

TAIFLEX SCIENTIFIC CO., LTD.

Meeting Minutes of 2023 Annual Shareholders' Meeting

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

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

Meeting type : physical shareholders meeting

Attendance: The shareholders present in person or by proxy represented 164,673,600 shares (including 45,013,221 shares attended through electronic means), which accounted for 78.74% of the total shares outstanding.

Directors present: Ta-Wen Sun, Chein-Ming Hsu, Re-Zhang Lin, Fu-Le Lin

Independent Directors present: Wen-I Lo, convener of the Audit Committee; Shi-Chern Yen, convener of the Sustainable Development 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. Distribution of 2022 remuneration to directors and compensation to employees
(Please refer to the meeting agenda.)
2. Business report for 2022 (Please refer to the meeting agenda.)
3. Audit Committee's review report on 2022 financial statements. Please refer to Attachment I.
4. Cash dividends for 2022 earnings distribution (Please refer to the meeting agenda.)
5. Distribution of cash from capital surplus (Please refer to the meeting agenda.)

III. Ratification Items

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

- Explanation:
1. The 2022 business report and consolidated and parent company only financial statements, which were audited by Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Ching-Piao Cheng, were reviewed by the Audit Committee.
 2. Please refer to Attachment II for the financial statements.
 3. Please ratify the above-mentioned financial statements.

Resolution: The voting result showed that 161,179,854 votes were in favor of the proposal, which accounted for 97.87% of the total represented shares present; 4,665 votes were against the proposal; 3,489,081 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 “Procedures for Acquisition or Disposal of Assets”

(Proposed by the Board of Directors)

Explanation: 1. Due to business needs, the Company proposes to amend some articles within the “Procedures for Acquisition or Disposal of Assets”.

2. Please refer to Attachment III for the Comparison Table of Amendments to “Procedures for Acquisition or Disposal of Assets”.

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

Resolution: The voting result showed that 158,662,909 votes were in favor of the proposal, which accounted for 96.34% of the total represented shares present; 2,119,176 votes were against the proposal; 3,891,515 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

Subject: To hold the election for all directors

(Proposed by the Board of Directors)

Explanation: 1. The 9th term of directors of the Company expired on May 27, 2023. Pursuant to Article 195 of the Company Act, an election shall be held to elect new directors.

2. In compliance with the Articles of Incorporation, the Company shall elect nine directors (including three independent directors) to serve a term of three years. Their tenure starts right after the shareholders’ meeting. The tenure of newly elected directors commences on May 30, 2023 and expires on May 29, 2026. Directors are eligible for re-election.

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

4. Please hold the election.

Election result:

Taiflex Scientific Co., Ltd.

List of Directors elected at 2023 shareholders' meeting

Type of Candidates	Shareholder's account No. /ID	Candidates Name	Votes Received
Director	113	Qiao Mei Development Corporation Representative: Ta-Wen Sun	160,071,929
Director	467	Ching-Yi Chang	154,464,948
Director	D101*****	Chein-Ming, Hsu	149,436,277
Director	60326	Fu Ding Trust & Investment Co., Ltd Representative: Re-Zhang Lin	146,425,107
Director	T120*****	Chun-Chi, Lin	145,416,745
Director	1	Fu-Le Lin	143,984,713
Independent Director	K121*****	Wen-I Lo	143,380,706
Independent Director	Q102*****	Yung-Shun Chuang	143,351,920
Independent Director	Q100*****	Shi-Chern Yen	143,336,475

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 V 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 152,371,568 votes were in favor of the proposal, which accounted for 92.52% of the total represented shares present; 8,404,138 votes were

against the proposal; 3,897,894 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:

Shareholder (No.121146, Mr. Lee) first time speaking :

General Manager Jiang mentioned that the demand of 2022 declined and the company's operations weakened due to the impacts of the Russia-Ukraine War and interest rate hikes. The profit and revenue of Q1 financial report still seemed to be declining. Last year, most of the industry estimated that the demand of consumer electronics is expected to hit bottom in Q2, but the situation is unclear now. What's your take on the business forecast of consumer electronics in Q3 and Q4?

Reply from General Manager Jiang :

Looking at the current external environment, whether it is the large-scale electronics industry, the leading industry in Silicon Valley, or the banking industry, the forecast is still unclear.

Based on my personal experience, Asia's business climate is slower than Europe and the United States, and the current estimated time for recovery and reversal of the business climate has been postponed from Q2 to Q4.

In terms of Taiflex, we expect that the revenue in the second quarter will grow significantly compared to the first quarter, and the third quarter will also be better than the second quarter. The uncertainty of Q3 and Q4 is high. Although the terminal demand may be changed, we are confident that our market share will increase this year.

Shareholder (No.121146, Mr. Lee) second time speaking :

Is there any chance to increase the gross profit?

Reply from General Manager Jiang :

Although the operation is still difficult due to many cost increases this year, the company's gross profit still has the opportunity to increase in the future.

VIII. Meeting Adjourned: 9:32 a.m., May 30, 2023

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 for 2022

Audit Committee's Review Report

The Board of Directors has prepared the business report, consolidated and parent company only financial statements and earnings distribution proposal for the year ended December 31, 2022. Certified Public Accountants of Ernst & Young, Jheng-Chu Chen and Ching-Piao Cheng, were retained by the Board to audit the consolidated and parent company only financial statements and they have issued audit reports.

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

Taiflex Scientific Co., Ltd.

Convener of the Audit Committee: Wen-I Lo

February 22, 2023

Attachment II - Independent Auditors' Report and 2022 Consolidated Financial Statements

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the consolidated balance sheets of Taiflex Scientific Co., Ltd. and its subsidiaries (hereinafter referred to as "Taiflex Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to consolidated financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Taiflex Group as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for audit opinion

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

Key audit matters

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of Taiflex Group for the year ended December 31, 2022 based on our professional judgment. These matters have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$3,693,309 thousand and accounted for 29% of Taiflex Group's consolidated total assets as of December 31, 2022. Hence, it was considered a material item to the Group. Loss allowance for accounts receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net accounts receivables, the impairment of receivables was identified as a key audit matter.

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

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

2. Inventory valuation

As of December 31, 2022, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,770,596 thousand; thus, it was a significant item to Taiflex Group. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

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

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

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

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

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

Those charged with governance of Taiflex Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

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

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

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

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Taiflex Group's consolidated financial statements for the year ended December 31, 2022. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Others

Taiflex Scientific Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2022 and 2021, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 22, 2023

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

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

(Continued)

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

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

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

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

(Concluded)

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

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

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

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

Item	Equity Attributable to Shareholders of the Parent							Total	Non-Controlling Interests	Total Equity
	Retained Earnings					Others				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/Loss on Financial Assets at Fair Value through Other Comprehensive Income			
Balance as of January 1, 2021	\$ 2,091,197	\$ 1,066,147	\$ 939,900	\$ 230,993	\$ 3,365,926	\$ (227,699)	\$ (6,600)	\$ 7,459,864	\$ 118,072	\$ 7,577,936
Appropriation and distribution of 2020 earnings										
Legal reserve			74,469		(74,469)			-		-
Special reserve				3,306	(3,306)			-		-
Cash dividends for common stocks					(522,799)			(522,799)		(522,799)
Changes in other capital surplus										
Due to recognition of equity component of convertible bonds - stock options		70,203						70,203		70,203
Changes from investments in associates accounted for using the equity method		9,416						9,416		9,416
Net income for the year ended December 31, 2021					734,654			734,654	10,208	744,862
Other comprehensive income (loss) for the year ended December 31, 2021					15,655	13,925	(15,622)	13,958	64	14,022
Total comprehensive income	-	-	-	-	750,309	13,925	(15,622)	748,612	10,272	758,884
Non-controlling interests									19,753	19,753
Balance as of December 31, 2021	\$ 2,091,197	\$ 1,145,766	\$ 1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296	\$ 148,097	\$ 7,913,393
Balance as of January 1, 2022	\$ 2,091,197	\$ 1,145,766	\$ 1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296	\$ 148,097	\$ 7,913,393
Appropriation and distribution of 2021 earnings										
Legal reserve			75,031		(75,031)			-		-
Special reserve				1,697	(1,697)			-		-
Cash dividends for common stocks					(522,799)			(522,799)		(522,799)
Changes in other capital surplus										
Changes from investments in associates accounted for using the equity method		7						7		7
Net income for the year ended December 31, 2022					700,483			700,483	(8,770)	691,713
Other comprehensive income (loss) for the year ended December 31, 2022					44,432	42,782	(116,948)	(29,734)	265	(29,469)
Total comprehensive income	-	-	-	-	744,915	42,782	(116,948)	670,749	(8,505)	662,244
Disposal of investments accounted for using the equity method		(5,207)						(5,207)		(5,207)
Changes in percentage of ownership interests in subsidiaries						(14)		(14)		(14)
Non-controlling interests									4,451	4,451
Balance as of December 31, 2022	\$ 2,091,197	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032	\$ 144,043	\$ 8,052,075

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

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

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

(Continued)

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

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

	2022	2021
Cash flows from investing activities:		
Acquisition of investments in equity instruments at fair value through other comprehensive income - non-current	\$ -	\$ (388,259)
Acquisition of financial assets at amortized cost	-	(138,181)
Disposal of financial assets at amortized cost	246,157	-
Disposal of investments accounted for using the equity method	46,419	3,000
Acquisition of property, plant and equipment	(977,068)	(529,361)
Disposal of property, plant and equipment	1,151	2,901
Decrease in refundable deposits	702	11,665
Acquisition of intangible assets	(4,359)	(12,101)
Increase in other current assets - other financial assets - current	(1,297)	(21,769)
Net cash used in investing activities	<u>(688,295)</u>	<u>(1,072,105)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	640,000
Decrease in short-term loans	(535,000)	-
Issuance of corporate bonds	-	1,945,300
Increase in long-term loans	-	245,720
Repayment of long-term loans	(435,244)	-
Repayment of lease principal	(23,533)	(22,461)
Distribution of cash dividends	(522,799)	(522,799)
Changes in non-controlling interests	4,437	19,753
Net cash (used in) generated by financing activities	<u>(1,512,139)</u>	<u>2,305,513</u>
Effect of exchange rate changes on cash and cash equivalents	<u>52,713</u>	<u>15,128</u>
Net (decrease) increase in cash and cash equivalents	(1,006,015)	1,476,769
Cash and cash equivalents at beginning of period	3,270,401	1,793,632
Cash and cash equivalents at end of period	<u>\$ 2,264,386</u>	<u>\$ 3,270,401</u>

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

(Concluded)

Attachment II - Independent Auditors' Report and 2022 Parent Company Only Financial Statements

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the parent company only balance sheets of Taiflex Scientific Co., Ltd. (hereinafter referred to as "Taiflex" or the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial status of Taiflex as of December 31, 2022 and 2021, and its parent company only financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

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

Key audit matters

Key audit matters are ones that were of most significance in our audit of the parent company only financial statements of Taiflex for the year ended December 31, 2022 based on our professional judgment. These matters have been covered during the audit of the overall parent company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

3. Impairment of receivables

Net receivables generated from the selling of flexible copper-clad laminate and cover layer amounted to NT\$2,682,152 thousand and accounted for 22% of Taiflex's total assets as of December 31, 2022. Hence, it was considered a material item to the Company. Loss allowance for accounts receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net accounts receivables, the impairment of receivables was identified as a key audit matter.

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

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

4. Inventory valuation

As of December 31, 2022, net inventories of flexible copper-clad laminate and cover layer amounted to NT\$1,267,489 thousand; thus, it was a significant item to Taiflex. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

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

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

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

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

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

Those charged with governance of Taiflex (including the Audit Committee) are responsible for supervising the financial reporting process.

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

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

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

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

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

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Taiflex's parent company only financial statements for the year ended December 31, 2022. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Ernst & Young, Taiwan

February 22, 2023

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

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

(Continued)

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

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

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

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

(Concluded)

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

	Notes	2022	2021
Operating revenue	4, 6(18), 7	\$ 7,287,918	\$ 7,671,215
Operating costs	4, 6(6, 21), 7	<u>(5,551,347)</u>	<u>(5,895,089)</u>
Gross profit		1,736,571	1,776,126
Realized sales profit or loss		<u>3,226</u>	<u>5,243</u>
Gross profit, net		<u>1,739,797</u>	<u>1,781,369</u>
Operating expenses	4, 6(21)		
Sales and marketing expenses		(355,369)	(382,637)
General and administrative expenses		(356,117)	(308,223)
Research and development expenses		(350,360)	(284,484)
Expected credit (loss) gain	6(19)	<u>(2,526)</u>	<u>3,472</u>
Total operating expenses		<u>(1,064,372)</u>	<u>(971,872)</u>
Operating income		<u>675,425</u>	<u>809,497</u>
Non-operating income and expenses	6(22)		
Interest income		7,734	1,474
Other income		39,306	31,766
Other gains and losses		230,285	(22,581)
Finance costs		(30,284)	(17,516)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	4, 6(8)	<u>(54,431)</u>	<u>100,091</u>
Total non-operating income and expenses		<u>192,610</u>	<u>93,234</u>
Income before income tax from continuing operations		868,035	902,731
Income tax expense	4, 6(23)	<u>(167,552)</u>	<u>(168,077)</u>
Net income from continuing operations		<u>700,483</u>	<u>734,654</u>
Net income		<u>700,483</u>	<u>734,654</u>
Other comprehensive income (loss)	6(22)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		55,540	19,569
Unrealized losses on investments in equity instruments at fair value through other comprehensive income		(116,948)	(15,622)
Income tax related to items that will not be reclassified subsequently	6(23)	(11,108)	(3,914)
Items that may be reclassified subsequently to profit or loss	6(22)		
Exchange differences on translation of foreign operations		53,477	17,406
Income tax related to items that may be reclassified subsequently	6(23)	<u>(10,695)</u>	<u>(3,481)</u>
Total other comprehensive (loss) income, net of tax		<u>(29,734)</u>	<u>13,958</u>
Total comprehensive income		<u>\$ 670,749</u>	<u>\$ 748,612</u>
Earnings per share (NT\$)	4, 6(24)		
Earnings per share - basic		<u>\$ 3.35</u>	<u>\$ 3.51</u>
Earnings per share - diluted		<u>\$ 2.87</u>	<u>\$ 2.98</u>

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

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

Item	Retained Earnings					Others		Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/Loss on Financial Assets at Fair Value through Other Comprehensive Income	
Balance as of January 1, 2021	\$ 2,091,197	\$ 1,066,147	\$ 939,900	\$ 230,993	\$ 3,365,926	\$ (227,699)	\$ (6,600)	\$ 7,459,864
Appropriation and distribution of 2020 earnings								
Legal reserve			74,469		(74,469)			-
Special reserve				3,306	(3,306)			-
Cash dividends for common stocks					(522,799)			(522,799)
Changes in other capital surplus								
Due to recognition of equity component of convertible bonds - stock options		70,203						70,203
Changes from investments in associates accounted for using the equity method		9,416						9,416
Net income for the year ended December 31, 2021					734,654			734,654
Other comprehensive income (loss) for the year ended December 31, 2021					15,655	13,925	(15,622)	13,958
Total comprehensive income	-	-	-	-	750,309	13,925	(15,622)	748,612
Balance as of December 31, 2021	\$ 2,091,197	\$ 1,145,766	\$1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296
Balance as of January 1, 2022	\$ 2,091,197	\$ 1,145,766	\$1,014,369	\$ 234,299	\$ 3,515,661	\$ (213,774)	\$ (22,222)	\$ 7,765,296
Appropriation and distribution of 2021 earnings								
Legal reserve			75,031		(75,031)			-
Special reserve				1,697	(1,697)			-
Cash dividends for common stocks					(522,799)			(522,799)
Changes in other capital surplus								
Changes from investments in associates accounted for using the equity method		7						7
Net income for the year ended December 31, 2022					700,483			700,483
Other comprehensive income (loss) for the year ended December 31, 2022					44,432	42,782	(116,948)	(29,734)
Total comprehensive income	-	-	-	-	744,915	42,782	(116,948)	670,749
Disposal of investments accounted for using the equity method		(5,207)						(5,207)
Changes in percentage of ownership interests in subsidiaries						(14)		(14)
Balance as of December 31, 2022	\$ 2,091,197	\$ 1,140,566	\$1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032

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

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

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

(Continued)

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

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

	2022	2021
Cash flows from investing activities:		
Acquisition of investments in equity instruments at fair value through other comprehensive income - non-current	\$ -	\$ (388,259)
Acquisition of financial assets at amortized cost	-	(138,181)
Disposal of financial assets at amortized cost	246,157	-
Acquisition of investments accounted for using the equity method	(455,846)	(453,431)
Disposal of investments accounted for using the equity method	46,419	3,000
Increase in prepayments for investments	-	(26,659)
Acquisition of property, plant and equipment	(469,432)	(285,312)
Disposal of property, plant and equipment	1,927	4,299
Increase in refundable deposits	-	(760)
Decrease in refundable deposits	670	-
Acquisition of intangible assets	(169)	(11,389)
Decrease (increase) in other current assets - other financial assets	28	(31)
Dividends received	4,676	-
Net cash used in investing activities	<u>(625,570)</u>	<u>(1,296,723)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	630,000
Decrease in short-term loans	(590,000)	-
Issuance of corporate bonds	-	1,945,300
Increase in long-term loans	-	204,220
Repayment of long-term loans	(442,850)	-
Repayment of lease principal	(14,922)	(14,718)
Distribution of cash dividends	(522,799)	(522,799)
Net cash (used in) generated by financing activities	<u>(1,570,571)</u>	<u>2,242,003</u>
Net (decrease) increase in cash and cash equivalents	(1,254,499)	1,267,426
Cash and cash equivalents at beginning of period	2,475,183	1,207,757
Cash and cash equivalents at end of period	<u>\$ 1,220,684</u>	<u>\$ 2,475,183</u>

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

(Concluded)

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

Articles	Before the amendment	After the amendment	Basis and reasons																								
Article 12	<p>Procedures for derivative instruments transactions</p> <p>...</p> <p>d. Approval authority of derivative instruments:</p> <p>i. Hedge trading - approval authority of preorder/presale forward exchange rates contracts</p> <table border="1" data-bbox="258 696 708 981"> <thead> <tr> <th>Approval authority</th> <th>Authorization limit for daily trading</th> <th>Authorization limit for trading of accumulative net positions</th> </tr> </thead> <tbody> <tr> <td>Chief finance/ accounting executive</td> <td>Below US\$1.5M</td> <td>Below US\$4.5M (incl.)</td> </tr> <tr> <td>President</td> <td>US\$1.5M-6M (Incl.)</td> <td>Below US\$15M (incl.)</td> </tr> <tr> <td>Chairperson</td> <td>Over US\$6M</td> <td>Below US\$30M (incl.)</td> </tr> </tbody> </table> <p>...</p>	Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions	Chief finance/ accounting executive	Below US\$1.5M	Below US\$4.5M (incl.)	President	US\$1.5M-6M (Incl.)	Below US\$15M (incl.)	Chairperson	Over US\$6M	Below US\$30M (incl.)	<p>Procedures for derivative instruments transactions</p> <p>...</p> <p>d. Approval authority of derivative instruments:</p> <p>i. Hedge trading - approval authority of preorder/presale forward exchange rates contracts</p> <table border="1" data-bbox="790 696 1240 981"> <thead> <tr> <th>Approval authority</th> <th>Authorization limit for daily trading</th> <th>Authorization limit for trading of accumulative net positions</th> </tr> </thead> <tbody> <tr> <td>Chief finance/ accounting executive</td> <td>Below US\$5M</td> <td>Below US\$15M (incl.)</td> </tr> <tr> <td>President</td> <td>US\$5M-10M (Incl.)</td> <td>Below US\$30M (incl.)</td> </tr> <tr> <td>Chairperson</td> <td>Over US\$10M</td> <td>Below US\$50M (incl.)</td> </tr> </tbody> </table> <p>...</p>	Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions	Chief finance/ accounting executive	Below US\$5M	Below US\$15M (incl.)	President	US\$5M-10M (Incl.)	Below US\$30M (incl.)	Chairperson	Over US\$10M	Below US\$50M (incl.)	For business needs
Approval authority	Authorization limit for daily trading	Authorization limit for trading of accumulative net positions																									
Chief finance/ accounting executive	Below US\$1.5M	Below US\$4.5M (incl.)																									
President	US\$1.5M-6M (Incl.)	Below US\$15M (incl.)																									
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Article 18	<p>Additional provisions</p> <p>Any other matter not set forth in the Procedures shall be handled in accordance with related laws and regulations.</p> <p>The Procedures was established on April 15, 2000.</p> <p>The first amendment was made on March 7, 2003.</p> <p>The second amendment was made on May 9, 2007.</p> <p>The third amendment was made on June 3, 2008.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on August 30, 2010.</p> <p>The sixth amendment was made on June 9, 2011.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 17, 2013.</p> <p>The ninth amendment was made on May 26, 2017.</p> <p>The tenth amendment was made on May 29, 2019.</p>	<p>Additional provisions</p> <p>Any other matter not set forth in the Procedures shall be handled in accordance with related laws and regulations.</p> <p>The Procedures was established on April 15, 2000.</p> <p>The first amendment was made on March 7, 2003.</p> <p>The second amendment was made on May 9, 2007.</p> <p>The third amendment was made on June 3, 2008.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on August 30, 2010.</p> <p>The sixth amendment was made on June 9, 2011.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 17, 2013.</p> <p>The ninth amendment was made on May 26, 2017.</p> <p>The tenth amendment was made on May 29, 2019.</p>	To add the amendment date.																								

Articles	Before the amendment	After the amendment	Basis and reasons
	The eleventh amendment was made on May 26, 2022.	The eleventh amendment was made on May 26, 2022. <u>The twelfth amendment was made on May 30, 2023.</u>	

Attachment IV - List of Director Candidates

Taiflex Scientific Co., Ltd.

List of Director Candidates

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

Taiflex Scientific Co., Ltd.

List of Director Candidates (Continued)

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

Attachment V - List of Concurrent Positions Held by New Director

Taiflex Scientific Co., Ltd.

List of Concurrent Positions Held by New Director

Title	Name	Name of Other Companies	Concurrent Position Held
Director	Fu-Le Lin	KOATECH TECHNOLOGY CORP.	Director