation:
1. The 2020 business report and consolidated and parent company only financial statements, which were audited by Certified Public Accountants of Ernst & Young, Fang-Wun Li and Jheng-Chu Chen, were reviewed by the Audit Committee.
 2. Please refer to Attachment II for the financial statements.
 3. Please ratify the above-mentioned financial statements.

Resolution: The voting result showed that 156,670,013 votes were in favor of the proposal, which

accounted for 94.46% of the total represented shares present; 5,263 votes were against the proposal; 9,180,332 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 2020 earnings

- Explanation:
1. The earnings available for distribution of NT\$3,288,151,825 is calculated by adding the unappropriated earnings from previous year of NT\$2,621,243,251, and the remeasurement of defined benefit plan transferred from retained earnings directly of NT\$28,176,259 to net income for 2020 of NT\$772,858,963, and appropriating 10% of the sum of net income and items, other than the net income, included in the current year's undistributed earnings, i.e. NT\$74,468,270, for legal capital reserve and NT\$3,305,860 for special capital reserve.
 2. Dividends to shareholders:
Each common share holder will be entitled to receive a cash dividend of NT\$2.5 per share and the overall cash dividend amounts to NT\$522,799,230. Unappropriated earnings at the end of period of NT\$2,765,352,595, net of dividends, will be retained for distribution in later years. Earnings from 2020 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 2020 earning distribution table is as follows:

Taiflex Scientific Co., Ltd.
2020 Earning Distribution Table

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		2,621,243,251	
Add: Net income of 2020	772,858,963		
Less: Other comprehensive income (Remeasurement of defined benefit plan) (Note 1)	(28,176,259)		
Legal capital reserve (Note 2)	(74,468,270)		
Special capital reserve (Note 3)	(3,305,860)		
Distributable earnings		3,288,151,825	
Distribution item: (Note 4)			
Dividends to shareholders - cash	522,799,230		NT\$2.5 per share
Total distributed earnings		(522,799,230)	
Unappropriated earnings, ending balance		2,765,352,595	

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

(Note 1) The remeasurement of defined benefit plan under IAS 19 is transferred 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 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 capital reserve appropriated is calculated as follows: $(772,858,963 - 28,176,259) * 10\% = 74,468,270$

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

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

Dividends to shareholders: Cash dividend of NT\$2.5 per share * 209,119,692 shares =

NT\$522,799,230.

6. Please ratify the distribution of 2020 earnings.

Resolution: The voting result showed that 156,792,972 votes were in favor of the proposal, which accounted for 94.53% of the total represented shares present; 104,261 votes were against the proposal; 8,958,375 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

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

Explanation: 1. According to the Company Act, business categories engaged by a company shall be registered by their category codes assigned in the Table of Categories of Businesses by the central competent authority. For a company that has already been registered with business categories stated by words, it shall switch to codes in the Table of Categories of Businesses when applying to change its business categories. Therefore, the Company proposes to amend some articles within the "Articles of Incorporation".

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

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

Note: According to the announcement of Financial Supervisory Commission, The Shareholder Meetings is postponed to 16 July. The amendment is approved on July 16, 2021.

Resolution: The voting result showed that 156,890,953 votes were in favor of the proposal, which accounted for 94.59% of the total represented shares present; 5,294 votes were against the proposal; 8,959,361 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 one independent director

Subject: A by-election for one independent director (Proposed by the Board of Directors)

Explanation: 1. Mr. Dun-Ren Zheng, a 9th-term independent director of the Company, resigned as independent director due to personal reason on March 17, 2021. A by-election for one independent director is proposed to be held.

2. Pursuant to Article 192-1 of the Company Act, the election of independent director adopts the candidate nomination system. Shareholders shall elect from the list of candidates. The

tenure of newly elected independent director starts right after the shareholders' meeting, i.e., May 25, 2021 and expires on May 27, 2023.

3. In compliance with the Articles of Incorporation, the election of independent directors adopts the candidate nomination system. Please refer to Attachment IV for the List of Independent Director Candidates
4. Please hold the election.

Note: According to the announcement of Financial Supervisory Commission, The term of new Independent Director is from July 16, 2021 to May 27, 2023.(calculated by the actual election date)

Election result:

Taiflex Scientific Co., Ltd.

List of Independent Director elected at 2021 shareholders' meeting

Type of Candidates	Shareholder's account No. /ID	Candidates Name	Votes Received
Independent Director	Q1022*****	Yung-Shun Chuang	137,140,194

VI. Extempore Motions: None.

VII. Meeting Adjourned: 9:21 a.m., July 16, 2021

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 2020 financial statements

Audit Committee's Review Report

To: 2021 Annual Shareholders' Meeting of Taiflex Scientific Co., Ltd.

The Board of Directors has prepared the business report, consolidated and parent company only financial statements and earning distribution proposal for the year ended December 31, 2020. Certified Public Accountants of Ernst & Young, Fang-Wun Li and Jheng-Chu Chen, were retained by the Board to audit the consolidated and parent company only financial statements and they have issued audit reports.

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

Taiflex Scientific Co., Ltd.

Chairman of the Audit Committee: Wen-I Lo

February 24, 2021

Attachment II - Independent Auditors' Report and 2020 Consolidated Financial Statements

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the consolidated balance sheets of Taiflex Scientific Co., Ltd. and its subsidiaries (hereinafter referred to as "Taiflex Group") as of December 31, 2020 and 2019; and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to consolidated financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Taiflex Group as of December 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Taiflex Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("the Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of Taiflex Group for the year ended December 31, 2020 based on our professional judgment. These matters have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$4,182,374 thousand and accounted for 37% of Taiflex Group's consolidated total assets as of December 31, 2020. 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, 2020, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,282,343 thousand; thus, it was a significant item to Taiflex Group. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance of Taiflex Group (including 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, 2020. 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, 2020 and 2019, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 24, 2021

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2020	December 31, 2019
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 1,793,632	\$ 2,584,521
Financial assets at fair value through profit or loss - current	4, 6(2)	29,832	38,131
Financial assets at amortized cost - current	4, 6(3)	138,719	49,000
Notes receivable, net	4, 6(4)	727,722	748,651
Accounts receivable, net	4, 6(5)	3,454,652	2,591,519
Other receivables		54,596	27,476
Inventories, net	4, 6(6)	1,282,343	938,566
Prepayments		77,403	127,932
Non-current assets held for sale	4, 6(7)	-	473,439
Other current assets	8	22,902	22,658
Total current assets		<u>7,581,801</u>	<u>7,601,893</u>
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(8)	-	-
Investments accounted for under the equity method	4, 6(9)	40,984	49,470
Property, plant and equipment	4, 6(10)	3,176,745	2,993,090
Right-of-use assets	4, 6(21)	380,857	379,444
Intangible assets	4, 6(11,13)	124,053	127,107
Deferred income tax assets	4, 6(24)	200,958	205,308
Other non-current assets	4, 6(12)	26,517	17,669
Total non-current assets		<u>3,950,114</u>	<u>3,772,088</u>
Total assets		<u>\$ 11,531,915</u>	<u>\$ 11,373,981</u>

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2020	December 31, 2019
Current liabilities			
Short-term loans	6(14)	\$ 150,000	\$ 740,000
Financial liabilities at fair value through profit or loss - current	4, 6(15)	11,839	344
Contract liabilities - current	4, 6(19)	2,508	1,084
Notes payable		381	358
Accounts payable		1,747,887	833,240
Other payables		573,823	555,656
Current income tax liabilities	4, 6(24)	276,047	135,929
Lease liabilities - current	4, 6(21)	16,600	15,744
Current portion of long-term loans	6(16)	25,000	11,009
Other current liabilities		2,387	2,470
Total current liabilities		<u>2,806,472</u>	<u>2,295,834</u>
Non-current liabilities			
Long-term loans	6(16)	539,000	923,556
Deferred income tax liabilities	4, 6(24)	89,642	114,231
Lease liabilities - non-current	4, 6(21)	256,652	252,171
Net defined benefit liabilities - non-current	4, 6(17)	261,958	219,550
Other non-current liabilities	4, 12	255	216,029
Total non-current liabilities		<u>1,147,507</u>	<u>1,725,537</u>
Total liabilities		<u>3,953,979</u>	<u>4,021,371</u>
Equity attributable to shareholders of the parent			
Capital	6(18)		
Common stock		2,091,197	2,091,197
Capital surplus	6(18)	1,066,147	1,342,759
Retained earnings			
Legal capital reserve		939,900	882,821
Special capital reserve		230,993	166,117
Unappropriated earnings		3,365,926	2,994,142
Total retained earnings		<u>4,536,819</u>	<u>4,043,080</u>
Others	4	(234,299)	(230,993)
Total equity attributable to shareholders of the parent		<u>7,459,864</u>	<u>7,246,043</u>
Non-controlling interests	4, 6(18)	118,072	106,567
Total equity		<u>7,577,936</u>	<u>7,352,610</u>
Total liabilities and equity		<u>\$ 11,531,915</u>	<u>\$ 11,373,981</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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	Notes	2020	2019
Net revenue	4, 6(19)	\$ 8,766,318	\$ 7,583,654
Cost of revenue	4, 6(6)	<u>(6,687,745)</u>	<u>(5,844,516)</u>
Gross profit		<u>2,078,573</u>	<u>1,739,138</u>
Operating expenses	4, 6(22)		
Sales and marketing expenses		(417,547)	(374,759)
General and administrative expenses		(344,566)	(361,941)
Research and development expenses		(281,360)	(284,486)
Expected credit gains	6(20)	<u>7,785</u>	<u>22,835</u>
Total operating expenses		<u>(1,035,688)</u>	<u>(998,351)</u>
Operating income		<u>1,042,885</u>	<u>740,787</u>
Non-operating income and expenses	6(23)		
Interest income		7,881	14,961
Other income		21,519	216,025
Other gains and losses		(69,574)	(142,015)
Finance costs		(20,763)	(19,716)
Share of profit or loss of associates accounted for under the equity method	4, 6(9)	<u>(16,151)</u>	<u>(17,588)</u>
Total non-operating income and expenses		<u>(77,088)</u>	<u>51,667</u>
Income before income tax		965,797	792,454
Income tax expense	4, 6(24)	<u>(181,444)</u>	<u>(174,172)</u>
Net income of continuing operations		<u>784,353</u>	<u>618,282</u>
Net income		<u>784,353</u>	<u>618,282</u>
Other comprehensive income (loss)	6(23)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		(35,220)	(74,851)
Income tax related to items that will not be reclassified subsequently		7,044	14,970
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(4,119)	(81,400)
Income tax related to items that may be reclassified subsequently to profit or loss		<u>824</u>	<u>16,279</u>
Total other comprehensive income (loss), net of tax		<u>(31,471)</u>	<u>(125,002)</u>
Total comprehensive income		<u>\$ 752,882</u>	<u>\$ 493,280</u>
Net income attributable to:	4, 6(25)		
Shareholders of the parent		\$ 772,859	\$ 630,681
Non-controlling interests		<u>11,494</u>	<u>(12,399)</u>
		<u>\$ 784,353</u>	<u>\$ 618,282</u>
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 741,377	\$ 505,924
Non-controlling interests		<u>11,505</u>	<u>(12,644)</u>
		<u>\$ 752,882</u>	<u>\$ 493,280</u>
Earnings per share (NT\$)	4, 6(25)		
Earnings per share - basic		<u>\$ 3.70</u>	<u>\$ 3.02</u>
Earnings per share - diluted		<u>\$ 3.67</u>	<u>\$ 3.00</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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent							Total	Non-Controlling Interests	Total Equity
	Retained Earnings					Others				
	Common Stock	Capital Surplus	Legal 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, 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										
Adjustments to share of changes in equities of associates		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	-	-	-	-	570,800	(64,876)	-	505,924	(12,644)	493,280
Balance as of December 31, 2019	<u>\$ 2,091,197</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>
Balance as of January 1, 2020	\$ 2,091,197	\$ 1,342,759	\$ 882,821	\$ 166,117	\$ 2,994,142	\$ (224,393)	\$ (6,600)	\$ 7,246,043	\$ 106,567	\$ 7,352,610
Appropriation and distribution of 2019 earnings										
Legal capital reserve			57,079		(57,079)			-		-
Special capital reserve				64,876	(64,876)			-		-
Cash dividends for common stocks					(250,944)			(250,944)		(250,944)
Changes in other capital surplus										
Adjustments to share of changes in equities of associates		(4,852)						(4,852)		(4,852)
Cash dividends from capital surplus		(271,855)						(271,855)		(271,855)
Changes in other capital surplus		95						95		95
Net income for the year ended December 31, 2020					772,859			772,859	11,494	784,353
Other comprehensive income (loss) for the year ended December 31, 2020					(28,176)	(3,306)		(31,482)	11	(31,471)
Total comprehensive income	-	-	-	-	744,683	(3,306)	-	741,377	11,505	752,882
Balance as of December 31, 2020	<u>\$ 2,091,197</u>	<u>\$ 1,066,147</u>	<u>\$ 939,900</u>	<u>\$ 230,993</u>	<u>\$ 3,365,926</u>	<u>\$ (227,699)</u>	<u>\$ (6,600)</u>	<u>\$ 7,459,864</u>	<u>\$ 118,072</u>	<u>\$ 7,577,936</u>

(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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 965,797	\$ 792,454
Adjustments:		
Non-cash income and expense items:		
Depreciation	314,135	325,804
Amortization	20,454	23,972
Expected credit gains	(7,785)	(22,835)
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	16,767	(12,226)
Interest expense	20,763	19,716
Interest income	(7,881)	(14,961)
Share of loss of associates accounted for under the equity method	16,151	17,588
(Gain) loss on disposal of property, plant and equipment	(1,133)	27,217
Gain on disposal of non-current assets held for sale	(32,022)	-
Impairment loss for non-financial assets	24,000	18,005
Others	15,875	(1,939)
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	3,027	8,221
Decrease in notes receivable	20,929	469,368
(Increase) decrease in accounts receivable	(855,338)	1,108,045
(Increase) decrease in other receivables	(18,488)	25,837
(Increase) decrease in inventories	(359,299)	527,966
Decrease (increase) in prepayments	37,872	(45,315)
(Increase) decrease in other current assets	(194)	2,372
(Increase) decrease in other non-current assets	(1,384)	1,833
Increase (decrease) in contract liabilities	1,424	(1,288)
Increase (decrease) in notes payable	23	(65,414)
Increase (decrease) in accounts payable	914,647	(839,509)
Increase (decrease) in other payables	86,985	(108,648)
Increase (decrease) in other current liabilities	(83)	(3,592)
Increase in net defined benefit liabilities	7,188	6,276
Cash generated from operations	<u>1,182,430</u>	<u>2,258,947</u>
Interest received	7,877	16,253
Interest paid	(16,204)	(14,989)
Income tax paid	(41,040)	(266,383)
Net cash generated by operating activities	<u>1,133,063</u>	<u>1,993,828</u>

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (89,719)	\$ (49,000)
Acquisition of investments accounted for under the equity method	(12,517)	(16,182)
Disposal of non-current assets held for sale	473,559	-
Acquisition of property, plant and equipment	(551,071)	(787,792)
Disposal of property, plant and equipment	1,277	18,310
Increase in refundable deposits	(8,723)	-
Decrease in refundable deposits	-	390
Acquisition of intangible assets	(15,773)	(25,839)
Increase in other current assets - other financial assets - current	(50)	-
Decrease in other current assets - other financial assets - current	-	382
Dividends received	-	1,444
Net cash used in investing activities	<u>(203,017)</u>	<u>(858,287)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(590,000)	(622,054)
Increase in long-term loans	-	592,633
Repayment of long-term loans	(370,565)	-
Increase in guarantee deposits received	-	215,774
Decrease in guarantee deposits received	(215,774)	-
Increase in payables	95	-
Repayment of lease principal	(24,029)	(22,827)
Distribution of cash dividends	(522,799)	(522,799)
Net cash used in financing activities	<u>(1,723,072)</u>	<u>(359,273)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,137</u>	<u>(54,333)</u>
Net (decrease) increase in cash and cash equivalents	(790,889)	721,935
Cash and cash equivalents at beginning of period	2,584,521	1,862,586
Cash and cash equivalents at end of period	<u>\$ 1,793,632</u>	<u>\$ 2,584,521</u>

(Concluded)

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

Attachment II Independent Auditors' Report and 2020 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, 2020 and 2019; 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 a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial status of Taiflex as of December 31, 2020 and 2019, and its parent company only financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Taiflex in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of Taiflex for the year ended December 31, 2020 based on our professional judgment. These matters have been covered during the audit of the overall parent company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$2,951,009 thousand and accounted for 27% of Taiflex's total assets as of December 31, 2020. 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, 2020, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$881,132 thousand; thus, it was a significant item to Taiflex. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

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

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

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

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

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

Those charged with governance of Taiflex (including 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, 2020. 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 24, 2021

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2020	December 31, 2019
Current assets			
Cash and cash equivalents	4, 6(1)	\$ 1,207,757	\$ 1,678,502
Financial assets at fair value through profit or loss - current	4, 6(2)	29,832	38,131
Financial assets at amortized cost - current	4, 6(3)	138,719	49,000
Notes receivable, net	4, 6(4)	1,578	2,940
Accounts receivable, net	4, 6(5)	1,863,251	1,426,216
Accounts receivable – related parties	6(5), 7	1,086,180	1,068,051
Other receivables		42,862	18,878
Other receivables – related parties	7	125,657	459,778
Inventories, net	4, 6(6)	881,132	626,770
Prepayments		31,654	22,678
Other current assets	8	21,439	21,784
Total current assets		<u>5,430,061</u>	<u>5,412,728</u>
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	-	-
Investments accounted for under the equity method	4, 6(8)	2,794,135	2,690,742
Property, plant and equipment	4, 6(9)	2,193,741	2,212,219
Right-of-use assets	4, 6(19)	251,158	259,165
Intangible assets	4, 6(10)	50,467	52,531
Deferred income tax assets	4, 6(22)	131,151	136,925
Other non-current assets	4, 6(11)	6,384	7,908
Total non-current assets		<u>5,427,036</u>	<u>5,359,490</u>
Total assets		<u>\$ 10,857,097</u>	<u>\$ 10,772,218</u>

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS-(Continued)
December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2020	December 31, 2019
Current liabilities			
Short-term loans	6(12)	\$ 150,000	\$ 670,000
Financial liabilities at fair value through profit or loss - current	4, 6(13)	11,294	278
Contract liabilities - current	4, 6(17)	492	-
Notes payable		12	-
Accounts payable		1,413,506	780,269
Accounts payable – related parties	7	11,091	3,092
Other payables		476,475	429,162
Other payables – related parties	7	18,497	21,194
Current income tax liabilities	4, 6(22)	266,652	128,071
Lease liabilities - current	4, 6(19)	10,554	11,058
Current portion of long-term loans	6(14)	25,000	-
Other current liabilities		1,981	1,962
Total current liabilities		<u>2,385,554</u>	<u>2,045,086</u>
Non-current liabilities			
Long-term loans	6(14)	415,630	900,000
Deferred income tax liabilities	4, 6(22)	89,607	111,415
Lease liabilities – non-current	4, 6(19)	244,484	250,124
Net defined benefit liabilities - non-current	4, 6(15)	261,958	219,550
Total non-current liabilities		<u>1,011,679</u>	<u>1,481,089</u>
Total liabilities		<u>3,397,233</u>	<u>3,526,175</u>
Equity			
Capital	6(16)		
Common stock		2,091,197	2,091,197
Capital surplus	6(16)	1,066,147	1,342,759
Retained earnings			
Legal capital reserve		939,900	882,821
Special capital reserve		230,993	166,117
Unappropriated earnings		3,365,926	2,994,142
Total retained earnings		<u>4,536,819</u>	<u>4,043,080</u>
Others	4	(234,299)	(230,993)
Total equity		<u>7,459,864</u>	<u>7,246,043</u>
Total liabilities and equity		<u>\$ 10,857,097</u>	<u>\$ 10,772,218</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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	Notes	2020	2019
Net revenue	4, 6(17), 7	\$ 7,491,041	\$ 6,919,495
Cost of revenue	4, 6(6), 6(20), 7	(5,703,657)	(5,195,358)
Gross profit		<u>1,787,384</u>	<u>1,724,137</u>
Unrealized sales profit or loss		(1,255)	2,035
Realized sales profit or loss		-	-
Gross profit, net		<u>1,786,129</u>	<u>1,726,172</u>
Operating expenses	4, 6(20)		
Sales and marketing expenses		(301,917)	(243,123)
General and administrative expenses		(257,229)	(244,327)
Research and development expenses		(260,938)	(265,762)
Expected credit gains	6(18)	7,669	20,629
Total operating expenses		<u>(812,415)</u>	<u>(732,583)</u>
Operating income		<u>973,714</u>	<u>993,589</u>
Non-operating income and expenses	6(21)		
Interest income		5,168	20,774
Other income		24,984	15,921
Other gains and losses		(116,375)	(90,544)
Finance costs		(15,318)	(17,114)
Share of profit or loss of subsidiaries and associates accounted for under the equity method	4, 6(8)	42,685	(139,902)
Total non-operating income and expenses		<u>(58,856)</u>	<u>(210,865)</u>
Income before income tax		914,858	782,724
Income tax expense	4, 6(22)	(141,999)	(152,043)
Net income of continuing operations		<u>772,859</u>	<u>630,681</u>
Net income		<u>772,859</u>	<u>630,681</u>
Other comprehensive income (loss)	6(21)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		(35,220)	(74,851)
Income tax related to items that will not be reclassified subsequently	6(22)	7,044	14,970
Items that may be reclassified subsequently to profit or loss	6(21)		
Exchange differences on translation of foreign operations		(4,132)	(81,094)
Income tax related to items that may be reclassified subsequently	6(22)	826	16,218
Total other comprehensive income (loss), net of tax		<u>(31,482)</u>	<u>(124,757)</u>
Total comprehensive income		<u>\$ 741,377</u>	<u>\$ 505,924</u>
Earnings per share (NT\$)	4, 6(23)		
Earnings per share - basic		<u>\$ 3.70</u>	<u>\$ 3.02</u>
Earnings per share - diluted		<u>\$ 3.67</u>	<u>\$ 3.00</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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Others		Total Equity
	Common Stock	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, 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								
Adjustments to share of changes in equities of associates		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	-	-	-	-	570,800	(64,876)	-	505,924
Balance as of December 31, 2019	<u>\$ 2,091,197</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>
Balance as of January 1, 2020	\$ 2,091,197	\$1,342,759	\$ 882,821	\$ 166,117	\$ 2,994,142	\$ (224,393)	\$ (6,600)	\$ 7,246,043
Appropriation and distribution of 2019 earnings								
Legal capital reserve			57,079		(57,079)			-
Special capital reserve				64,876	(64,876)			-
Cash dividends for common stocks					(250,944)			(250,944)
Changes in other capital surplus								
Adjustments to share of changes in equities of associates		(4,852)						(4,852)
Cash dividends from capital surplus		(271,855)						(271,855)
Changes in other capital surplus		95						95
Net income for the year ended December 31, 2020					772,859			772,859
Other comprehensive income (loss) for the year ended December 31, 2020					(28,176)	(3,306)		(31,482)
Total comprehensive income	-	-	-	-	744,683	(3,306)	-	741,377
Balance as of December 31, 2020	<u>\$ 2,091,197</u>	<u>\$1,066,147</u>	<u>\$ 939,900</u>	<u>\$ 230,993</u>	<u>\$ 3,365,926</u>	<u>\$ (227,699)</u>	<u>\$ (6,600)</u>	<u>\$ 7,459,864</u>

(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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 914,858	\$ 782,724
Adjustments:		
Non-cash income and expense items:		
Depreciation	271,091	248,306
Amortization	16,643	15,738
Expected credit gains	(7,669)	(20,629)
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	15,997	(12,395)
Interest expense	15,318	17,114
Interest income	(5,168)	(20,774)
Share of profit or loss of subsidiaries and associates accounted for under the equity method	(42,685)	139,902
Gain on disposal of property, plant and equipment	(35)	(1,481)
Impairment loss for non-financial assets	24,000	-
Others	18,605	39,867
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets mandatorily at fair value through profit or loss	4,640	(8,614)
Decrease in notes receivable	1,362	1,886
(Increase) decrease in accounts receivable	(429,366)	631,689
(Increase) decrease in accounts receivable – related parties	(18,129)	280,237
(Increase) decrease in other receivables	(23,980)	23,059
(Increase) decrease in other receivables – related parties	(82,545)	188,011
(Increase) decrease in inventories	(272,732)	185,487
(Increase) decrease in prepayments	(8,976)	4,909
Decrease in other current assets	395	1,989
Increase in contract liabilities	492	-
Increase (decrease) in notes payable	12	(65,419)
Increase (decrease) in accounts payable	633,237	(773,762)
Increase (decrease) in accounts payable – related parties	7,999	(23,842)
Increase (decrease) in other payables	59,099	(81,036)
Decrease in other payables – related parties	(2,697)	(10,567)
Increase (decrease) in other current liabilities	1,140	(6,880)
Increase in net defined benefit liabilities	7,188	6,276
Cash generated from operations	1,098,094	1,541,795
Interest received	5,164	22,066
Interest paid	(11,197)	(12,298)
Income tax paid	(11,582)	(239,553)
Net cash generated by operating activities	1,080,479	1,312,010

(Continued)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (89,719)	\$ (49,000)
Acquisition of financial assets at fair value through profit or loss	(1,322)	-
Disposal of financial assets at fair value through profit or loss	-	1,523
Acquisition of investments accounted for under the equity method	(188,549)	(418,189)
Acquisition of property, plant and equipment	(300,415)	(380,898)
Disposal of property, plant and equipment	35	17,713
Increase in refundable deposits	-	(1,102)
Decrease in refundable deposits	1,524	-
Decrease in other receivables – related parties	416,666	581,577
Acquisition of intangible assets	(14,161)	(25,686)
Increase in other current assets - other financial assets	(50)	-
Decrease in other non-current assets	-	2,666
Dividends received	142,771	1,444
Net cash used in investing activities	<u>(33,220)</u>	<u>(269,952)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(520,000)	(495,000)
Increase in long-term loans	-	605,000
Repayment of long-term loans	(459,370)	-
Decrease in payables	95	-
Repayment of lease principal	(15,930)	(15,812)
Distribution of cash dividends	(522,799)	(522,799)
Net cash used in financing activities	<u>(1,518,004)</u>	<u>(428,611)</u>
Net (decrease) increase in cash and cash equivalents	(470,745)	613,447
Cash and cash equivalents at beginning of period	1,678,502	1,065,055
Cash and cash equivalents at end of period	<u>\$ 1,207,757</u>	<u>\$ 1,678,502</u>

(Concluded)

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

Attachment III Comparison Table of Amendments to Articles of Incorporation

Articles	Before the amendment	After the amendment	Basis and reasons
Article 2	<p>The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> 1. <u>Lead frame tape</u> 2. <u>LOC tape</u> 3. <u>TAB tape</u> 4. <u>UV-tape</u> 5. <u>Resin-coated copper clad laminate</u> 6. <u>Polymer film-based copper clad laminate</u> 7. CC01080 electronic parts and components manufacturing 8. F107170 wholesale of industrial catalyst 9. F107200 wholesale of chemistry raw material 10. F107990 wholesale of other chemical products 11. F119010 wholesale of electronic materials 12. F207170 retail sale of industrial catalyst 13. F207200 retail sale of chemistry raw material 14. F207990 retail sale of other chemical products 15. F219010 retail of electronic materials 16. ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved 	<p>The business scope of the Company is as follows:</p> <ol style="list-style-type: none"> 1. CC01080 electronic parts and components manufacturing 2. F107170 wholesale of industrial catalyst 3. F107200 wholesale of chemistry raw material 4. F107990 wholesale of other chemical products 5. F119010 wholesale of electronic materials 6. F207170 retail sale of industrial catalyst 7. F207200 retail sale of chemistry raw material 8. F207990 retail sale of other chemical products 9. F219010 retail of electronic materials 10. ZZ99999 other businesses which are not prohibited or restricted by the laws, in addition to business approved 	Adopting the codes in the Table of Categories of Businesses
Article 34	<p>The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration.</p> <p>The first amendment was made on October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on</p>	<p>The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration.</p> <p>The first amendment was made on October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on</p>	To add the amendment date.

Articles	Before the amendment	After the amendment	Basis and reasons
	<p>March 6, 1999. The sixth amendment was made on April 15, 2000. The seventh amendment was made on April 14, 2001. The eighth amendment was made on June 21, 2002. The ninth amendment was made on May 26, 2003. The tenth amendment was made on May 28, 2004. The eleventh amendment was made on May 28, 2004. The twelfth amendment was made on June 17, 2005. The thirteenth amendment was made on June 17, 2005. The fourteenth amendment was made on August 28, 2006. The fifteenth amendment was made on May 9, 2007. The sixteenth amendment was made on June 3, 2008. The seventeenth amendment was made on June 18, 2010. The eighteenth amendment was made on June 9, 2011. The nineteenth amendment was made on June 13, 2012. The twentieth amendment was made on June 17, 2013. The twenty-first amendment was made on June 24, 2014. The twenty-second amendment was made on May 27, 2016. The twenty-third amendment was made on May 26, 2017. The twenty-fourth amendment was made on May 28, 2020.</p>	<p>March 6, 1999. The sixth amendment was made on April 15, 2000. The seventh amendment was made on April 14, 2001. The eighth amendment was made on June 21, 2002. The ninth amendment was made on May 26, 2003. The tenth amendment was made on May 28, 2004. The eleventh amendment was made on May 28, 2004. The twelfth amendment was made on June 17, 2005. The thirteenth amendment was made on June 17, 2005. The fourteenth amendment was made on August 28, 2006. The fifteenth amendment was made on May 9, 2007. The sixteenth amendment was made on June 3, 2008. The seventeenth amendment was made on June 18, 2010. The eighteenth amendment was made on June 9, 2011. The nineteenth amendment was made on June 13, 2012. The twentieth amendment was made on June 17, 2013. The twenty-first amendment was made on June 24, 2014. The twenty-second amendment was made on May 27, 2016. The twenty-third amendment was made on May 26, 2017. The twenty-fourth amendment was made on May 28, 2020. <u>The Twenty-fifth amendment was made on May 25, 2021.</u></p>	

Attachment IV List of Independent Director Candidates

Taiflex Scientific Co., Ltd.

List of Independent Director Candidates

Type	Name	Education	Work Experience	Name of the Government or Juristic Person Represented	Shareholding (Shares)
Independent Director	Yung-Shun Chuang	Honorary Ph.D., National Taiwan University of Science and Technology	<ul style="list-style-type: none">▪ Chairperson of AAEMON Technology Inc.▪ Chairperson of EverFocus Electronics Corporation▪ Chairperson of ONYX Healthcare Inc.▪ Director of MACHVISION Inc.▪ Director of King Core Electronics Inc.▪ Director of CHC Healthcare Group▪ Director of Winmate Inc.▪ Director of XAC Automation Corp.▪ Director of AtechOEM Inc.▪ Director of IBASE Technology Inc.▪ Director of Litemax Electronics Inc.▪ Independent Director of Top Union Electronics Corp.	None	0