

**FORMOSA TAFFETA CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Formosa Taffeta Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(12) for accounting policy on financial assets impairment, Note 5(1) for accounting estimates and assumption uncertainty in relation to accounts receivable, and Note 6(4) for details of allowance for uncollectible accounts. As of December 31, 2023, the Group's accounts receivable and allowance for uncollectible accounts amounted to NT\$2,052,898 thousand and NT\$43,494 thousand, respectively.

The Group assesses the collectability of accounts receivable based on historical experience, known reason or existing objective evidence. For those accounts which are considered uncollectible, the Group recognizes impairment with a credit to accounts receivable. The Group examines the reasonableness periodically. As the estimation of allowance for uncollectible accounts is subject to management's judgement, and given the significance of accounts receivable and allowance for uncollectible accounts to the financial statements, we considered the valuation of allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

Our procedures in relation to management's assessment of the allowance for uncollectible accounts included:

- A. Evaluating the reasonableness of the estimates used by management to estimate the expected credit losses of accounts receivable and obtaining relevant supporting documents, including: forward looking adjustments, accounting disputes, overdue status, post-account collections and indications that show that the customer cannot repay the loan as scheduled;

- B. Assessing the adequacy of allowance for uncollectible accounts estimated by management to confirm whether the provision policy on allowance for uncollectible accounts has been consistently applied in the comparative periods of financial statements and testing the related assessment to confirm the accuracy of ageing analysis of accounts receivable; and
- C. Testing collections after the balance sheet date to check the adequacy of allowance for uncollectible accounts.

Valuation of inventory

Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As of December 31, 2023, the Group's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$8,682,299 thousand and NT\$824,477 thousand, respectively

The Group is primarily engaged in fiber dyeing and finishing, manufacturing and sales of curtains. As the textile manufacturing market is competitive, there is higher risk of incurring loss on inventory valuation. The Group recognizes inventories at the lower of cost and net realizable value, and the net realizable value is calculated based on the average price less estimated selling expenses. Since the calculation of net realizable value involves subjective judgement and uncertainty and the inventory is material to the financial statements, we considered the valuation of inventory a key audit matter.

How our audit addressed the matter

Our procedures in relation to management's assessment of the allowance for inventory valuation losses included:

- A. Assessing the reasonableness of policies and procedures on allowance for inventory valuation loss, including the reasonableness of classification of inventory in determining the net realizable value;

- B. Understanding the inventory management procedures, examining and participating in annual physical count and assessing the effectiveness of inventory management and inventory classification determined by management; and
- C. Checking the method in calculating the net realizable value of inventory and assessing the reasonableness of allowance for valuation loss.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method, which statements reflect total assets (including investments accounted for using the equity method) of NT\$10,739,174 thousand and NT\$12,023,782 thousand, constituting 15% and 16% of consolidated total assets as of December 31, 2023 and 2022, respectively, and operating income of NT\$4,689,027 thousand and NT\$5,964,462 thousand, constituting 16% and 17% of consolidated total operating income for the years then ended, respectively, and comprehensive loss were (NT\$133,977) thousand and (NT\$33,760) thousand, constituting (12%) and 1% of total comprehensive (loss) income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Formosa Taffeta Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are

free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, 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 cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the

current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Juanlu, Man-Yu

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2023 | | December 31, 2022 | | | |
|--------------------|---|------------|-------------------|------------|-------------------|----|------------|-----|
| | | | AMOUNT | % | AMOUNT | % | | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ | 4,241,157 | 6 | \$ | 5,477,800 | 7 |
| 1120 | Current financial assets at fair value through other comprehensive income | 6(2) | | 1,113,183 | 2 | | 1,225,249 | 2 |
| 1136 | Current financial assets at amortized cost | 6(3) | | 112,616 | - | | 113,122 | - |
| 1150 | Notes receivable, net | 6(4) | | 57,123 | - | | 72,548 | - |
| 1160 | Notes receivable - related parties | 7 | | 5,930 | - | | 8,147 | - |
| 1170 | Accounts receivable, net | 6(4) | | 2,052,898 | 3 | | 2,691,404 | 4 |
| 1180 | Accounts receivable - related parties | 7 | | 165,150 | - | | 216,868 | - |
| 1200 | Other receivables | 7 | | 235,943 | - | | 322,665 | - |
| 130X | Inventory | 6(5) | | 7,857,822 | 11 | | 9,510,710 | 13 |
| 1410 | Prepayments | | | 456,686 | 1 | | 391,733 | 1 |
| 1470 | Other current assets | | | 180,912 | - | | 179,359 | - |
| 11XX | Total current assets | | | 16,479,420 | 23 | | 20,209,605 | 27 |
| Non-current assets | | | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(2) | | 32,750,338 | 46 | | 32,135,448 | 43 |
| 1535 | Non-current financial assets at amortised cost | 6(3) | | 737,706 | 1 | | 44,092 | - |
| 1550 | Investments accounted for using the equity method | 6(6) | | 8,964,468 | 12 | | 9,621,779 | 13 |
| 1600 | Property, plant and equipment | 6(7) and 8 | | 10,888,643 | 15 | | 11,529,353 | 15 |
| 1755 | Right-of-use assets | 6(8) | | 1,116,643 | 2 | | 1,108,999 | 1 |
| 1760 | Investment property, net | 6(9) | | 517,243 | 1 | | 551,629 | 1 |
| 1840 | Deferred income tax assets | 6(27) | | 108,521 | - | | 102,189 | - |
| 1900 | Other non-current assets | | | 101,800 | - | | 106,741 | - |
| 15XX | Total non-current assets | | | 55,185,362 | 77 | | 55,200,230 | 73 |
| 1XXX | Total assets | | \$ | 71,664,782 | 100 | \$ | 75,409,835 | 100 |

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2023 | | December 31, 2022 | |
|---|--|-------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(10) and 8 | \$ 2,251,094 | 3 | \$ 3,035,088 | 4 |
| 2110 | Short-term notes and bills payable | 6(11) | - | - | 1,299,227 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(12) | 479 | - | 2,826 | - |
| 2150 | Notes payable | | 123,448 | - | 160,641 | - |
| 2160 | Notes payable - related parties | 7 | 122,578 | - | 186,804 | - |
| 2170 | Accounts payable | | 689,330 | 1 | 900,287 | 1 |
| 2180 | Accounts payable - related parties | 7 | 840,061 | 1 | 1,070,847 | 1 |
| 2200 | Other payables | 6(13) and 7 | 1,070,454 | 2 | 1,126,487 | 2 |
| 2230 | Current income tax liabilities | | 55,562 | - | 324,210 | - |
| 2280 | Current lease liabilities | | 155,278 | - | 141,747 | - |
| 2399 | Other current liabilities | | 367,709 | 1 | 385,601 | 1 |
| 21XX | Total current liabilities | | 5,675,993 | 8 | 8,633,765 | 11 |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(14) | 10,400,000 | 15 | 9,600,000 | 13 |
| 2570 | Deferred income tax liabilities | 6(27) | 325,778 | - | 325,309 | - |
| 2580 | Non-current lease liabilities | | 761,491 | 1 | 752,771 | 1 |
| 2600 | Other non-current liabilities | | 149,548 | - | 330,775 | 1 |
| 25XX | Total non-current liabilities | | 11,636,817 | 16 | 11,008,855 | 15 |
| 2XXX | Total liabilities | | 17,312,810 | 24 | 19,642,620 | 26 |
| Equity attributable to owners of parent | | | | | | |
| | Share capital | 6(16) | | | | |
| 3110 | Common stock | | 16,846,646 | 23 | 16,846,646 | 22 |
| | Capital surplus | 6(17) | | | | |
| 3200 | Capital surplus | | 1,340,129 | 2 | 1,338,658 | 2 |
| | Retained earnings | 6(18) | | | | |
| 3310 | Legal reserve | | 9,318,813 | 13 | 8,974,316 | 12 |
| 3320 | Special reserve | | 2,214,578 | 3 | 2,214,578 | 3 |
| 3350 | Unappropriated retained earnings | | 7,756,015 | 11 | 9,908,042 | 13 |
| | Other equity interest | 6(19) | | | | |
| 3400 | Other equity interest | | 16,894,855 | 24 | 16,504,039 | 22 |
| 3500 | Treasury stocks | 6(16) | (19,064) | - | (19,064) | - |
| 31XX | Equity attributable to owners of the parent | | 54,351,972 | 76 | 55,767,215 | 74 |
| 3XXX | Total equity | | 54,351,972 | 76 | 55,767,215 | 74 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| | Significant event after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 71,664,782 | 100 | \$ 75,409,835 | 100 |

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| Items | | Notes | Year ended December 31 | | | |
|-------|---|--------------------|------------------------|-------|---------------|-------|
| | | | 2023 | | 2022 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(20) and 7 | \$ 28,501,509 | 100 | \$ 34,722,655 | 100 |
| 5000 | Operating costs | 6(5)(24)(25) and 7 | (25,971,071) | (91) | (30,953,904) | (89) |
| 5900 | Net operating margin | | 2,530,438 | 9 | 3,768,751 | 11 |
| | Operating expenses | 6(24)(25) and 7 | | | | |
| 6100 | Selling expenses | | (1,574,256) | (6) | (1,757,329) | (5) |
| 6200 | General and administrative expenses | | (695,473) | (2) | (741,597) | (2) |
| 6450 | Impairment gain and reversal of impairment loss | 12(2) | 19,927 | - | - | - |
| 6000 | Total operating expenses | | (2,249,802) | (8) | (2,498,926) | (7) |
| 6900 | Operating profit | | 280,636 | 1 | 1,269,825 | 4 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(21) | 161,348 | 1 | 55,498 | - |
| 7010 | Other income | 6(22) | 728,356 | 3 | 1,726,347 | 5 |
| 7020 | Other gains and losses | 6(23) | (139,483) | (1) | 244,042 | 1 |
| 7050 | Finance costs | 6(26) | (348,880) | (1) | (221,691) | (1) |
| 7060 | Share of (loss) profit of associates and joint ventures accounted for using the equity method | 6(6) | (131,020) | (1) | 632,193 | 2 |
| 7000 | Total non-operating income and expenses | | 270,321 | 1 | 2,436,389 | 7 |
| 7900 | Profit before income tax | | 550,957 | 2 | 3,706,214 | 11 |
| 7950 | Income tax expense | 6(27) | (106,403) | - | (301,233) | (1) |
| 8200 | Profit for the year | | \$ 444,554 | 2 | \$ 3,404,981 | 10 |

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| Items | Notes | Year ended December 31 | | | |
|--|-------|------------------------|-----------|-----------------|-----------|
| | | 2023 | | 2022 | |
| | | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | 6(19) | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 Actuarial gains on defined benefit plans | | \$ 274,859 | 1 | \$ 43,056 | - |
| 8316 Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income | | 502,824 | 2 | (8,640,330) | (25) |
| 8320 Share of other comprehensive loss of associates and joint ventures accounted for using the equity method | | (4,639) | - | (274,172) | (1) |
| 8310 Other comprehensive income (loss) that will not be reclassified to profit or loss | | 773,044 | 3 | (8,871,446) | (26) |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Financial statements translation differences of foreign operations | | (197,960) | (1) | 502,918 | 2 |
| 8370 Share of other comprehensive income of associates and joint ventures accounted for using the equity method | | 90,645 | - | 134,679 | - |
| 8360 Other comprehensive (loss) income that will be reclassified to profit or loss | | (107,315) | (1) | 637,597 | 2 |
| 8300 Total other comprehensive income (loss) for the year | | \$ 665,729 | 2 | (\$ 8,233,849) | (24) |
| 8500 Total comprehensive income (loss) for the year | | \$ 1,110,283 | 4 | (\$ 4,828,868) | (14) |
| Profit attributable to: | | | | | |
| 8610 Owners of the parent | | \$ 444,554 | 2 | \$ 3,404,981 | 10 |
| 8620 Non-controlling interest | | - | - | - | - |
| | | \$ 444,554 | 2 | \$ 3,404,981 | 10 |
| Comprehensive income (loss) attributable to: | | | | | |
| 8710 Owners of the parent | | \$ 1,110,283 | 4 | (\$ 4,828,868) | (14) |
| 8720 Non-controlling interest | | - | - | - | - |
| | | \$ 1,110,283 | 4 | (\$ 4,828,868) | (14) |
| | | | | | |
| | | Before Tax | After Tax | Before Tax | After Tax |
| Basic and diluted earnings per share (in dollars) | 6(28) | | | | |
| Profit attributable to common shareholders of the parent | | \$ 0.29 | \$ 0.26 | \$ 2.17 | \$ 2.02 |
| Assuming shares held by subsidiaries are not deemed as treasury stock: | | | | | |
| Profit attributable to common shareholders of the parent | | \$ 0.29 | \$ 0.26 | \$ 2.16 | \$ 2.02 |

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | |
|---|-----------|---|-----------------|---------------|-----------------|-------------------------------------|--|---|-----------------|---------------|
| | | Retained Earnings | | | | | Other Equity Interest | | | |
| | | Share capital - common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury stocks | Total equity |
| Notes | | | | | | | | | | |
| <u>Year ended December 31, 2022</u> | | | | | | | | | | |
| Balance at January 1, 2022 | | \$ 16,846,646 | \$ 1,301,769 | \$ 8,772,558 | \$ 2,214,578 | \$ 8,349,494 | (\$ 1,443,502) | \$ 26,221,380 | (\$ 19,064) | \$ 62,243,859 |
| Profit for the year | | - | - | - | - | 3,404,981 | - | - | - | 3,404,981 |
| Other comprehensive income (loss) | | - | - | - | - | 39,695 | 637,597 | (8,911,141) | - | (8,233,849) |
| Total comprehensive income (loss) | | - | - | - | - | 3,444,676 | 637,597 | (8,911,141) | - | (4,828,868) |
| Appropriations of 2021 earnings | 6(18) | | | | | | | | | |
| Legal reserve | | - | - | 201,758 | - | (201,758) | - | - | - | - |
| Cash dividends | | - | - | - | - | (1,684,665) | - | - | - | (1,684,665) |
| Paid expired cash dividends transferred to capital surplus | 6(17) | - | (21) | - | - | - | - | - | - | (21) |
| Expired cash dividends transferred to capital surplus | | - | 3,537 | - | - | - | - | - | - | 3,537 |
| Adjustment of cash dividends paid to consolidated subsidiaries acquired | 6(17) | - | 2,193 | - | - | - | - | - | - | 2,193 |
| Change in the net interest of associates recognized under the equity method | 6(17)(19) | - | 31,180 | - | - | (207) | - | 207 | - | 31,180 |
| Disposal of equity instruments at fair value through other comprehensive income | 6(2) | - | - | - | - | 502 | - | (502) | - | - |
| Balance at December 31, 2022 | | \$ 16,846,646 | \$ 1,338,658 | \$ 8,974,316 | \$ 2,214,578 | \$ 9,908,042 | (\$ 805,905) | \$ 17,309,944 | (\$ 19,064) | \$ 55,767,215 |
| <u>Year ended December 31, 2023</u> | | | | | | | | | | |
| Balance at January 1, 2023 | | \$ 16,846,646 | \$ 1,338,658 | \$ 8,974,316 | \$ 2,214,578 | \$ 9,908,042 | (\$ 805,905) | \$ 17,309,944 | (\$ 19,064) | \$ 55,767,215 |
| Profit for the year | | - | - | - | - | 444,554 | - | - | - | 444,554 |
| Other comprehensive income (loss) | | - | - | - | - | 277,277 | (107,315) | 495,767 | - | 665,729 |
| Total comprehensive income (loss) | | - | - | - | - | 721,831 | (107,315) | 495,767 | - | 1,110,283 |
| Appropriations of 2022 earnings | 6(18) | | | | | | | | | |
| Legal reserve | | - | - | 344,497 | - | (344,497) | - | - | - | - |
| Cash dividends | | - | - | - | - | (2,526,997) | - | - | - | (2,526,997) |
| Adjustment of cash dividends paid to consolidated subsidiaries acquired | 6(17) | - | 3,290 | - | - | - | - | - | - | 3,290 |
| Paid expired cash dividends transferred to capital surplus | 6(17) | - | (383) | - | - | - | - | - | - | (383) |
| Expired cash dividends transferred to capital surplus | 6(17) | - | 4,004 | - | - | - | - | - | - | 4,004 |
| Change in the net interest of associates recognized under the equity method | 6(17) | - | (5,440) | - | - | (2,364) | - | 2,364 | - | (5,440) |
| Balance at December 31, 2023 | | \$ 16,846,646 | \$ 1,340,129 | \$ 9,318,813 | \$ 2,214,578 | \$ 7,756,015 | (\$ 913,220) | \$ 17,808,075 | (\$ 19,064) | \$ 54,351,972 |

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|---|----------------|------------------------|---------------|
| | Notes | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 550,957 | \$ 3,706,214 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(7)(8)(9)(24) | 1,376,878 | 1,378,658 |
| Impairment gain and reversal of impairment loss | 12(2) | (19,927) | - |
| Interest expense | 6(8)(26) | 348,880 | 221,691 |
| Interest income | 6(21) | (161,348) | (55,498) |
| Dividend income | 6(22) | (456,688) | (1,509,242) |
| (Gain) loss on valuation of financial liabilities | 6(12)(23) | (2,347) | 2,826 |
| Share of loss (profit) of associates and joint ventures accounted for using the equity method | 6(6) | 131,020 | (632,193) |
| Gain on disposal of investments | 6(23) | - | (6,196) |
| (Gain) loss on disposal and scrap of property, plant and equipment | 6(23) | (5,231) | 9,555 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable, net | | 15,425 | (14,593) |
| Notes receivable - related parties | | 2,217 | 358 |
| Accounts receivable, net | | 658,747 | 871,069 |
| Accounts receivable - related parties | | 51,718 | (10,744) |
| Other receivables | | 90,385 | (104,055) |
| Inventory | | 1,660,303 | (1,594,865) |
| Prepayments | (| 78,185) | 156,169 |
| Other current assets | (| 1,553) | (40,933) |
| Changes in operating liabilities | | | |
| Notes payable | (| 37,193) | (60,643) |
| Notes payable - related parties | (| 64,226) | (155,177) |
| Accounts payable | (| 210,957) | (192,829) |
| Accounts payable - related parties | (| 230,786) | 103,701 |
| Other payables | (| 96,239) | 11,650 |
| Other current liabilities | (| 17,892) | (109,299) |
| Other non-current liabilities | | 93,632 | (41,032) |
| Cash inflow generated from operations | | 3,597,590 | 1,934,592 |
| Interest received | | 159,743 | 49,720 |
| Cash dividends received | | 1,052,241 | 2,070,077 |
| Interest paid | (| 333,896) | (201,380) |
| Income tax paid | (| 382,972) | (228,931) |
| Net cash flows from operating activities | | 4,092,706 | 3,624,078 |

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 | |
|---|-------|------------------------|----------------|
| | | 2023 | 2022 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at amortized cost | | (\$ 693,108) | (\$ 94,305) |
| Return of capital upon dissolution of financial assets at fair value through other comprehensive income | | - | 502 |
| Acquisition of investment accounted for using the equity method | | - | (523) |
| Proceeds from disposal of subsidiary | | - | 27,857 |
| Acquisition of property, plant and equipment | 6(29) | (687,417) | (852,287) |
| Disposal of property, plant and equipment | | 24,132 | 12,263 |
| (Decrease) increase in other non-current assets | | (3,392) | 24,868 |
| Guarantee deposits (received) paid | | (4,279) | 389 |
| Net cash flows used in investing activities | | (1,364,064) | (881,236) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Decrease in short-term borrowings | 6(30) | (783,994) | (132,139) |
| (Decrease) increase in short-term notes and bills payable | 6(30) | (1,299,227) | 999,286 |
| Increase in long-term borrowings | | 15,800,000 | 14,500,000 |
| Payment of long-term borrowings | | (15,000,000) | (14,600,000) |
| Payment of lease principal | | (162,797) | (156,771) |
| Cash dividends paid | | (2,470,288) | (1,645,984) |
| Net cash flows used in financing activities | | (3,916,306) | (1,035,608) |
| Effect of foreign exchange rate | | (48,979) | 66,094 |
| Net (decrease) increase in cash and cash equivalents | | (1,236,643) | 1,773,328 |
| Cash and cash equivalents at beginning of year | 6(1) | 5,477,800 | 3,704,472 |
| Cash and cash equivalents at end of year | 6(1) | \$ 4,241,157 | \$ 5,477,800 |

The accompanying notes are an integral part of these consolidated financial statements.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) Formosa Taffeta Co., Ltd. (the “Company”) was incorporated on April 19, 1973 under the provisions of the Company Law of the Republic of China (R.O.C.). Factories were established in Douliou City of Yulin County, R.O.C. On December 24, 1985, the Company’s common stock was officially listed on the Taiwan Stock Exchange. The major operations of the Company’s various departments are as follows:

| <u>Business departments</u> | <u>Major activities</u> |
|---|---|
| Primary department: Fabrics, dyeing and others | Amine fabrics, polyester fabrics, cotton fabrics, blending fabrics and umbrella ribs |
| Secondary department: Cord fabrics, petroleum | Cord, plastic bags, refineries for gasoline, diesel, crude oil and the related petroleum products, cotton fibers, blending fibers and protection fibers |

(2) Formosa Chemicals & Fiber Corp. has significant control over the Company since Formosa Chemicals & Fiber Corp. holds over half of the Board seats after the stockholders’ meeting on June 27, 2008. Since June 27, 2008, Formosa Chemicals & Fiber Corp. became the Company’s parent company and accordingly, the Company and its subsidiaries are included in its consolidated financial statements.

(3) As of December 31, 2023, the Company and its subsidiaries (collectively referred herein as the “Group”) had 7,218 employees.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' | January 1, 2023 |
| Amendments to IAS 12, 'International tax reform - pillar two model rules' | May 23, 2023 |

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

Amendments to IAS 12, 'International tax reform - pillar two model rules'

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). An entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements' | January 1, 2024 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|---------------------------------------|---------------------------------------|--|-------------------|-------------------|-------------|
| | | | December 31, 2023 | December 31, 2022 | |
| Formosa Taffeta Co., Ltd. | Formosa Development Co., Ltd. | Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones | 100 | 100 | |
| Formosa Taffeta Co., Ltd. | Formosa Taffeta Vietnam Co., Ltd. | Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies | 100 | 100 | |
| Formosa Taffeta Co., Ltd. | Formosa Taffeta (Hong Kong) Co., Ltd. | Sale of nylon and polyamine goods | 100 | 100 | |
| Formosa Taffeta Co., Ltd. | Formosa Taffeta (Dong Nai) Co., Ltd. | Manufacturing of nylon and polyester filament products | 100 | 100 | |
| Formosa Taffeta (Hong Kong) Co., Ltd. | Formosa Taffeta (Changshu) Co., Ltd. | Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric | 100 | 100 | |
| Formosa Taffeta (Hong Kong) Co., Ltd. | Formosa Taffeta (Zhong Shan) Co, Ltd. | Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn products | 100 | 100 | |
| Formosa Development Co., Ltd. | Public More Internation Company Ltd. | Employment service, manpower allocation and agency service etc. | 100 | 100 | |

For the years ended December 31, 2023 and 2022, except for the subsidiaries, Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta Dong Nai Co., Ltd, whose financial statements were audited by other independent auditors, the financial statements of other subsidiaries were audited by the Company's auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Reasons and impacts for reclassification of certain financial statements accounts

A. Nature and reasons for reclassification:

The Group originally applied the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” on December 31, 2022 and January 1, 2022. The funds repatriated under the regulations were deposited in a special account in the amount of USD 8,426 thousand (equivalent to \$261,259) and USD 8,426 thousand (equivalent to \$233,331), as its usage is restricted by regulations and does not comply with IAS 7, “Statement of Cash Flows” definition of cash and cash equivalents, therefore it was classified as other financial assets. However, based on the amended IFRSs Q&A by the competent authority on January 5, 2024, the regulations’ restrictions on the use of the aforementioned funds do not change the nature of the deposit, therefore the deposit should still be reported as cash and cash equivalent. In accordance with the above regulations, the Group reclassified the unused amount of deposit to cash and cash equivalent.

B. Amounts reclassified for each item or category of items:

CONSOLIDATED BALANCE SHEETS

December 31, 2022

| Affected accounts | As reported | Reclassification adjustment | As amended |
|---------------------------|--------------|--------------------------------|--------------|
| Cash and cash equivalents | \$ 5,216,541 | \$ 261,259 | \$ 5,477,800 |
| Other non-current assets | 368,000 | (261,259) | 106,741 |

January 1, 2022

| Affected accounts | As reported | Reclassification adjustment | As amended |
|---------------------------|--------------|--------------------------------|--------------|
| Cash and cash equivalents | \$ 3,471,141 | \$ 233,331 | \$ 3,704,472 |
| Other non-current assets | 364,723 | (233,331) | 131,392 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

2022

| Affected accounts | As reported | Reclassification adjustment | As amended |
|--|-------------|--------------------------------|------------|
| Decrease in non-current assets | (\$ 3,060) | \$ 27,928 | \$ 24,868 |
| Net increase in cash and cash equivalents | 1,745,400 | 27,928 | 1,773,328 |
| Cash and cash equivalents at beginning of year | 3,471,141 | 233,331 | 3,704,472 |
| Cash and cash equivalents at end of year | 5,216,541 | 261,259 | 5,477,800 |

(5) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the

Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(6) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they

are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(7) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(8) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- E. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the

derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(10) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(11) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(12) Impairment of financial assets

For financial assets at amortized cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the

weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

(15) Investments accounted for using the equity method/associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Leasing arrangements (lessor) — lease receivables/operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| <u>Items</u> | <u>Estimated useful lives</u> |
|--------------------------|-------------------------------|
| Land improvements | 3 ~ 15 years |
| Buildings | 10 ~ 60 years |
| Machinery and equipment | 2 ~ 20 years |
| Transportation equipment | 3 ~ 15 years |
| Other equipment | 2 ~ 17 years |

(18) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of the fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are

changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 27~30 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(24) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Group measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pension

(a) Defined contribution plans

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are

levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(29) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

- A. The Group manufactures and sells various fabrics, and renders services as an oil distributor. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- D. Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(32) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which

the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Impairment assessment of accounts receivable

In evaluating impairment, the Group determines future recoverability of accounts receivable based on subjective judgement and estimates, taking into consideration the customer's financial condition, internal credit rating, and historical transaction records. If the future indicators declined, the impairment of accounts receivable may be significant.

(2) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid product innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$7,857,822

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand and petty cash | \$ 104,235 | \$ 100,238 |
| Checking accounts and demand deposits | 1,830,691 | 2,032,763 |
| Time deposits | 1,837,935 | 2,916,965 |
| Commercial paper | 468,296 | 427,834 |
| | <u>\$ 4,241,157</u> | <u>\$ 5,477,800</u> |
| | | <u>January 1, 2022</u> |
| Cash on hand and petty cash | | \$ 93,645 |
| Checking accounts and demand deposits | | 1,754,873 |
| Time deposits | | 1,709,972 |
| Commercial paper | | 145,982 |
| | | <u>\$ 3,704,472</u> |

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The range of time deposit rates on December 31, 2023 and 2022 are 5.58%~5.77%, and 1.75%~4.81%, respectively.
- C. The range of commercial paper rates as of December 31, 2023 and 2022 are 1.05%~1.08% and 0.9%~0.95%, respectively.
- D. The Group repatriates the offshore fund by adopting “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, and the amount was USD 8,422 thousand, of which USD 3,004 thousand has been spent in 2023. The amount as at December 31, 2023 is USD 5,422 thousand and equivalent to \$166,494. Although the Act restricts the usage of the fund, based on the amended IFRSs Q&A by the competent authority on January 5, 2024, the Act’s restrictions on the usage of the fund does not change the nature of the deposit, therefore the deposit should still be reported as cash and cash equivalent. In addition, the Group has reclassified the amount as of December 31, 2022 and January 1, 2022. Refer to Section 4 (4) for detailed explanation.
- E. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Current items: | | |
| Equity instruments | | |
| Listed stocks | \$ 900,285 | \$ 900,285 |
| Unlisted stocks | <u>100,000</u> | <u>100,000</u> |
| | 1,000,285 | 1,000,285 |
| Valuation adjustment | <u>112,898</u> | <u>224,964</u> |
| | <u>\$ 1,113,183</u> | <u>\$ 1,225,249</u> |
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Non-current items: | | |
| Equity instruments | | |
| Listed stocks | \$ 8,163,125 | \$ 8,163,125 |
| Unlisted stocks | <u>6,647,666</u> | <u>6,647,666</u> |
| | 14,810,791 | 14,810,791 |
| Valuation adjustment | <u>17,939,547</u> | <u>17,324,657</u> |
| | <u>\$ 32,750,338</u> | <u>\$ 32,135,448</u> |

- A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$33,863,521 and \$33,360,697 as at December 31, 2023 and 2022, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-----------------------|
| | <u>2023</u> | <u>2022</u> |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognized in other comprehensive income (loss) | <u>\$ 502,824</u> | <u>(\$ 8,640,330)</u> |
| Cumulative gains reclassified to retained earnings due to derecognition | <u>\$ -</u> | <u>(\$ 502)</u> |

- C. As at December 31, 2023, and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$33,863,521 and \$33,360,697, respectively.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) Financial assets at amortised cost

| Items | December 31, 2023 | December 31, 2022 |
|--------------------|-------------------|-------------------|
| Current items: | | |
| Time deposit | \$ 112,616 | \$ 113,122 |
| Non-current items: | | |
| Time deposit | \$ 737,706 | \$ 44,092 |

A. Amounts recognized in profit or loss in relation to financial assets at amortised cost are listed below:

| | Years ended December 31, | |
|-----------------|--------------------------|----------|
| | 2023 | 2022 |
| Interest income | \$ 11,863 | \$ 2,756 |

- A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$850,322 and \$157,214, respectively.
- B. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

| | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Notes receivable | \$ 57,123 | \$ 72,548 |
| Accounts receivable | \$ 2,096,392 | \$ 2,755,139 |
| Less: Allowance for bad debts | (43,494) | (63,735) |
| | \$ 2,052,898 | \$ 2,691,404 |

A. The ageing analysis of notes and accounts receivable is as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------|-------------------|-------------------|
| Not past due | \$ 2,096,891 | \$ 2,723,483 |
| Up to 30 days | 32,249 | 63,658 |
| 31 to 90 days | 5,816 | 25,276 |
| Over 90 days | 18,559 | 15,270 |
| | \$ 2,153,515 | \$ 2,827,687 |

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$3,684,163.
- C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents

the Group's notes and accounts receivable were \$2,110,021 and \$2,763,952, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

| December 31, 2023 | | | |
|--------------------------------|----------------------|---------------------------------|---------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 1,082,441 | (\$ 124,814) | \$ 957,627 |
| Supplies | 327,985 | (2,528) | 325,457 |
| Work in process | 3,001,786 | - | 3,001,786 |
| Finished goods | 3,471,733 | (697,135) | 2,774,598 |
| Merchandise inventory | 251,076 | - | 251,076 |
| Materials in transit | 169,800 | - | 169,800 |
| Outsourced processed materials | 286,120 | - | 286,120 |
| Construction in progress | 16,552 | - | 16,552 |
| Land for construction | 74,806 | - | 74,806 |
| | <u>\$ 8,682,299</u> | <u>(\$ 824,477)</u> | <u>\$ 7,857,822</u> |
| December 31, 2022 | | | |
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 1,440,988 | (\$ 137,771) | \$ 1,303,217 |
| Supplies | 347,684 | (3,659) | 344,025 |
| Work in process | 3,295,914 | - | 3,295,914 |
| Finished goods | 4,326,355 | (668,660) | 3,657,695 |
| Merchandise inventory | 265,412 | - | 265,412 |
| Materials in transit | 315,191 | - | 315,191 |
| Outsourced processed materials | 258,610 | - | 258,610 |
| Construction in progress | 3,271 | - | 3,271 |
| Land for construction | 67,375 | - | 67,375 |
| | <u>\$ 10,320,800</u> | <u>(\$ 810,090)</u> | <u>\$ 9,510,710</u> |

Information about the inventories that were pledged to others as collateral is provided in Note 8.

The cost of inventories recognized as expense for the years ended December 31, 2023 and 2022 were as follows:

| | Years ended December 31, | |
|--------------------------|--------------------------|----------------------|
| | 2023 | 2022 |
| Cost of inventories sold | \$ 25,649,462 | \$ 30,651,657 |
| Inventory valuation loss | 14,387 | 87,530 |
| Idle capacity | 238,349 | 103,072 |
| Others (Note) | 68,873 | 111,645 |
| | <u>\$ 25,971,071</u> | <u>\$ 30,953,904</u> |

Note: Others consist of service cost, inventory overage/shortage and disposal of scrap and defective materials.

(6) Investments accounted for using equity method

| Items | December 31, 2023 | December 31, 2022 |
|---|---------------------|---------------------|
| Formosa Advanced Technologies Co., Ltd. | \$ 5,000,582 | \$ 5,278,947 |
| Formosa Industries Co., Ltd. | 1,338,654 | 1,626,376 |
| Quang Viet Enterprise Co., Ltd. | 1,414,563 | 1,429,538 |
| Schoeller Textil AG | 1,033,980 | 1,096,100 |
| Nan Ya Photonics Inc. | 176,689 | 190,818 |
| | <u>\$ 8,964,468</u> | <u>\$ 9,621,779</u> |

A. The Group's material associates have quoted market prices as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---------------------|---------------------|
| Formosa Advanced Technologies Co., Ltd. | \$ 5,310,083 | \$ 5,214,774 |
| Quang Viet Enterprise Co., Ltd. | 2,093,665 | 2,233,242 |
| | <u>\$ 7,403,748</u> | <u>\$ 7,448,016</u> |

B. Associates

(a) The basic information of the associates that are material to the Group is as follows:

| Company name | Principal place of business | Shareholding ratio | | Nature of relationship | Method of measurement |
|---|-----------------------------|--------------------|-------------------|---|-----------------------|
| | | December 31, 2023 | December 31, 2022 | | |
| Formosa Advanced Technologies Co., Ltd. | Taiwan | 30.79% | 30.79% | Investments accounted for using the equity method | Equity method |
| Formosa Industries Co., Ltd. | Vietnam | 10.00% | 10.00% | Investments accounted for using the equity method | Equity method |

(b) The summarized financial information of the associates that are material to the Group is shown below:

Balance sheets

| | Formosa Advanced Technologies Co., Ltd. | |
|----------------------------------|---|----------------------|
| | December 31, 2023 | December 31, 2022 |
| Current assets | \$ 9,573,354 | \$ 10,767,938 |
| Non-current assets | 3,690,084 | 4,001,646 |
| Current liabilities | (868,488) | (1,403,500) |
| Non-current liabilities | (587,714) | (654,795) |
| Total net assets | <u>\$ 11,807,236</u> | <u>\$ 12,711,289</u> |
| Share in associate's net assets | \$ 3,635,428 | \$ 3,913,692 |
| Difference | <u>1,365,154</u> | <u>1,365,255</u> |
| Carrying amount of the associate | <u>\$ 5,000,582</u> | <u>\$ 5,278,947</u> |

| | Formosa Industries Co., Ltd. | |
|----------------------------------|------------------------------|----------------------|
| | December 31, 2023 | December 31, 2022 |
| Current assets | \$ 9,327,230 | \$ 12,200,814 |
| Non-current assets | 18,400,041 | 18,398,953 |
| Current liabilities | (8,962,251) | (9,034,823) |
| Non-current liabilities | (6,279,826) | (6,202,534) |
| Total net assets | <u>\$ 12,485,194</u> | <u>\$ 15,362,410</u> |
| Share in associate's net assets | \$ 1,248,520 | \$ 1,536,242 |
| Difference | <u>90,134</u> | <u>90,134</u> |
| Carrying amount of the associate | <u>\$ 1,338,654</u> | <u>\$ 1,626,376</u> |

Statements of comprehensive income

| | Formosa Advanced Technologies Co., Ltd. | |
|--|---|---------------------|
| | Years ended December 31, | |
| | 2023 | 2022 |
| Revenue | \$ 7,648,594 | \$ 10,433,443 |
| Profit for the year from continuing operations | \$ 530,215 | \$ 2,055,289 |
| Other comprehensive income (loss), net of tax | 24,983 | (540,526) |
| Total comprehensive income | <u>\$ 555,198</u> | <u>\$ 1,514,763</u> |

| | Formosa Industries Co., Ltd. | |
|--|------------------------------|-----------------------|
| | Years ended December 31, | |
| | 2023 | 2022 |
| Revenue | \$ 16,407,699 | \$ 26,076,740 |
| Loss for the year from continuing operations | | |
| (Total comprehensive loss) | <u>(\$ 2,566,019)</u> | <u>(\$ 1,941,578)</u> |

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$2,625,232 and \$2,716,456, respectively.

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2023 | 2022 |
| Profit for the year from continuing operations | \$ 445,275 | \$ 1,238,019 |
| Other comprehensive income (loss), net of tax | 121,188 | (522,935) |
| Total comprehensive income | <u>\$ 566,463</u> | <u>\$ 715,084</u> |

C. Chang Shu Yu Yuan Development Co., Ltd. has implemented the liquidation procedure, and the dissolution and liquidation were completed on December 1, 2022.

In addition, Chang Shu Yu Yuan Development Co., Ltd. returned the capital amounting to HKD

7,315 thousand (equivalent to \$27,857), including HKD 4,153 thousand, which represents the book value of the investment, and the balance represents other equity interest which was recognized as gain on investment.

(Continued)

(7) Property, plant and equipment

| | 2023 | | | | | |
|--|-------------------------------|---------------------|---------------------|--|--|----------------------|
| | Land and land improvements | Buildings | Machinery | Transportation equipment and other equipment | Construction in progress and equipment to be inspected | Total |
| <u>At January 1</u> | | | | | | |
| Cost | \$ 2,182,626 | \$ 10,635,611 | \$ 23,719,256 | \$ 4,892,251 | \$ 528,177 | \$ 41,957,921 |
| Accumulated depreciation | (10,990) | (7,053,547) | (18,682,268) | (4,526,025) | - | (30,272,830) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,015,898</u> | <u>\$ 3,582,064</u> | <u>\$ 5,036,988</u> | <u>\$ 366,226</u> | <u>\$ 528,177</u> | <u>\$ 11,529,353</u> |
| Opening net book amount as at January 1 | \$ 2,015,898 | \$ 3,582,064 | \$ 5,036,988 | \$ 366,226 | \$ 528,177 | \$ 11,529,353 |
| Additions | - | - | - | 17 | 683,866 | 683,883 |
| Disposals | (2,725) | (8,533) | (5,987) | (1,656) | - | (18,901) |
| Transfers | 5,328 | 67,613 | 763,275 | 63,794 | (895,157) | 4,853 |
| Depreciation charge | - | (285,911) | (824,519) | (71,598) | - | (1,182,028) |
| Net exchange differences | (19) | (47,236) | (72,997) | (4,245) | (4,020) | (128,517) |
| Closing net book amount as at December 31 | <u>\$ 2,018,482</u> | <u>\$ 3,307,997</u> | <u>\$ 4,896,760</u> | <u>\$ 352,538</u> | <u>\$ 312,866</u> | <u>\$ 10,888,643</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 2,185,036 | \$ 10,573,307 | \$ 23,852,782 | \$ 4,900,726 | \$ 312,866 | \$ 41,824,717 |
| Accumulated depreciation | (10,816) | (7,265,310) | (18,956,022) | (4,548,188) | - | (30,780,336) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,018,482</u> | <u>\$ 3,307,997</u> | <u>\$ 4,896,760</u> | <u>\$ 352,538</u> | <u>\$ 312,866</u> | <u>\$ 10,888,643</u> |

2022

| | Land and land improvements | Buildings | Machinery | Transportation equipment and other equipment | Construction in progress and equipment to be inspected | Total |
|--|-------------------------------|---------------------|---------------------|--|--|----------------------|
| <u>At January 1</u> | | | | | | |
| Cost | \$ 2,189,875 | \$ 10,382,564 | \$ 23,290,879 | \$ 4,875,439 | \$ 408,407 | \$ 41,147,164 |
| Accumulated depreciation | (10,825) | (6,700,390) | (18,253,533) | (4,484,770) | - | (29,449,518) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,023,312</u> | <u>\$ 3,682,174</u> | <u>\$ 5,037,346</u> | <u>\$ 390,669</u> | <u>\$ 408,407</u> | <u>\$ 11,541,908</u> |
| Opening net book amount as at January 1 | \$ 2,023,312 | \$ 3,682,174 | \$ 5,037,346 | \$ 390,669 | \$ 408,407 | \$ 11,541,908 |
| Additions | - | - | - | 214 | 902,327 | 902,541 |
| Disposals | - | (4,691) | (15,197) | (1,930) | - | (21,818) |
| Transfers | (7,432) | 100,834 | 655,862 | 34,329 | (791,639) | (8,046) |
| Depreciation charge | - | (308,642) | (813,520) | (67,928) | - | (1,190,090) |
| Net exchange differences | 18 | 112,389 | 172,497 | 10,872 | 9,082 | 304,858 |
| Closing net book amount as at December 31 | <u>\$ 2,015,898</u> | <u>\$ 3,582,064</u> | <u>\$ 5,036,988</u> | <u>\$ 366,226</u> | <u>\$ 528,177</u> | <u>\$ 11,529,353</u> |
| <u>At December 31</u> | | | | | | |
| Cost | \$ 2,182,626 | \$ 10,635,611 | \$ 23,719,256 | \$ 4,892,251 | \$ 528,177 | \$ 41,957,921 |
| Accumulated depreciation | (10,990) | (7,053,547) | (18,682,268) | (4,526,025) | - | (30,272,830) |
| Accumulated impairment | (155,738) | - | - | - | - | (155,738) |
| | <u>\$ 2,015,898</u> | <u>\$ 3,582,064</u> | <u>\$ 5,036,988</u> | <u>\$ 366,226</u> | <u>\$ 528,177</u> | <u>\$ 11,529,353</u> |

- A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

| | Years ended December 31, | |
|--|--------------------------|-------------|
| | 2023 | 2022 |
| Amount capitalized | \$ 5,542 | \$ 2,867 |
| Range of the interest rates for capitalization | 1.75%~1.95% | 0.77%~1.64% |

- B. The components and useful lives of property, plant and equipment are as follows:

| Items | Significant components | Estimated useful lives |
|--------------------------|--|------------------------|
| Land improvements | Pipelines | 3 ~ 15 years |
| Buildings | Factory and gasoline stations | 10 ~ 60 years |
| Machinery and equipment | Impregnating machine, dyeing machine and other machinery equipment | 5 ~ 20 years |
| Transportation equipment | Pallet trucks and fork lift trucks | 3 ~ 15 years |
| Other equipment | Cogeneration power generation equipment | 2 ~ 17 years |

- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

- D. Certain regulations restrict ownership of land to individuals. Accordingly, the titles of land which the Company has acquired for future plant expansion is under the name of third parties. Such land titles were transferred and mortgaged to the Company. As of December 31, 2023 and 2022, the land mortgaged to the Company was \$808,300.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land. Rental contracts are typically made for periods of 3 to 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------------------|--------------------------|---------------------|
| | Carrying amount | Carrying amount |
| Right-of-use asset - land | \$ 1,004,450 | \$ 1,108,999 |
| Right-of-use asset - buildings | 112,193 | - |
| | <u>\$ 1,116,643</u> | <u>\$ 1,108,999</u> |
| | Years ended December 31, | |
| | 2023 | 2022 |
| | Depreciation charge | Depreciation charge |
| Right-of-use asset - land | \$ 157,924 | \$ 155,500 |
| Right-of-use asset - buildings | 3,869 | - |
| | <u>\$ 161,793</u> | <u>\$ 155,500</u> |

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$185,218 and \$234,095, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

| | Years ended December 31, | |
|---------------------------------------|--------------------------|-----------|
| | 2023 | 2022 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 11,100 | \$ 11,142 |
| Expense on short-term lease contracts | 6,897 | 3,287 |

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$169,694 and \$156,771, respectively.

(9) Investment property

| | 2023 | | |
|---|------------------|-------------------|-------------------|
| | Land | Buildings | Total |
| At January 1 | | | |
| Cost | \$ 15,332 | \$ 1,014,300 | \$ 1,029,632 |
| Accumulated depreciation | - | (478,003) | (478,003) |
| | <u>\$ 15,332</u> | <u>\$ 536,297</u> | <u>\$ 551,629</u> |
| Opening net book amount as at January 1 | \$ 15,332 | \$ 536,297 | \$ 551,629 |
| Depreciation charge | - | (33,057) | (33,057) |
| Net exchange differences | - | (1,329) | (1,329) |
| Closing net book amount as at December 31 | <u>\$ 15,332</u> | <u>\$ 501,911</u> | <u>\$ 517,243</u> |
| At December 31 | | | |
| Cost | \$ 15,332 | \$ 1,012,590 | \$ 1,027,922 |
| Accumulated depreciation | - | (510,679) | (510,679) |
| | <u>\$ 15,332</u> | <u>\$ 501,911</u> | <u>\$ 517,243</u> |

| | 2022 | | |
|---|------------------|-------------------|-------------------|
| | Land | Buildings | Total |
| At January 1 | | | |
| Cost | \$ 7,892 | \$ 1,012,678 | \$ 1,020,570 |
| Accumulated depreciation | - | (444,718) | (444,718) |
| | <u>\$ 7,892</u> | <u>\$ 567,960</u> | <u>\$ 575,852</u> |
| Opening net book amount as at January 1 | \$ 7,892 | \$ 567,960 | \$ 575,852 |
| Additions | 7,440 | - | \$ 7,440 |
| Depreciation charge | - | (33,068) | (33,068) |
| Net exchange differences | - | 1,405 | 1,405 |
| Closing net book amount as at December 31 | <u>\$ 15,332</u> | <u>\$ 536,297</u> | <u>\$ 551,629</u> |
| At December 31 | | | |
| Cost | \$ 15,332 | \$ 1,014,300 | \$ 1,029,632 |
| Accumulated depreciation | - | (478,003) | (478,003) |
| | <u>\$ 15,332</u> | <u>\$ 536,297</u> | <u>\$ 551,629</u> |

A. Rental income from investment property is as follows:

| | Years ended December 31, | |
|--|--------------------------|------------------|
| | 2023 | 2022 |
| Rental income from investment property | <u>\$ 61,310</u> | <u>\$ 57,689</u> |

B. The fair value of the investment property held by Group as at December 31, 2023 and 2022 were \$1,466,935 and \$1,232,703, respectively, which was based on the transaction prices of similar prices in the neighboring areas.

(10) Short-term borrowings

| Type of borrowings | December 31, 2023 | Interest rate range | Collateral |
|--------------------|---------------------|---------------------|---|
| Bank borrowings | | | |
| Credit borrowings | \$ 2,171,094 | 3.25%~6.7% | - |
| Secured borrowings | <u>80,000</u> | 1.825%~1.95% | Property, plant and equipment and Inventories |
| | <u>\$ 2,251,094</u> | | |

| <u>Type of borrowings</u> | <u>December 31, 2022</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|---|
| Bank borrowings | | | |
| Credit borrowings | \$ 2,971,053 | 3.4%~5.57% | - |
| Secured borrowings | 50,000 | 1.2%~1.83% | Property, plant and equipment and Inventories |
| Purchase loans | 14,035 | 3.35% | - |
| | <u>\$ 3,035,088</u> | | |

(11) Short-term notes and bills payable

As at December 31, 2023: None.

| | |
|---|--------------------------|
| | <u>December 31, 2022</u> |
| Commercial paper payable | \$ 1,300,000 |
| Less: Commercial paper payable discount | (773) |
| | <u>\$ 1,299,227</u> |
| Interest rate | <u>1.49%~1.51%</u> |

The abovementioned commercial paper payable was issued by International Bills Finance Corporation, Taishin International Bank, Ta Ching Bills Finance Corporation, Mega Bills Finance, Hua Nan Commercial Bank and China Bills Finance, Ltd., etc.

(12) Financial liabilities at fair value through profit or loss-current

| <u>Items</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Financial liabilities held for trading | | |
| Forward foreign exchange contracts | <u>\$ 479</u> | <u>\$ 2,826</u> |

A. For the years ended December 31, 2023 and 2022, the Company recognized \$2,347 and (\$2,826) in profit or loss in relation to financial liabilities held for trading, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

| | December 31, 2023 | | |
|------------------------------------|---|-----------------|--|
| Derivative Financial Liabilities | Contract Amount (Notional Principal) (in thousands) | Contract Period | |
| Current items: | | | |
| Forward foreign exchange contracts | | | |
| Taipei Fubon Bank | JPY 94,010 | 2023.12~2024.01 | |
| | December 31, 2022 | | |
| Derivative Financial Liabilities | Contract Amount (Notional Principal) (in thousands) | Contract Period | |
| Current items: | | | |
| Forward foreign exchange contracts | | | |
| Taipei Fubon Bank | JPY 40,660 | 2022.10~2023.01 | |
| Taipei Fubon Bank | JPY 40,000 | 2022.10~2023.01 | |
| Taipei Fubon Bank | JPY 15,170 | 2022.11~2023.01 | |
| Taipei Fubon Bank | JPY 69,830 | 2022.11~2023.02 | |

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies. However, these forward foreign exchange contracts do not meet all conditions of hedge accounting and are not accounted for under hedge accounting.

(13) Other payables

| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|---------------------|---------------------|
| Salaries and year-end bonus payable | \$ 391,646 | \$ 493,814 |
| Accrued utilities expenses | 97,748 | 96,993 |
| Commission payable | 46,193 | 61,998 |
| Payable on equipment | 65,012 | 81,778 |
| Dividends payable | 109,034 | 51,942 |
| Others | 360,821 | 339,962 |
| | <u>\$ 1,070,454</u> | <u>\$ 1,126,487</u> |

(14) Long-term borrowings

| | December 31, 2023 | December 31, 2022 |
|-------------------|--------------------|--------------------|
| Credit borrowings | \$ 10,400,000 | \$ 9,600,000 |
| Interest rate | <u>1.84%~1.97%</u> | <u>1.36%~2.10%</u> |

The long-term borrowings as of December 31, 2023 and 2022 are due in 2024-2025.

(15) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the

enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% ~ 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned employees pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 1,384,102 | \$ 1,774,598 |
| Fair value of plan assets | (1,393,922) | (1,470,618) |
| Net defined benefit liability | <u>(\$ 9,820)</u> | <u>\$ 303,980</u> |

(c) Movements in net defined benefit liabilities are as follows:

| | <u>Present value of defined benefit obligations</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liability</u> |
|--|---|--------------------------------------|--|
| <u>Year ended December 31, 2023</u> | | | |
| Balance at January 1 | \$ 1,774,598 | (\$ 1,470,618) | \$ 303,980 |
| Current service cost | 6,362 | - | 6,362 |
| Interest expense (income) | 22,182 | (18,679) | 3,503 |
| | <u>1,803,142</u> | <u>(1,489,297)</u> | <u>313,845</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | (13,381) | (13,381) |
| Experience adjustments | (261,478) | - | (261,478) |
| | <u>(261,478)</u> | <u>(13,381)</u> | <u>(274,859)</u> |
| Less: | | | |
| Pension fund contribution | - | (42,317) | (42,317) |
| Paid pension | (157,562) | 151,073 | (6,489) |
| Balance at December 31 | <u>\$ 1,384,102</u> | <u>(\$ 1,393,922)</u> | <u>\$ 9,820</u> |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|--|---|------------------------------|----------------------------------|
| <u>Year ended December 31, 2022</u> | | | |
| Balance at January 1 | \$ 1,980,093 | (\$ 1,587,866) | \$ 392,227 |
| Current service cost | 8,707 | - | 8,707 |
| Interest expense (income) | 9,900 | (8,079) | 1,821 |
| | <u>1,998,700</u> | <u>(1,595,945)</u> | <u>402,755</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | (130,839) | (130,839) |
| Change in financial assumptions | 57,779 | - | 57,779 |
| Experience adjustments | 30,004 | - | 30,004 |
| | <u>87,783</u> | <u>(130,839)</u> | <u>(43,056)</u> |
| Less: | | | |
| Pension fund contribution | - | (47,423) | (47,423) |
| Paid pension | (310,152) | 303,589 | (6,563) |
| Transfer to related party | (1,733) | - | (1,733) |
| Balance at December 31 | <u>\$ 1,774,598</u> | <u>(\$ 1,470,618)</u> | <u>\$ 303,980</u> |

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------|
| | 2023 | 2022 |
| Discount rate | 1.25% | 1.25% |
| Future salary increases | 2.85% | 2.85% |

Assumptions regarding future mortality experience are set based on the Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|----------------|----------------|-------------------------|-------------|
| | Increase 0.25% | Decrease 0.25% | Increase 1% | Decrease 1% |
| <u>December 31, 2023</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 8,236) | \$ 8,443 | \$ 36,431 | (\$ 33,749) |
| <u>December 31, 2022</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 13,248) | \$ 13,628 | \$ 56,907 | (\$ 51,965) |

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$9,865 and \$10,528, respectively.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 are \$42,317.

(h) As of December 31, 2023, the Company's weighted average duration of that retirement plan is 4.6 years.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's Mainland China subsidiaries, Formosa Taffeta (Zhong Shan) Co., Ltd., and Formosa Taffeta (Changshu) Co., Ltd., have defined contribution plans. Monthly contributions

to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of the employees' monthly salaries and wages. The contribution percentage was between 10% and 20%. Other than the monthly contributions, the Group has no further obligations.

(c) The Company's subsidiaries, Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Dong Nai) Co., Ltd., have defined contribution plans. Contributions of social security to an independent fund administered by the government in accordance with the pension regulations of local governments are based on certain percentage of employees' salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) Formosa Taffeta (Hong Kong) Co., Ltd. has defined contribution plans whereby contributions are made to the mandatory provident fund based on a percentage of the employees' salaries and wages as full-time employees' pension benefit.

(e) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$135,806 and \$137,168, respectively.

(16) Share capital

A. As of December 31, 2023, the Company's issued capital was \$16,846,646, consisting of 1,684,665,000 shares of common stock, with a par value of \$10 per share.

B. For the years ended December 31, 2023 and 2022, changes in the number of treasury stocks are as follows (in thousands of shares):

| Reason for reacquisition | Investee company | Year ended December 31, 2023 | | | |
|--|-------------------------------|------------------------------|-----------|----------|---------------|
| | | Beginning shares | Additions | Disposal | Ending shares |
| Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries | Formosa Development Co., Ltd. | 2,193 | - | - | 2,193 |

| Reason for reacquisition | Investee company | Year ended December 31, 2022 | | | |
|--|-------------------------------|------------------------------|-----------|----------|---------------|
| | | Beginning shares | Additions | Disposal | Ending shares |
| Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries | Formosa Development Co., Ltd. | 2,193 | - | - | 2,193 |

C. The abovementioned treasury stocks were acquired by the subsidiary, Formosa Development Co., Ltd., for investment purposes.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

| Year ended December 31, 2023 | | | | | |
|---|-----------------------------------|---|-------------------------------|--|------------------|
| | Treasury share transactions | Difference between consideration and carrying amount of subsidiaries acquired or disposed | Donated assets received | Changes in net equity of associates and joint ventures accounted for under equity method | Others |
| At January 1, 2023 | \$ 40,966 | \$ 1,650 | \$ 2,032 | \$ 1,280,456 | \$ 13,554 |
| Paid expired cash dividends transferred to capital surplus | - | - | - | - (383) | |
| Expired cash dividends transferred to capital surplus | - | - | - | - | 4,004 |
| Adjustment of cash dividends paid to consolidated subsidiaries | 3,290 | - | - | - | - |
| Change in the net interest of associates recognized under the equity method | - | - | - | (5,440) | - |
| At December 31, 2023 | <u>\$ 44,256</u> | <u>\$ 1,650</u> | <u>\$ 2,032</u> | <u>\$ 1,275,016</u> | <u>\$ 17,175</u> |
| Year ended December 31, 2022 | | | | | |
| | Treasury share transactions | Difference between consideration and carrying amount of subsidiaries acquired or disposed | Donated assets received | Changes in net equity of associates and joint ventures accounted for under equity method | Others |
| At January 1, 2022 | \$ 38,773 | \$ 1,650 | \$ 2,032 | \$ 1,249,276 | \$ 10,038 |
| Paid expired cash dividends transferred to capital surplus | - | - | - | - (21) | |
| Expired cash dividends transferred to capital surplus | - | - | - | - | 3,537 |
| Adjustment of cash dividends paid to consolidated subsidiaries | 2,193 | - | - | - | - |
| Change in the net interest of associates recognized under the equity method | - | - | - | 31,180 | - |
| At December 31, 2023 | <u>\$ 40,966</u> | <u>\$ 1,650</u> | <u>\$ 2,032</u> | <u>\$ 1,280,456</u> | <u>\$ 13,554</u> |

(18) Retained earnings

A. According to the R.O.C. Securities Exchange Law No. 41, a company should reserve the amount equal to any valuation or contra-account in the stockholders' equity in the fiscal year from the net income and prior unappropriated earnings as special reserve. If the valuation or contra-account in stockholders' equity belongs to prior periods, the same amount from prior period earnings should be considered special reserve and cannot be distributed. The special reserve includes:

i) Reserve for special purposes.

ii) Investment income recognized under the equity method.

iii) Net proceeds from the recognition of financial asset transactions; only when the accumulated value decreases should the special reserve be adjusted by the same amount, subject to the provisions in this section.

iv) Other special reserves set out by legal provisions.

B. The Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, the dividend policy includes cash dividends, stock dividends and capital increase by earnings recapitalization. At least 50% of the Company's distributable earnings shall be appropriated as dividends after deducting the legal reserve and special reserves. The Company would prefer distributing cash dividends. However, if significant investment measures are taken or the Company's financial structure needs to be improved, part of the dividends would be in the form of stock dividends but not to exceed 50% of the total dividends.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. The appropriations of 2022 and 2021 earnings had been resolved by the stockholders on June 16, 2023 and June 24, 2022, respectively. Details are summarized below:

| | 2022 earnings | | 2021 earnings | |
|----------------|---------------|--|---------------|--|
| | Amount | Dividends per share (in dollars) | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 344,497 | | \$ 201,758 | |
| Cash dividends | 2,526,997 | \$ 1.50 | 1,684,665 | \$ 1.00 |

E. The consolidated subsidiary, Formosa Taffeta (Zhong Shan) Co., Ltd., set aside a portion of after tax profits for the reserve fund and staff bonus welfare fund in accordance with regulations on foreign invested enterprises as set forth in the Company Law of the People's Republic of China. The percentage of after-tax profits allocated to the reserve fund must be 10% or more. Once the

amount of the reserve fund reaches 50% of the registered capital, contribution to the fund is no longer required. The percentage of after-tax profits allocated to the staff bonus welfare fund is determined by the company. No profits can be distributed before operating losses from prior years are first covered.

- F. The appropriations of 2023 earnings had been resolved by the Board of Directors on March 8, 2024. Details are summarized below:

| | 2023 earnings | |
|----------------|---------------|-------------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 71,947 | |
| Cash dividends | 438,013 | \$ 0.26 |

As of March 8, 2024, the above appropriations of 2023 earnings has not yet been resolved by the shareholders.

- G. For information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(25).

(19) Other equity items

| | Unrealized gains on valuation | Currency translation |
|--|----------------------------------|-------------------------|
| January 1, 2023 | \$ 17,309,944 | (\$ 805,905) |
| Revaluation | | |
| — Group | 502,824 | - |
| — Associates | (7,057) | - |
| Revaluation transferred to retained earnings | | |
| — Associates | 2,364 | - |
| Difference of currency translation | | |
| — Group | | (197,960) |
| — Associates | - | 90,645 |
| December 31, 2023 | <u>\$ 17,808,075</u> | <u>(\$ 913,220)</u> |
| | Unrealized gains on valuation | Currency translation |
| January 1, 2022 | \$ 26,221,380 | (\$ 1,443,502) |
| Revaluation | | |
| — Group | (8,646,157) | - |
| — Associates | (264,984) | - |
| Revaluation transferred to retained earnings | | |
| — Group | (502) | - |
| — Associates | 207 | - |
| Difference of currency translation | | |
| — Group | - | 502,918 |
| — Associates | - | 134,679 |
| December 31, 2022 | <u>\$ 17,309,944</u> | <u>(\$ 805,905)</u> |

(20) Operating revenue

| | Years ended December 31, | |
|-----------------|--------------------------|----------------------|
| | 2023 | 2022 |
| Sales revenue | \$ 28,251,350 | \$ 34,470,493 |
| Service revenue | 250,159 | 252,162 |
| | <u>\$ 28,501,509</u> | <u>\$ 34,722,655</u> |

The Group derives revenue from the transfer of goods and services at a point in time.

(21) Interest income

| | Years ended December 31, | |
|------------------------------------|--------------------------|------------------|
| | 2023 | 2022 |
| Interest income from bank deposits | <u>\$ 161,348</u> | <u>\$ 55,498</u> |

(22) Other income

| | Years ended December 31, | |
|-----------------|--------------------------|---------------------|
| | 2023 | 2022 |
| Dividend income | \$ 456,688 | \$ 1,509,242 |
| Other income | 271,668 | 217,105 |
| | <u>\$ 728,356</u> | <u>\$ 1,726,347</u> |

(23) Other gains and losses

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| Gain (loss) on disposal of property, plant and equipment | \$ 5,231 | (\$ 9,555) |
| Gains on disposals of investments | - | 6,196 |
| Foreign exchange gains | 7,060 | 364,759 |
| Forward foreign exchange contracts | | |
| Net gain (loss) on financial liabilities at fair value through profit or loss | 2,347 | (2,826) |
| Bank charges | (41,922) | (38,816) |
| Other losses | (112,199) | (75,716) |
| | <u>(\$ 139,483)</u> | <u>\$ 244,042</u> |

(24) Expenses by nature

| | Years ended December 31, | |
|---|--------------------------|---------------------|
| | 2023 | 2022 |
| Employee benefit expense | \$ 3,298,011 | \$ 3,589,310 |
| Depreciation charges | | |
| (including right-of-use assets and investment property) | 1,376,878 | 1,378,658 |
| | <u>\$ 4,674,889</u> | <u>\$ 4,967,968</u> |

(25) Employee benefit expense

| | Years ended December 31, | |
|---------------------------------|--------------------------|---------------------|
| | 2023 | 2022 |
| Wages and salaries | \$ 2,692,821 | \$ 2,960,997 |
| Labor and health insurance fees | 322,694 | 341,705 |
| Pension costs | 145,671 | 147,696 |
| Other personnel expenses | 136,825 | 138,912 |
| | <u>\$ 3,298,011</u> | <u>\$ 3,589,310</u> |

A. In accordance with the Company's Articles of Incorporation, a ratio of distributable profit of the current year after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.05%-0.5% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$976 and \$7,308, respectively; while directors' and supervisors' remuneration was accrued at \$488 and \$3,654, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current period for the year ended December 31, 2023. The employees' compensation and directors' and supervisors' remuneration for 2022 as approved by shareholders were the same as the amounts shown in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Finance costs

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| Interest expense: | | |
| Bank borrowings | \$ 343,322 | \$ 213,416 |
| Other financial expense | 11,100 | 11,142 |
| Less: Capitalization of qualifying assets | (5,542) | (2,867) |
| | <u>\$ 348,880</u> | <u>\$ 221,691</u> |

(27) Income tax

A. Income tax expense

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| Current tax: | | |
| Current tax on profit for the year | \$ 76,239 | \$ 368,177 |
| Tax on undistributed surplus earnings | 23,630 | 26 |
| Adjustments in respect of prior year | 12,397 | (12,546) |
| Total current tax | <u>112,266</u> | <u>355,657</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (5,863) | (54,424) |
| Total deferred tax | <u>(5,863)</u> | <u>(54,424)</u> |
| Income tax expense | <u>\$ 106,403</u> | <u>\$ 301,233</u> |

B. Reconciliation between income tax expense and accounting profit

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| Tax calculated based on profit before tax and statutory tax rate (Note) | \$ 149,493 | \$ 796,270 |
| Effect from permanent differences of income tax | (79,117) | (472,130) |
| Effect from temporary differences of income tax | 5,863 | 44,037 |
| Adjustments in respect of prior year | 12,397 | (12,546) |
| Net change in deferred tax assets and liabilities | (5,863) | (54,424) |
| Tax on undistributed earnings | 23,630 | 26 |
| Tax expense | <u>\$ 106,403</u> | <u>\$ 301,233</u> |

Note: The basis for computing the applicable tax rate is the rate applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

| | Year ended December 31, 2023 | | | |
|---|------------------------------|------------------------------|--|---------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deferred tax assets: | | | | |
| -Temporary differences | | | | |
| Provision for inventory obsolescence | \$ 83,455 | \$ 6,985 | \$ - | \$ 90,440 |
| Allowance for bad debts in excess of tax deductible limit | 2,503 | - | - | 2,503 |
| Unrealized gains on disposal of equipment | 277 | - | - | 277 |
| Unrealized foreign exchange loss | <u>15,954</u> | <u>(653)</u> | <u>-</u> | <u>15,301</u> |
| | <u>102,189</u> | <u>6,332</u> | <u>-</u> | <u>108,521</u> |
| Deferred tax liabilities: | | | | |
| -Temporary differences | | | | |
| Gain on adjustment of financial liability | - | (469) | - | (469) |
| Investment income accounted for under equity method | <u>(325,309)</u> | <u>-</u> | <u>-</u> | <u>(325,309)</u> |
| | <u>(325,309)</u> | <u>(469)</u> | <u>-</u> | <u>(325,778)</u> |
| | <u>(\$ 223,120)</u> | <u>\$ 5,863</u> | <u>\$ -</u> | <u>(\$ 217,257)</u> |

| Year ended December 31, 2022 | | | | |
|--|---------------------|---------------------------------|---|---------------------|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deferred tax assets: | | | | |
| -Temporary differences | | | | |
| Provision for inventory obsolescence | \$ 66,040 | \$ 17,415 | \$ - | \$ 83,455 |
| Allowance for bad debts in excess of tax deductible limit | 2,503 | - | - | 2,503 |
| Unrealized gains on disposal of equipment | 591 | (314) | - | 277 |
| Unrealized foreign exchange loss | 2,742 | 13,212 | - | 15,954 |
| | <u>71,876</u> | <u>30,313</u> | <u>-</u> | <u>102,189</u> |
| Deferred tax liabilities: | | | | |
| -Temporary differences | | | | |
| Investment income accounted for under equity method | (349,420) | 24,111 | - | (325,309) |
| | <u>(\$ 277,544)</u> | <u>\$ 54,424</u> | <u>\$ -</u> | <u>(\$ 223,120)</u> |

- D. The income tax returns of the Company, Formosa Development Co., Ltd. and Public More Internation Company Ltd. through 2021 have been assessed and approved by the Tax Authority.
- E. Starting from January 1, 2007, the enterprise income tax of Formosa Taffeta (Zhong Shan) Co., Ltd. and Formosa Taffeta (Changshu) Co., Ltd. is based on 25% of income generated within and outside Mainland China. In addition, Formosa Taffeta (Zhong Shan) Co., Ltd. was certified as high-tech enterprise by Guangdong Provincial Government and accordingly, is entitled to the applicable income tax rate of 15% for 3 years from 2021.
- F. The income tax rate of Formosa Taffeta Dong Nai Co., Ltd. was approved by the Vietnam government to be 15% for 12 years from the year of official establishment (October 2006); 20% after 12 years. Formosa Taffeta Dong Nai Co., Ltd. was granted income tax exemption for 3 years from the first profit-making year and income tax reduction of half of the 15% income tax rate or half of the 20% income tax rate for the next 4 to 10 years.
- G. In accordance with local tax regulations, the applicable income tax rate of Formosa Taffeta Vietnam Co., Ltd. was 20%.
- H. In accordance with local tax regulations, the applicable income tax rate of Formosa Taffeta (Hong Kong) Co., Ltd. was 16.5%.

(28) Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share is profit or loss attributable to the common stockholders of the Company divided by the weighted average number of outstanding common stocks for the year.

| Year ended December 31, 2023 | | | | | |
|--|---------------------|---------------------|--|------------------------------------|----------------|
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | <u>\$ 486,507</u> | <u>\$ 444,554</u> | <u>1,682,471</u> | <u>\$ 0.29</u> | <u>\$ 0.26</u> |
| Year ended December 31, 2022 | | | | | |
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | <u>\$ 3,643,302</u> | <u>\$ 3,404,981</u> | <u>1,682,471</u> | <u>\$ 2.17</u> | <u>\$ 2.02</u> |

The following is the earnings per share assuming the shares of the Company held by its subsidiary, Formosa Development Co., Ltd., are not deemed as treasury stock:

| Year ended December 31, 2023 | | | | | |
|--|---------------------|---------------------|--|------------------------------------|----------------|
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | <u>\$ 486,507</u> | <u>\$ 444,554</u> | <u>1,684,665</u> | <u>\$ 0.29</u> | <u>\$ 0.26</u> |
| Year ended December 31, 2022 | | | | | |
| | Amount | | Weighted-average outstanding common shares (in thousands) | Earnings per share (in dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| | | | | | |
| Profit attributable to owners of the parent | <u>\$ 3,643,302</u> | <u>\$ 3,404,981</u> | <u>1,684,665</u> | <u>\$ 2.16</u> | <u>\$ 2.02</u> |

- B. Employees' compensation could be distributed in the form of stock. It does not have significant effect on the financial statements and earnings per share for the years ended December 31, 2023 and 2022.

(29) Supplemental cash flow information

Investing activities with partial cash payments:

| | Years ended December 31, | |
|--|--------------------------|-------------------|
| | 2023 | 2022 |
| Purchase of property, plant and equipment | \$ 683,883 | \$ 902,541 |
| Add: Opening balance of payable on equipment | 81,778 | 50,909 |
| Ending balance of prepayment on equipment | 34,872 | 48,104 |
| Less: Ending balance of payable on equipment | (65,012) | (81,778) |
| Opening balance of prepayment on equipment | (48,104) | (67,489) |
| Cash paid during the year | <u>\$ 687,417</u> | <u>\$ 852,287</u> |

(30) Changes in liabilities from financing activities

| | Short-term borrowings | Short-term notes payable | Long-term borrowings (including current portion) | Lease liability | Liabilities from financing activities-gross |
|--|-----------------------|--------------------------|--|-------------------|---|
| At January 1, 2023 | \$ 3,035,088 | \$ 1,299,227 | \$ 9,600,000 | \$ 894,518 | \$ 14,828,833 |
| Changes in cash flow from financing activities | (783,994) | (1,299,227) | 800,000 | (162,797) | (1,446,018) |
| Changes in other non-cash items | - | - | - | 185,048 | 185,048 |
| At December 31, 2023 | <u>\$ 2,251,094</u> | <u>\$ -</u> | <u>\$ 10,400,000</u> | <u>\$ 916,769</u> | <u>\$ 13,567,863</u> |
| | Short-term borrowings | Short-term notes payable | Long-term borrowings (including current portion) | Lease liability | Liabilities from financing activities-gross |
| At January 1, 2022 | \$ 3,167,227 | \$ 299,941 | \$ 9,700,000 | \$ 811,333 | \$ 13,978,501 |
| Changes in cash flow from financing activities | (132,139) | 999,286 | (100,000) | (156,771) | 610,376 |
| Changes in other non-cash items | - | - | - | 239,956 | 239,956 |
| At December 31, 2022 | <u>\$ 3,035,088</u> | <u>\$ 1,299,227</u> | <u>\$ 9,600,000</u> | <u>\$ 894,518</u> | <u>\$ 14,828,833</u> |

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Formosa Chemicals & Fibre Corp. (incorporated in R.O.C), which owns 37.4% of the Company's shares. The ultimate controlling party of the Company is Formosa Chemicals & Fibre Corp.

(2) Names of related parties and relationship

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|---|--------------------------------------|
| Formosa Chemicals & Fibre Corporation | Ultimate parent company |
| Quang Viet Enterprise Co., Ltd. | Associate |
| Formosa Advanced Technologies Co., Ltd. | Associate |
| Formosa Industries Corp. | Associate |
| Nan Ya Photonics Inc. | Other related party |
| Schoeller Textil AG | Associate |
| Schoeller Asia Co., Ltd | Other related party |
| MAI-LIAO POWER CORPORATION | Other related party |
| Formosa Water Technology Co., Ltd. | Other related party |
| Formosa Environmental Technology Corp. | Other related party |
| Formosa Heavy Industries Corp. | Other related party |
| Formosa Biomedical Technology Corp. | Other related party |
| Formosa Petrochemical Corp. | Other related party |
| Formosa Asahi Spandex Corp. | Other related party |
| Formosa Network Technology Corp. | Other related party |
| Formosa Plastics Corp. | Other related party |
| Chang Gung Biotechnology Co., Ltd. | Other related party |
| Nan Ya Polyester Fiber (Kunshan) Corp. | Other related party |
| Nan Ya Plastics Corp. | Other related party |
| Nan Ya Technology Corp. | Other related party |
| Yugen Yueh Co.,Ltd. | Other related party |
| Yu Maowu Complex Co., Ltd. | Other related party |
| Yu Yuang Textile Co., Ltd. | Other related party |
| Yumaowu Enterprise Co., Ltd. | Other related party |
| Great King Garment Co., Ltd. | Other related party |
| KONG YOU INDUSTRIAL CO., LTD. | Other related party |
| Bellmart Industrial Co., Ltd. | Other related party |
| Toa Resin Corp. | Other related party |
| NKFG Corp. | Other related party |
| Albers & Co AG (Note) | Other related party |
| FG INC | Other related party |
| FORMOSA HA TINH (CAYMAN) LIMITED | Other related party |

Note : Schoeller Holding AG merged with its parent company, Albers & Co AG, in September 2021, with Albers & Co AG as the surviving company and Schoeller Textile AG as the dissolved company.

(3) Significant related party transactions and balances

A. Operating revenue

| | Years ended December 31, | |
|---------------------------|--------------------------|---------------------|
| | 2023 | 2022 |
| Sales of goods: | | |
| – Ultimate parent company | \$ 173 | \$ 260 |
| – Associates | 223,518 | 341,409 |
| – Other related party | 721,815 | 1,067,231 |
| | <u>\$ 945,506</u> | <u>\$ 1,408,900</u> |

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases of goods

| | Years ended December 31, | |
|-----------------------------|--------------------------|----------------------|
| | 2023 | 2022 |
| Purchases of goods: | | |
| – Ultimate parent company | \$ 1,210,479 | \$ 1,903,330 |
| – Associates | 579,218 | 1,081,196 |
| – Other related party | | |
| Formosa Petrochemical Corp. | 9,875,208 | 10,484,941 |
| Others | 752,851 | 1,103,812 |
| | <u>\$ 12,417,756</u> | <u>\$ 14,573,279</u> |

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------------|--------------------------|--------------------------|
| Notes and accounts receivable: | | |
| – Ultimate parent company | \$ 2 | \$ 4 |
| – Associates | 39,134 | 94,113 |
| – Other related party | 131,944 | 130,898 |
| | <u>\$ 171,080</u> | <u>\$ 225,015</u> |

The receivables from related parties arise mainly from sale transactions. The receivables are due 45~120 days after the date of sale. There are no provisions held against receivables from related parties.

D. Notes and accounts payable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------|--------------------------|--------------------------|
| Notes and accounts payable: | | |
| – Ultimate parent company | \$ 398,462 | \$ 559,963 |
| – Associates | 71,560 | 89,106 |
| – Other related party | | |
| Formosa Petrochemical Corp. | 434,086 | 546,996 |
| Others | 58,531 | 61,586 |
| | <u>\$ 962,639</u> | <u>\$ 1,257,651</u> |

The payables to related parties arise mainly from purchase transactions and are due 15~60 days after the date of purchase. The payables bear no interest.

E. Property transactions and investment property

Acquisition of property, plant and equipment:

| | <u>Years ended December 31,</u> | |
|---------------------|---------------------------------|---------------|
| | <u>2023</u> | <u>2022</u> |
| Other related party | <u>\$ 3,196</u> | <u>\$ 725</u> |

Acquisition of right-of-use assets:

| | <u>Years ended December 31,</u> | |
|---------------------|---------------------------------|-------------|
| | <u>2023</u> | <u>2022</u> |
| Ultimate parent | \$ 29,015 | \$ - |
| Other related party | 87,047 | - |
| | <u>\$ 116,062</u> | <u>\$ -</u> |

F. Others

(a) Formosa Taffeta (Dong Nai) Co., Ltd. was engaged by the related party, Formosa Industry, to provide management services to Nhon Trach 3 Industrial Zone. In accordance with the service consignment contract signed by Formosa Taffeta (Dong Nai) Co., Ltd. and Nhon Trach 3 Industrial Zone each year, Formosa Taffeta (Dong Nai) Co., Ltd. is responsible for managing land that is available for rent, meter reading and payment collection of water, electricity, steam and other public liquid sold to lessees in investment district, repairing and performing service on various public facilities of power plant. In accordance with the contract, Formosa Taffeta (Dong Nai) Co., Ltd.'s collectible service expense is as follows:

- i. Land lease expense: 3% of Formosa Industry's land rent revenue
- ii. Public liquid service expense: 3% of Formosa Industry's monthly sale of electricity to lessees in investment district
- iii. Management expense: the full amount of management expense collected from lessees in investment district to Formosa Industry is to be paid to the Company and its subsidiaries.

For the years ended December 31, 2023 and 2022, Formosa Taffeta (Dong Nai) Co., Ltd. has

recognized lease service income in investment district of \$40,664 and \$35,522, respectively, for rendering the abovementioned consigned services. As of December 31, 2023 and 2022, the uncollected amount of \$3,545 and \$3,187, respectively, was recognized under ‘other receivables’.

For the above land leasing, as of December 31, 2023 and 2022, the management expense and utility expense which Formosa Taffeta (Dong Nai) Co., Ltd. is due to collect from the related party, Formosa Industry, amounted to \$22,805 and \$24,933, respectively.

(b) Rent income (shown as ‘other income’)

The Group leases buildings at No. 319, 329 and 331, Henan St., Douliu City, Yunlin County, No. 497-1, Sec. Neilin, land and employees’ dorms at No. 132 and 136, Sec. Meilin river, Douliu City to Formosa Advanced Technologies Co., Ltd. Rents which were determined by reference to general rental price in local market are payable at the beginning of each month based on the mutual agreement. Rent income for the years ended December 31, 2023 and 2022 amounted to \$45,812 and \$43,027, respectively.

(c) Other income pertains to the Group’s collections and payment transfer of utilities, steam and waste disposal costs, etc. for Formosa Advanced Technologies Co., Ltd. for the years ended December 31, 2023 and 2022 amounting to \$21,020 and \$21,350, respectively.

(d) Formosa Advanced Technologies Co., Ltd. has planned to expand its plant capacity and entrusted the Group to coordinate the procurement and supervision of the construction since 2022. Under the agreement, both parties received and paid in accordance with the contract. As of December 31, 2023, the amount of \$26,821 was recognized under ‘Other current liabilities’.

(4) Key management compensation

| | Years ended December 31, | |
|---|--------------------------|----------|
| | 2023 | 2022 |
| Salaries and other short-term employee benefits | \$ 13,529 | \$ 9,703 |

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

| Item | Book Value | | Purpose |
|--|-------------------|-------------------|------------------------------------|
| | December 31, 2023 | December 31, 2022 | |
| Property, plant and equipment | \$ 134,461 | \$ 135,161 | Security for short-term borrowings |
| Inventories (Held-to-maturity land) | 17,625 | 17,610 | Security for short-term borrowings |
| | <u>\$ 152,086</u> | <u>\$ 152,771</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023, the significant commitments and contingent liabilities are the outstanding letters of credit for materials and equipment purchases with various companies listed as follows:

| <u>Currency</u> | <u>Amount</u> |
|-----------------|---------------|
| USD | \$ 674 |
| JPY | 1,488 |
| EUR | 514 |

(2) Endorsements and guarantees

As of December 31, 2023, in order to assist the subsidiaries is obtaining credit line, the Company has guaranteed the following amounts for subsidiaries:

| <u>Name of company</u> | <u>December 31, 2023</u> |
|--|--------------------------|
| Formosa Taffeta (Zhong Shan) Co., Ltd. | \$ 1,013,265 |
| Formosa Taffeta Vietnam Co., Ltd. | 1,320,315 |
| Formosa Taffeta (Changshu) Co., Ltd. | 1,688,775 |
| Formosa Taffeta Dong Nai Co., Ltd. | 4,068,413 |

(3) Contingencies - Significant lawsuit

- A. Taiwan Cooperative Bank Co., Ltd. (hereinafter referred to as TCB) filed a civil lawsuit against the Company with the Taipei District Court in September 2019. TCB claimed that the former employees of the Company colluded with New Site Industries Inc. (hereinafter referred to as New Site) and New Brite Industries Inc. (hereinafter referred to as New Brite) to make false statements. TCB was misled with the fact that New Site and New Brite has accounts receivable due from the Company, causing damage to TCB. Therefore, TCB claimed that the Company should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated April 20, 2023, the Taipei District Court has ordered that the Company is jointly liable to compensate TCB for the amount of NT\$290,657 thousand and any requested interest. However, it should be noted that the first instance ruling did not fully consider several vital defenses raised by the Company and the case remains appealable. As such, the ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. The Company has received a judgement on April 27, 2023. Consequently, the Company plans to file an appeal within the legal timeframe and engage lawyers to submit a strong defense to protect the Company's rights and interests.
- B. DBS (Taiwan) Commercial Bank Co., Ltd. (hereinafter referred to as DBS) filed a civil lawsuit against the Company and Formosa Taffeta Dong Nai (hereinafter referred to as the Formosa Dong Nai), a subsidiary of the Company with the Taipei District Court in September 2019. The former employees of the Company and Formosa Dong Nai colluded with New Site Industries Inc. (hereinafter referred to as New Site) to make the false statements. DBS was misled with the fact that New Site has accounts receivable due from the Company and Formosa Dong Nai, causing damage to DBS. Therefore, DBS claimed that the Company should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal

behavior of the former employee. In its adjudication dated December 30, 2022, the Taipei District Court has rejected the claims filed by DBS. Consequently, DBS filed an appeal in January 2023. The ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. However, the Company and Formosa Dong Nai have engaged lawyers to submit a strong defense to protect the Company's rights and interests.

- C. O-Bank filed a civil lawsuit against the Company and Formosa Taffeta Dong Nai (hereinafter referred to as the Formosa Dong Nai), a subsidiary of the Company with the Taipei District Court in February 2020. The former employees of the Company and Formosa Dong Nai colluded with I Chin Young Inc. (hereinafter referred to as I Chin Young) to make false statements. O-Bank was misled with the fact that I Chin Young has accounts receivable due from the Company and Formosa Dong Nai, causing damage to O-Bank. Therefore, O-Bank claimed that the Company and Formosa Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated February 10, 2023, the Taipei District Court has rejected the claims filed by O-Bank. O-Bank has filed an appeal in accordance with related laws. The ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. However, the Company and Formosa Dong Nai have engaged lawyers to submit a strong defense to protect the Company's rights and interests.
- D. Yuanta Commercial Bank (hereinafter referred to as YCB) filed a merger of action in criminal and civil prosecution against the Company with the Taipei District Court in October 2020. The former employees of the Company colluded with Loomtech Industries Inc. (hereinafter referred to as Loomtech) to make false statements. YCB was misled with the fact that Loomtech has accounts receivable due from the Company, causing damage to YCB. Therefore, YCB claimed that the Company should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated May 17, 2023, the Taipei District Court has rejected the claims filed by YCB. The result of above judgment was determined on August 24, 2023.
- E. Taiwan Business Bank (hereinafter referred to as TBB) filed a merger of action in criminal prosecution against the Company and its subsidiary - Formosa Taffeta Dong Nai. The former employees of the Company colluded with New Site, New Brite and I Chin Young to make false statement. TBB was misled with the fact that New Site, New Brite, I Chin Young have accounts receivable due from the Company and Formosa Taffeta Dong Nai, causing damage to TBB. Therefore, TBB claimed that the Company and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employees. As the case is still under trial proceedings, the ultimate outcome and amount of the lawsuit cannot presently be determined. However, the Company has engaged a lawyer to submit a strong defense to protect the Company's rights and interests.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. Refer to Note 6(18) F for the distribution of 2023 earnings which was proposed by the Board of Directors on March 8, 2024.
- B. The Group will allocate cash dividends from additional paid-in capital amounting to \$404,320 (\$0.24 (in dollars) per share) as proposed by the Board of Directors on March 8, 2024.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current, non-current borrowings and short-term notes and bills payable' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2023, the Group's strategy was unchanged from 2022. The gearing ratios at December 31, 2023 and 2022 were as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Total borrowings | \$ 12,651,094 | \$ 13,934,315 |
| Less: Cash and cash equivalents | (4,241,157) | (5,477,800) |
| Net debt | 8,409,937 | 8,456,515 |
| Total equity | 54,351,972 | 55,767,215 |
| Total capital | <u>\$ 62,761,909</u> | <u>\$ 64,223,730</u> |
| Gearing ratio | <u>13%</u> | <u>13%</u> |

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at fair value through other comprehensive income | 33,863,521 | 33,360,697 |
| Financial assets at amortized cost | <u>7,608,523</u> | <u>8,946,646</u> |
| | <u>\$ 41,472,044</u> | <u>\$ 42,307,343</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at fair value through profit or loss | \$ 479 | \$ 2,826 |
| Financial liabilities at amortized cost | 15,496,965 | 17,379,381 |
| Lease liabilities | <u>916,769</u> | <u>894,518</u> |
| | <u>\$ 16,414,213</u> | <u>\$ 18,276,725</u> |

Note: Financial assets at amortized cost includes cash and cash equivalents, notes and accounts receivable (including related parties), financial assets at amortized cost and other receivables; financial liabilities at amortized cost includes short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables and long-term borrowings.

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on unpredictable factors in financial market, and aim to reduce unfavorable impact on financial position and financial performance.
- (b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Some of the Group's transactions are conducted in foreign currencies, which are subject to exchange rate fluctuation. The information on foreign currency denominated assets and liabilities are as follows:

| December 31, 2023 | | | |
|------------------------------|------------------|---------------|--------------|
| | Foreign Currency | | Book Value |
| | Amount | Exchange Rate | (NTD) |
| | (In Thousands) | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 90,757 | 30.74 | \$ 2,789,870 |
| JPY:NTD | 601,985 | 0.22 | 132,437 |
| USD:RMB | 15,589 | 7.08 | 479,206 |
| USD:VND | 20,507 | 24,242.90 | 630,385 |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 4,992,790,221 | 0.0013 | 6,490,627 |
| RMB:NTD | 766,759 | 4.34 | 3,327,734 |
| HKD:NTD | 311,163 | 3.93 | 1,222,871 |
| CHF:NTD | 28,340 | 36.485 | 1,033,985 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 70,623 | 24,242.9 | 2,170,951 |

| December 31, 2022 | | | |
|------------------------------|------------------|---------------|--------------|
| | Foreign Currency | | Book Value |
| | Amount | Exchange Rate | (NTD) |
| | (In Thousands) | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 139,891 | 30.71 | \$ 4,296,053 |
| EUR:NTD | 4,074 | 32.72 | 133,301 |
| USD:RMB | 23,785 | 6.97 | 730,437 |
| USD:VND | 26,173 | 23,604.92 | 803,773 |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 5,278,747,118 | 0.0013 | 6,862,371 |
| RMB:NTD | 736,584 | 4.41 | 3,248,335 |
| HKD:NTD | 308,825 | 3.93 | 1,213,682 |
| CHF:NTD | 33,010 | 33.21 | 1,096,262 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 93,345 | 23,604.92 | 2,866,625 |

- ii. The total exchange (loss) income, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$7,060 and \$364,759, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| Year ended December 31, 2023 | | | |
|------------------------------|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 27,899 | \$ - |
| JPY:NTD | 1% | 1,324 | - |
| USD:RMB | 1% | 4,792 | - |
| USD:VND | 1% | 6,304 | - |

| Year ended December 31, 2023 | | | |
|------------------------------|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 1% | - | 64,906 |
| RMB:NTD | 1% | - | 33,277 |
| HKD:NTD | 1% | - | 12,229 |
| CHF:NTD | 1% | - | 10,340 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 1% | 21,710 | - |

| Year ended December 31, 2022 | | | |
|------------------------------|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 42,961 | \$ - |
| EUR:NTD | 1% | 1,333 | - |
| USD:RMB | 1% | 7,304 | - |
| USD:VND | 1% | 8,038 | - |
| <u>Non-monetary items</u> | | | |
| VND:NTD | 1% | - | 68,624 |
| RMB:NTD | 1% | - | 32,483 |
| HKD:NTD | 1% | - | 12,137 |
| CHF:NTD | 1% | - | 10,963 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:VND | 1% | 28,666 | - |

Price risk

- i The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares, open-end funds and beneficiary certificates issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$5 and \$23, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$338,635 and \$333,607, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in the NTD and USD.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$83,200 and \$76,800, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's accounts receivable and contract assets in accordance with product types and customer types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group uses the forecastability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. As of December 31, 2023 and 2022, the provision matrix is as follows:

| | <u>Not past due</u> | <u>Up to 30 days past due</u> | <u>31~90 days past due</u> | <u>Over 90 days past due</u> | <u>Total</u> |
|-----------------------------|---------------------|-----------------------------------|--------------------------------|--------------------------------------|--------------|
| <u>At December 31, 2023</u> | | | | | |
| Expected loss rate | 1% | 10% | 72% | 100% | |
| Total book value | \$ 2,096,891 | \$ 32,249 | \$ 5,816 | \$ 18,559 | \$ 2,153,515 |
| Loss allowance | 17,370 | 3,363 | 4,202 | 18,559 | 43,494 |
| | <u>Not past due</u> | <u>Up to 30 days past due</u> | <u>31~90 days past due</u> | <u>Over 90 days past due</u> | <u>Total</u> |
| <u>At December 31, 2022</u> | | | | | |
| Expected loss rate | 1% | 13% | 47% | 100% | |
| Total book value | \$ 2,723,483 | \$ 63,658 | \$ 25,276 | \$ 15,270 | \$ 2,827,687 |
| Loss allowance | 28,169 | 8,461 | 11,835 | 15,270 | 63,735 |

- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and contract assets are as follows:

| | <u>2023</u> | |
|-----------------------------|-------------------------|----------------------------|
| | <u>Notes receivable</u> | <u>Accounts receivable</u> |
| At January 1 | \$ - | (\$ 63,735) |
| Reversal of impairment loss | - | 19,927 |
| Effect of foreign exchange | - | 314 |
| At December 31 | \$ - | (\$ 43,494) |

| | 2022 | |
|----------------------------|------------------|---------------------|
| | Notes receivable | Accounts receivable |
| At January 1 | \$ - | (\$ 62,795) |
| Effect of foreign exchange | - | (940) |
| At December 31 | \$ - | (\$ 63,735) |

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, commercial paper and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of \$38,850,765 and \$38,634,214, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|--|---------------------|--------------------------|--------------------------|----------------------|
| Long-term borrowings (including current portion) | | | | |
| December 31, 2023 | \$ 197,767 | \$ 10,523,977 | \$ - | \$ - |
| December 31, 2022 | 470 | 8,340,829 | 1,429,000 | - |
| Lease liability | | | | |
| December 31, 2023 | \$ 155,278 | \$ 142,596 | \$ 358,247 | \$ 260,648 |
| December 31, 2022 | 141,747 | 123,682 | 303,895 | 325,194 |

- (d) The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in some unlisted stocks and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable (including related parties), accounts receivable (including related parties), other receivables, short-term borrowings, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

| <u>December 31, 2023</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|----------------------|-------------------|---------------------|----------------------|
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through other | | | | |
| comprehensive income | | | | |
| Equity securities | <u>\$ 30,868,835</u> | <u>\$ 322,900</u> | <u>\$ 2,671,786</u> | <u>\$ 33,863,521</u> |
| Liabilities: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial liabilities at fair | | | | |
| value through profit or loss | | | | |
| Forward exchange contracts | <u>\$ -</u> | <u>\$ 479</u> | <u>\$ -</u> | <u>\$ 479</u> |

| <u>December 31, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------------|-------------------|---------------------|----------------------|
| Assets: | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>\$ 30,618,039</u> | <u>\$ 333,000</u> | <u>\$ 2,409,658</u> | <u>\$ 33,360,697</u> |
| Liabilities: | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Forward exchange contracts | <u>\$ -</u> | <u>\$ 2,826</u> | <u>\$ -</u> | <u>\$ 2,826</u> |

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | <u>Listed shares</u> | <u>Open-end fund</u> |
|---------------------|----------------------|------------------------|
| | <u>Closing price</u> | <u>Net asset value</u> |
| Market quoted price | | |

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques such as current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including applying a model using market information available at the consolidated balance sheet date.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

- E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

| | Year ended December 31, 2023 | |
|--|-----------------------------------|-----------|
| | Non-derivative equity instruments | |
| At January 1 | \$ | 2,409,658 |
| Recorded as unrealized gains on valuation of investments in equity instruments measured at fair value through other comprehensive income | | 262,128 |
| At December 31 | \$ | 2,671,786 |

| | Year ended December 31, 2022 | |
|---|-----------------------------------|------------|
| | Non-derivative equity instruments | |
| At January 1 | \$ | 4,880,688 |
| Recorded as unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income | (| 2,470,528) |
| Sold during the year | (| 502) |
| At December 31 | \$ | 2,409,658 |

- F. The accounting department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

The accounting department sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the supervisor of accounting department monthly. The supervisor is responsible for managing and reviewing valuation processes.

- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 2023 | Valuation technique | Significant unobservable input | Relationship of inputs to fair value |
|---|---------------------------------------|-----------------------------------|---|---|
| Non-derivative equity instrument: | | | | |
| Unlisted shares | \$ 97,093 | Market comparable companies | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value |
| | 2,574,693 | Net asset value | Not applicable | Not applicable |

| | Fair value at December 31, 2022 | Valuation technique | Significant unobservable input | Relationship of inputs to fair value |
|---|---------------------------------------|-----------------------------------|---|---|
| Non-derivative equity instrument: | | | | |
| Unlisted shares | \$ 90,521 | Market comparable companies | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value |
| | 2,319,137 | Net asset value | Not applicable | Not applicable |

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2023 | |
|-------------------|--|--------|------------------------------|---------------------|
| | | | Recognized in profit or loss | |
| | Input | Change | Favourable change | Unfavourable change |
| Financial assets | | | | |
| Equity instrument | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | ±1% | \$ 971 | \$ 971 |
| | | | December 31, 2022 | |
| | | | Recognized in profit or loss | |
| | Input | Change | Favourable change | Unfavourable change |
| Financial assets | | | | |
| Equity instrument | Price to earnings ratio multiple, price to book ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability | ±1% | \$ 905 | \$ 905 |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2), 6(13) and 12(2).

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

A. The Group operates and sets policies from product and service perspective; thus, management also identifies reportable segments using the same method.

B. The Group has three reportable segments: First business group, Second business group consisting of Cord fabric department and Gasoline department. Details are as follows:

(a) First business group: Mainly produces and sells woven, dyeing and finishing products and manages plants of overseas subsidiaries—Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Hong Kong) Co., Ltd., etc.

(b) Cord fabric department: Mainly produces and provides tire cords.

(c) Gasoline department: Mainly operates gasoline stations, sells gasoline and provides car washing.

(2) Measurement of segment information

The measurement based on each operating segment's profit before tax excludes the effects of non-recurring expenditure, i.e. from the unrealized gain or loss on financial instruments. Furthermore, interest income and expense are not allocated to operating segments.

(3) Information about segment profit or loss and assets

| | Year ended December 31, 2023 | | | | | Total |
|---|------------------------------|------------------------|----------------------|---------------------|--------------------------|----------------------|
| | First business group | Second business group | | | Adjustment and write-off | |
| | | Cord fabric department | Gasoline department | Other segment | | |
| <u>Segment revenue</u> | | | | | | |
| Revenue from external customers | \$ 11,615,166 | \$ 3,894,056 | \$ 11,256,091 | \$ 1,736,196 | \$ - | \$ 28,501,509 |
| Inter-segment revenue | 582,511 | 123,656 | - | 229,081 | (935,248) | - |
| Total segment revenue | <u>\$ 12,197,677</u> | <u>\$ 4,017,712</u> | <u>\$ 11,256,091</u> | <u>\$ 1,965,277</u> | <u>(\$ 935,248)</u> | <u>\$ 28,501,509</u> |
| Segment income | <u>\$ 629,564</u> | <u>(\$ 372,361)</u> | <u>\$ 322,879</u> | <u>\$ 21,489</u> | <u>(\$ 50,614)</u> | <u>\$ 550,957</u> |
| <u>Segment assets</u> | | | | | | |
| Identifiable assets | <u>\$ 12,872,824</u> | <u>\$ 4,983,579</u> | <u>\$ 1,206,975</u> | <u>\$ 2,073,969</u> | <u>(\$ 109,781)</u> | \$ 21,027,566 |
| Investments accounted for using the equity method | | | | | | 8,964,468 |
| General assets | | | | | | 41,672,748 |
| Total assets | | | | | | <u>\$ 71,664,782</u> |

| Year ended December 31, 2022 | | | | | |
|--|-------------------------|---------------------------|------------------------|---------------------|-----------------------------|
| | First business group | Second business group | | | Total |
| | | Cord fabric department | Gasoline department | Other segment | Adjustment and write-off |
| <u>Segment revenue</u> | | | | | |
| Revenue from external customers | \$ 14,291,652 | \$ 6,569,208 | \$ 11,681,398 | \$ 2,180,397 | \$ - |
| Inter-segment revenue | 1,029,934 | 373,280 | - | 192,057 | (1,595,271) |
| Total segment revenue | <u>\$ 15,321,586</u> | <u>\$ 6,942,488</u> | <u>\$ 11,681,398</u> | <u>\$ 2,372,454</u> | <u>(\$ 1,595,271)</u> |
| Segment income | <u>\$ 3,051,168</u> | <u>\$ 307,778</u> | <u>\$ 384,809</u> | <u>\$ 253,562</u> | <u>(\$ 291,103)</u> |
| <u>Segment assets</u> | | | | | |
| Identifiable assets | <u>\$ 10,889,106</u> | <u>\$ 8,940,298</u> | <u>\$ 1,217,468</u> | <u>\$ 3,322,437</u> | <u>(\$ 340,279)</u> |
| Investments accounted for using the equity method | | | | | 9,621,779 |
| General assets | | | | | 41,759,026 |
| Total assets | | | | | <u>\$ 75,409,835</u> |

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

B. The total consolidated profit after adjustment and reconciliation information for profit after tax of reportable segments are provided in Note 14(3).

(5) Information on product and service

Refer to Note 6(20).

(6) Geographical information

| | Year ended December 31, 2023 | | | |
|--|------------------------------|----------------------|-----------------------------|----------------------|
| | Taiwan | Asia | Adjustment and write-off | Consolidated |
| Revenue from customers other than parent company and consolidated subsidiaries | \$ 21,796,967 | \$ 6,704,542 | \$ - | \$ 28,501,509 |
| Revenue from parent company and consolidated subsidiaries | 255,308 | 679,940 | (935,248) | - |
| Total revenue | <u>\$ 22,052,275</u> | <u>\$ 7,384,482</u> | <u>(\$ 935,248)</u> | <u>\$ 28,501,509</u> |
| Segment income (loss) | <u>\$ 271,101</u> | <u>\$ 330,470</u> | <u>(\$ 50,614)</u> | <u>\$ 550,957</u> |
| Identifiable assets | <u>\$ 14,542,868</u> | <u>\$ 6,594,479</u> | <u>(\$ 109,781)</u> | \$ 21,027,566 |
| Investments accounted for under the equity method | | | | 8,964,468 |
| General assets | | | | 41,672,748 |
| | | | | <u>\$ 71,664,782</u> |
| | Year ended December 31, 2022 | | | |
| | Taiwan | Asia | Adjustment and write-off | Consolidated |
| Revenue from customers other than parent company and consolidated subsidiaries | \$ 25,986,481 | \$ 8,736,174 | \$ - | \$ 34,722,655 |
| Revenue from parent company and consolidated subsidiaries | 240,613 | 1,354,658 | (1,595,271) | - |
| Total revenue | <u>\$ 26,227,094</u> | <u>\$ 10,090,832</u> | <u>(\$ 1,595,271)</u> | <u>\$ 34,722,655</u> |
| Segment income (loss) | <u>\$ 3,614,649</u> | <u>\$ 382,668</u> | <u>(\$ 291,103)</u> | <u>\$ 3,706,214</u> |
| Identifiable assets | <u>\$ 17,572,482</u> | <u>\$ 6,739,730</u> | <u>(\$ 283,182)</u> | \$ 24,029,030 |
| Investments accounted for under the equity method | | | | 9,621,779 |
| General assets | | | | 41,759,026 |
| | | | | <u>\$ 75,409,835</u> |

(7) Major customer information

None.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 3,8) | Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4) | Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 3,8) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/g uarantees to the party in Mainland China (Note 7) | Footnote |
|--------------------|------------------------------|---|--|---|---|---|---|--|--|--|--|--|---|----------|
| | | Company name | Relationship with the endorser/ guarantor (Note 2) | | | | | | | | | | | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | 2 | \$ 35,328,782 | \$ 1,070,025 | \$ 1,013,265 | \$ - | \$ - | 1.86 | \$ 70,657,564 | Y | N | Y | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA VIETNAM CO., LTD. | 2 | 35,328,782 | 1,615,440 | 1,320,315 | 99,540 | - | 2.43 | 70,657,564 | Y | N | N | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA (CHANGSHU) CO., LTD. | 2 | 35,328,782 | 1,783,375 | 1,688,775 | 97,237 | - | 3.11 | 70,657,564 | Y | N | Y | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA DONG NAI CO., LTD. | 2 | 35,328,782 | 4,296,313 | 4,068,413 | 1,957,634 | - | 7.49 | 70,657,564 | Y | N | N | |

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories.

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 1.3 times of the Company's net assets, and limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Securities held by | Marketable securities (Note 1) | Relationship with the securities issuer (Note 2) | General ledger account | As of December 31, 2023 | | | | Footnote (Note 4) |
|----------------------------------|--|---|--|-------------------------|------------------------|---------------|------------|----------------------|
| | | | | Number of shares | Book value (Note 3) | Ownership (%) | Fair value | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | Ultimate parent company | Current financial assets at fair value through other comprehensive income | 12,169,610 | \$ 758,167 | 0.21 | \$ 758,167 | |
| FORMOSA TAFFETA CO., LTD. | PACIFIC ELECTRIC WIRE AND CABLE CO., LTD. | - | Current financial assets at fair value through other comprehensive income | 35 | - | - | - | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PLASTICS CORPORATION | Other related party | Current financial assets at fair value through other comprehensive income | 640 | 50 | - | 50 | |
| FORMOSA TAFFETA CO., LTD. | NAN YA PLASTICS CORPORATION | Other related party | Current financial assets at fair value through other comprehensive income | 482,194 | 32,066 | 0.01 | 32,066 | |
| FORMOSA TAFFETA CO., LTD. | ASIA PACIFIC INVESTMENT CO. (APIC) | Other related party | Current financial assets at fair value through other comprehensive income | 10,000,000 | 322,900 | 2.35 | 322,900 | |
| FORMOSA TAFFETA CO., LTD. | NAN YA TECHNOLOGY CORPORATION | Other related party | Non-current financial assets at fair value through other comprehensive income | 7,711,010 | 601,459 | 0.25 | 601,459 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PETROCHEMICAL CORP. | Other related party | Non-current financial assets at fair value through other comprehensive income | 365,267,576 | 29,477,093 | 3.83 | 29,477,093 | |
| FORMOSA TAFFETA CO., LTD. | SYNTRONIX CORPORATION | - | Non-current financial assets at fair value through other comprehensive income | 234,166 | 9,146 | 0.54 | 9,146 | |
| FORMOSA TAFFETA CO., LTD. | TOA RESIN CORPORATION LIMITED | Other related party | Non-current financial assets at fair value through other comprehensive income | 14,400 | 40,579 | 10.00 | 40,579 | |
| FORMOSA TAFFETA CO., LTD. | SHIN YUN GAS CO., LTD. | - | Non-current financial assets at fair value through other comprehensive income | 948,409 | 28,984 | 1.20 | 28,984 | |
| FORMOSA TAFFETA CO., LTD. | FG INC | Other related party | Non-current financial assets at fair value through other comprehensive income | 600 | 264,331 | 3.00 | 264,331 | |
| FORMOSA TAFFETA CO., LTD. | NKFG | Other related party | Non-current financial assets at fair value through other comprehensive income | 1,838,426 | 18,384 | 1.16 | 18,384 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA HA TINH (CAYMAN) LIMITED | Other related party | Non-current financial assets at fair value through other comprehensive income | 209,010,676 | 2,310,362 | 3.85 | 2,310,362 | |
| FORMOSA DEVELOPMENT CO., LTD. | FORMOSA TAFFETA CO., LTD. | Parent company | Non-current financial assets at fair value through other comprehensive income | 2,193,228 | 55,269 | 0.13 | 55,269 | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

| Differences in transaction terms compared to third party transactions | | | | | | | | | | | |
|---|---|------------------------------------|-------------------|----------------|---------------------------------------|--|------------|-------------|---------------------|---|-------------------|
| Percentage of total purchases (sales) | | | | | | | | | | | |
| Notes/accounts receivable (payable) | | | | | | | | | | | |
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Footnote (Note 2) |
| FORMOSA TAFFETA CO., LTD. | QUANG VIET ENTERPRISE CO., LTD. | Associate | Sales | (\$ 118,339) (| 0.54) | Pay by mail transfer 60 days after delivery | - | - | Accounts receivable | \$ 17,199 | 1.32 |
| FORMOSA TAFFETA CO., LTD. | YUGEN YUEH CO., LTD. DONG NAI CO., LTD. | Other related party | Sales | (236,157) (| 1.07) | Pay 120 days after delivery | - | - | Accounts receivable | 67,839 | 5.21 |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA DONG NAI CO., LTD. | Subsidiary | Sales | (196,657) (| 0.89) | 60 days after monthly billings | - | - | Accounts receivable | 27,131 | 2.09 |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PETROCHEMICAL CORPORATION | Other related party | Purchases | 9,875,208 | 56.15 | Pay every 15 days by mail transfer | - | - | Accounts payable | (434,086) (| 54.42) |
| FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | Ultimate parent company | Purchases | 857,753 | 4.88 | Draw promissory notes due in 2 months after inspection | - | - | Notes payable | (122,578) (| 51.50) |
| | | | | | | | | | Accounts payable | (234,985) (| 29.46) |
| FORMOSA TAFFETA CO., LTD. | NAN YA PLASTICS CORPORATION | Other related party | Purchases | 478,134 | 2.72 | Pay every 15 days by mail transfer | - | - | Accounts payable | (37,275) (| 4.67) |
| FORMOSA TAFFETA CO., LTD. | FORMOSA PLASTICS CORP. | Other related party | Purchases | 179,834 | 1.02 | Pay every 15 days by mail transfer | - | - | Accounts payable | (8,332) (| 1.04) |
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | FORMOSA TAFFETA (CHANGSHU) CO.,LTD. | Associate | Sales | (112,485) (| 7.93) | 60 days after monthly billings | - | - | Accounts receivable | 27,257 | 21.95 |
| FORMOSA TAFFETA VIETNAM CO., LTD. | FORMOSA INDUSTRY CO., LTD | Associate | Purchases | 108,724 | 8.86 | 60 days after monthly billings | - | - | Accounts payable | (9,707) (| 8.55) |
| FORMOSA TAFFETA DONG NAI CO., LTD. | KWANG VIET INDUSTRY CO., LTD. | Other related party | Sales | (138,335) (| 4.76) | 60 days after monthly billings | - | - | Accounts receivable | 34,555 | 7.10 |
| FORMOSA TAFFETA DONG NAI CO., LTD. | FORMOSA TAFFETA CO.,LTD. | Parent company | Sales | (143,159) (| 4.92) | 60 days after monthly billings | - | - | Accounts receivable | 15,302 | 3.15 |
| FORMOSA TAFFETA DONG NAI CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | Ultimate parent company | Purchases | 301,538 | 17.55 | 60 days after monthly billings | - | - | Accounts payable | (19,586) (| 11.00) |
| FORMOSA TAFFETA DONG NAI CO., LTD. | FORMOSA INDUSTRY CO., LTD | Associate | Purchases | 459,934 | 26.77 | 60 days after monthly billings | - | - | Accounts payable | (61,853) (| 34.73) |
| FORMOSA TAFFETA DONG NAI CO., LTD. | FORMOSA TAFFETA VIETNAM CO.,LTD. | Associate | Sales | (179,060) (| 6.16) | 60 days after monthly billings | - | - | Accounts payable | 12,897 | 2.65 |

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4:The transactions are disclosed by presenting revenues. The related transactions are not disclosed.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---------------------------|--|--------------------------|------------------------|------------|---|---|
| | | | | General ledger account | Amount | | |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | 1 | Purchases | \$ 857,753 | Draw promissory notes due in 2 months after inspection | 3.01 |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | 1 | Notes payable | 122,578 | Draw promissory notes due in 2 months after inspection | 0.17 |
| 0 | FORMOSA TAFFETA CO., LTD. | FORMOSA CHEMICALS & FIBRE CORPORATION | 1 | Accounts payable | 234,985 | Draw promissory notes due in 2 months after inspection | 0.33 |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The amount of transactions which is listed in the table is determined by its material.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
Information on investees
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee (Notes 1 and 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2023 | | | Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2)) | Investment income (loss) recognized by the company for the year ended December 31, 2023 (Note 2(3)) | Footnote |
|---------------------------|---|-------------|---|------------------------------------|------------------------------------|-------------------------------------|---------------|--------------|---|---|----------|
| | | | | Balance as at December 31, 2023 | Balance as at December 31, 2022 | Number of shares | Ownership (%) | Book value | | | |
| | | | | | | | | | | | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA (HONG KONG) CO., LTD. | Hong Kong | Sale of spun fabrics and filament textile | \$ 2,758,947 | \$ 2,758,947 | - | 100.00 | \$ 3,506,150 | \$ 161,901 | \$ 161,901 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA ADVANCED TECHNOLOGIES CO., LTD. | Taiwan | IC assembly, testing and modules | 1,762,711 | 1,762,711 | 135,686,472 | 30.68 | 4,983,531 | 530,215 | 162,670 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA DEVELOPMENT CO., LTD. | Taiwan | Handling urban land consolidation, development, rent and sale of industrial plants, residences and building | 114,912 | 114,912 | 16,100,000 | 100.00 | 186,420 | 8,658 | 5,369 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA VIETNAM CO., LTD. | Vietnam | Production, processing, further processing various yam and cotton cloth, and dyeing and finishing clothes, curtains, towels, bed covers and carpets | 1,709,221 | 1,709,221 | - | 100.00 | 2,318,906 | 46,382 | 46,382 | |
| FORMOSA TAFFETA CO., LTD. | QUANG VIET ENTERPRISE CO., LTD. | Taiwan | Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products | 213,771 | 213,771 | 18,595,352 | 17.98 | 1,412,835 | 734,189 | 129,188 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA INDUSTRIES CORPORATION | Vietnam | Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation | 1,987,122 | 1,987,122 | - | 10.00 | 1,338,654 | (2,566,019) | (256,602) | |
| FORMOSA TAFFETA CO., LTD. | SCHOELLER TEXTIL AG | Switzerland | Textile R&D, production and sales | 1,285,507 | 1,285,507 | 21,874 | 50.00 | 1,033,980 | (364,496) | (182,248) | |

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
Information on investees
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee (Notes 1 and 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2023 | | | Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2)) | Investment income (loss) recognized by the company for the year ended December 31, 2023 (Note 2(3)) | Footnote |
|--|---|----------|--|------------------------------------|------------------------------------|-------------------------------------|---------------|------------|---|---|----------|
| | | | | Balance as at December 31, 2023 | Balance as at December 31, 2022 | Number of shares | Ownership (%) | Book value | | | |
| | | | | | | | | | | | |
| FORMOSA TAFFETA CO., LTD. | NAN YA PHOTONICS INCORPORATION | Taiwan | Manufacturing, installing, and supervising the engineer design of LED illumination systems/illumination arrangements | \$ 263,327 | \$ 263,327 | 7,013,871 | 15.22 | \$ 176,689 | \$ 100,619 | \$ 15,312 | |
| FORMOSA TAFFETA CO., LTD. | FORMOSA TAFFETA DONG NAI CO., LTD. | Vietnam | Production, processing and sale of various dyeing and finishing textiles and yarn | 2,806,938 | 2,806,938 | - | 100.00 | 2,673,298 | (166,985) | (166,985) | |
| FORMOSA DEVELOPMENT CO., LTD. | FORMOSA ADVANCED TECHNOLOGIES CO., LTD. | Taiwan | IC assembly, testing and modules | 21,119 | 21,119 | 469,500 | 0.11 | 17,051 | 530,215 | 563 | |
| FORMOSA DEVELOPMENT CO., LTD. | PUBLIC MORE INTERNATIONAL COMPANY LTD. | Taiwan | Employment service, manpower allocation and agency service etc | 5,000 | 5,000 | - | 100.00 | 16,615 | 6,129 | 6,129 | |
| PUBLIC MORE INTERNATIONAL COMPANY LTD. | QUANG VIET ENTERPRISE CO., LTD. | Taiwan | Processing and producon of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products | 1,591 | 1,591 | 15,000 | 0.01 | 1,728 | 734,189 | 97 | |

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, ‘Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.
- (2)The ‘Net profit (loss) of the investee for the year ended December 31, 2023’ column should fill in amount of net profit (loss) of the investee for this period.
- (3)The ‘Investment income (loss) recognized by the Company for the year ended December 31, 2023’ column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 | Net income of investee for the year ended December 31, 2023 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2) | Book value of investments in Mainland China as of December 31, 2023 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 | Footnote |
|---|--|-----------------|-------------------------------|--|--|-------------------------------|---|--|--|--|---|---|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | Production and sales of polyester and polyamide fabrics | \$ 1,402,085 | (2) | \$ 1,402,085 | \$ - | \$ - | \$ 1,402,085 | \$ 135,070 | 100.00 | \$ 135,070 | \$ 2,283,279 | \$ 43,914 | Note 3 |
| FORMOSA TAFFETA (CHANGSHU) CO., LTD. | Weaving and dyeing as well as post dressing of high-grade loomage face fabric | 1,302,019 | (2) | 1,334,739 | - | - | 1,334,739 | 25,632 | 100.00 | 25,632 | 1,087,466 | - | Note 4 |

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: The amount of 'Investment income (loss) recognized by the Company for the year ended December 31, 2023 was based on the financial statements that were audited by the the Company's auditors.

Note 3: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 and December 31, 2023 are both US\$46,400,000 (remitted out US\$46,388,800 and equipment amounted to US\$11,200).

Note 4: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China was US\$42,000,000. Formosa Taffeta (Changshu) Co., Ltd. reduced its capital amounting to US\$900,000 and divided the housing land to establish a new company named Changshu Fushun Enterprise Management Co., Ltd. in March 2015. Thus, the original currency of paid-in capital and accumulated amount of remittance from Taiwan as of December 31, 2023 was US\$41,100,000. Chang Shu Yu Yuan Development Co., Ltd. was merged with Chang Shu Fushan Enterprise Management Co., Ltd. in the third quarter of 2015, Chang Shu Yu Yuan Development Co., Ltd. is the surviving company. The company was liquidated in 2022.

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--|--|--|---|
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | \$ 1,402,085 | \$ 1,424,712 | \$ 32,611,183 |
| FORMOSA TAFFETA (CHANGSHU) CO., LTD. | 1,334,739 | 1,289,610 | 32,611,183 |

Note :

(1)The investment in FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. approved by the Investment Commission of MOEA is US\$46,400,000.

(2)The investment in FORMOSA TAFFETA (CHANG SHU) CO., LTD. approved by the Investment Commission of MOEA is US\$42,000,000, FORMOSA TAFFETA (CHANG SHU) CO., LTD. was split up, reduced its paid-in capital and formed Chang Shu Fushun Enterprise Management Co., Ltd. Chang Shu Fushan Enterprise Management Co., Ltd. was dissolved after the merger with Chang Shu Yu Yuan Development Co., Ltd. in the third quarter of 2015. CHANG SHU YU YUAN DEVELOPMENT CO., LTD. was liquidated in 2022.

(3)The original currency of paid-in capital was translated at USD:TWD = 1 : 30.705

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Sale (purchase) | | Property | | Accounts receivable | | Provision of endorsements/guarantees | | Financing | | | | |
|---|-----------------|------|----------|---|---------------------------------|------|--------------------------------------|---|---|---------------------------------|---------------|-----------------------------------|--------|
| | Amount | % | Amount | % | Balance at December 31, 2023 | % | Balance at December 31, 2023 | Purpose | Maximum balance during the year ended | Balance at December 31, 2023 | Interest rate | Interest during the year ended | Others |
| | | | | | | | | | December 31, 2023 | | | December 31, 2023 | |
| FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. | \$ 9,942 | 0.05 | \$ - | - | \$ 45 | 0.05 | \$ 1,013,265 | For short-tem loans from financial institutions | \$ - | \$ - | - | \$ - | |
| FORMOSA TAFFETA (CHANGSHU) CO., LTD. | 7,733 | 0.04 | - | - | 1,233 | 0.00 | 1,688,775 | For short-tem loans from financial institutions | - | - | - | - | |

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on Major Shareholders

December 31, 2023

Table 8

| Name of major shareholders | Shares | |
|---------------------------------------|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| FORMOSA CHEMICALS & FIBRE CORPORATION | 630,022,431 | 37.40 |
| CHANG GUNG MEDICAL FOUNDATION | 97,599,254 | 5.79 |