FORMOSA TAFFETA CO., LTD.

2021 ANNUAL SHAREHOLDERS’ MEETING

MEETING HANDBOOK

(SUMMARY)

(This English translation is prepared in compliance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.)

JUNE 25, 2021

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FORMOSA TAFFETA CO., LTD.

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FORMOSA TAFFETA CO., LTD.
2021 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Friday, June 25th, 2021

Venue: 317, Shiliou Rd., Douliou 640, Yunlin County, Taiwan

I. Report Items

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Report Items

1. The business status of fiscal year 2020, referred to the Business Report (on page 4 of this Handbook.)

2. The Company's Audit Committee members reviewed the 2020 Business Report and Financial Statements and issued their Review Report (on page 11 of this Handbook) according to the applicable laws.

3. Report on 2020 Compensation of Employees and Directors:
   The pre-tax profit prior to deducting employees' compensation and directors' compensation is NT$ 2,196,813,431, with no accumulated loss. 0.2% of that profit, NT$ 4,393,629 is allocated as employees' compensation and another 0.1%, NT$ 2,196,814, as directors' compensation in accordance with Article 30 of Articles of Incorporation. The total amount of the aforementioned employees' and directors' compensation is NT$ 6,590,443, all of which is to be distributed in cash.

Formosa Taffeta Company Limited
2020 Annual Business Report

1. 2020 Business Performance

The Company's consolidated revenue dropped by 21.5%, from NT$36,647.72 million in 2019 to NT$28,783.49 million in 2020, a decrease of NT$ 7,864.23 million, with consolidated pretax profit decreasing by 56.2%, from NT$ 5,162.17 million to NT$2,262.56 million, a decrease of NT$ 2,899.61 million.

2. 2020 Business Status

The business of 2020 had been influenced by COVID-19 pandemic, China–United States trade war, loose monetary policy, and devaluation of U.S. dollar, and rising commodity prices, etc. The Company’s revenue and profits dropped in 2020 on slackened consumption and intensified competition.

In 2020, filament woven fabrics were affected by the global lockdown and suspension of Tokyo Olympics, travel ban, gathering restriction, and closures of numerous branded physical outlets. The Company's revenue tumbled during the April-July period, but gradual recovery from August. In Q420, the robust demand for winter clothes is expected to bring more orders for the Company in 2021. In addition, business is expected to resume normal pace gradually in 2021 with widespread vaccination going to contain the pandemic.

3. 2021 Business Plan and Outlook

Business plans and outlooks for the seven major products in 2021 are as follows:

(1) Filament woven and dyed fabrics:

There are four end markets for the Company's filament woven fabrics: outdoor performance wear, sportswear, casual wear, and umbrella. In 2020, the Covid-19 started to spread around the world, many countries enforced border control, lockdown, social distancing, outlet closure, gathering restriction, and suspension of sports events. It caused the consumption demands to slump, boost inventories of international apparel brands, and stall rollout of new apparels, putting a damper on the textile industry.

With increasing vaccination expected to mitigate the impact of the pandemic in the U.S. and Europe in 2021, physical outlets of international apparel brands will gradually resume normal sales, which, along with further e-commerce sales growth, will have a positive impact on orders in 2021. Despite continuing constraint of the pandemic and the economic uncertainty, orders in 2021 are predicted to grow compared with that in 2020 with orders from brand customers bouncing back.

In 2021, the Company will strive to resume growth momentum, enhance competitiveness, and attain sustained growth via a number of measures, including intensification of strategic partnership with major international brands, utilization of the advantage and synergy of the capacities of the five plants in three countries, intensified development of high-value niche and differentiated products, online sample display, teleconferencing with customers, product innovation and development, integration of brand projects and operating platform, continuing process improvement via new equipment and new technologies, reduction of failure cost, energy conservation and waste reduction, optimization of dyeing module via AI, increase of first-time success rate for dyeing, abnormality fixing, and short delivery via integration of fabric demands by brands and concentration of supply-chain production.

Although challenges remain in 2021, the revenue is expected to grow and the Company will work closely with garment factories to consolidate the supply chain and attain the target set in the business plan.

(2) Tire cord fabric:

Following steep sales decline in the first half of 2020, due to impact of COVID-19 pandemic on the operation of tire manufacturers in Asia, demands bounced vigorously in the second half, as consumers resorted to self-driving, motorcycle riding, or bicycling to avoid inflection, augmenting tire demands considerably and thus orders for tire cord fabric manufacturers.

With a stable and optimistic business outlook for the tire cord fabric market in the first half of 2021, Taiwan plant will run at full capacity for high value-added products, whose output share will increase, boosting profit margin. The Vietnamese plant will enhance its output share of higher-margin PA (polyamide) 66 products and accelerate development of products with higher added value, such as fine-denier bicycle-tire cord fabric, stabbing-proof fabric, anti-chafing fabric, and impregnated single-yarn fabric, so as to optimize product mix and raise average unit price and profits.

(3) Gas stations:

As of the end of 2020, Formosa Petroleum Station had had 106 gas stations, making it one of the fifth largest gas-station brands in Taiwan. In 2020, the inefficiency of agreement among oil-producing countries on output reduction resulted in the drop in international oil prices, as a result of which revenue of Formosa Petroleum Station dropped by 19.8%. The adverse factor was compounded by the COVID-19 pandemic but the Company still managed to remain profitable, thanks to its performance in services, marketing, and management, although its sales volume dipped 0.1% and profits slipped 7.4%.

Formosa Petroleum Station has been able to maintain steady profits for years, thanks to the policy of removing inferior gas stations through assessment of their performance, locations, plus the length of lease contract. Given fluctuation in international oil prices in recent years, inventory level of oil tanks should be closely monitored and adjusted flexibly. The number of gas stations with self-service has been increased to 93 and will be increased further, according to performance. Effort will be intensified to increase the number of contracted customers with monthly settlement of bills, including enterprises and owners of agricultural or engineering machines. Efforts have also been made to diversify income sources, such as car-washing service at gas stations and sales of travel and daily-life goods, auto accessories, and car-detailing products via B2C channel. Formosa Petroleum Station has been continuously offering various training courses, such as SOP, 5S, and TPM, to station workers, in order to attain public safety, quality service and standardized management, thereby creating a convenient and safe oil-filling and consumption environment for customers.

In 2021, Formosa Petroleum Station plans to introduce diversified payment methods gradually and expand sales via marketing programs and opening of new gas stations. With the pandemic expected to be mitigated following expanding vaccination, sales volume will score slight growth and revenue will stabilize.

(4) Cotton yarn:

Faced with sharply fall in global demands in early 2020, domestic cotton-yarn manufacturers scrambled to tap the highly competitive domestic market, adjusted allocation of capacities, and controlled costs and outlays strictly, in order to cope with loss in export orders. Under the extremely adverse environment, the Company's cotton-yarn plant still managed to remain in the black in 2020, although revenue plunged 18.1%.

In 2021, the Company will continue tapping the markets of antibacterial, deodorizing, and bacteriostatic yarns, in addition to deployment in industrial-use protective-gear yarn market, which, along with expansion of composite-yarn capacities in 2020 and 2021, will optimize product mix further, boosting both revenue and profits.

(5) Special fabrics:

In 2020, due to output reduction and layoff by petroleum companies, demands for flame retardant fabric for petroleum work clothes in the Middle East and Southeast Asia plummeted in the second half, while that for uniforms of policemen and fire fighters grew slightly and sales of anti-static fabric shot up 30%, thanks to shipment of 1 million yards of isolation-gown fabric and 300,000 yards of mask fabric. Due to sharp decline in the shipment of high-priced flame retardant fabric, revenue of special textiles dropped in 2020, although the business was still profitable.

In 2021, sales of anti-static fabric for isolation gown, fab clean-room clothes, and sterile clothes in Europe are expected to grow further, while shipment of anti-static fabric for food-industry uniforms and paint-spraying clothes will expand, thanks to demands from European brands. As demands for flame retardant fabric from customers in the Middle East and Southeast Asia will not recover until the second half, the Company will push sales of such fabric for fire-fighter uniforms, marine clothes, and tanker clothes in Japan, Taiwan, and South Korea, as a result of which sales of flame retardant fabric will grow in 2021.

(6) Carbon-fiber composite materials:

In 2020, to cope with the adverse effect of COVID-19 pandemic, the carbon-fiber composite material plant pushed its sales to manufacturers of exercise equipment, bicycles, yachts/ships, drones, construction reinforcement, and high value-added robotic arms. Yet its revenue still dropped by 10.6%. In recent years, the Company has forayed into the domestic construction reinforcement market for highway civil engineering, for which shipment will continued to be made in 2021.

In 2021, the Company will continue pushing sales to domestic civil-engineering construction reinforcement and yacht/ship markets, ship prepreg fabric for robotic arm to Japan, and expand shipment of unidirectional carbon-fiber prepreg fabric to Taiwanese manufacturers of bicycle carbon-fiber components, thereby boosting sales growth.

(7) Plastic bags:

In 2020, shipment of plastic bags to Japan, with a dominant 81% share, dropped, due to the ban on free vest bags from July, and sales to Chile also tumbled, a result of lockdown and border closure. Consequently, revenue of plastic processing plant declined, although it remained profitable in 2020.

Given charge on vest bags and growing environment awareness, usage volume of small plastic bags in Japan will reduce further in 2021, whose effect, though, will be mitigated by the use of bio-vest bags with higher added value and unit prices. The company will strive for orders for bio-bags in 2021, to bolster profits.

4. Conclusion

In 2020, no employee of the Company, including overseas subsidiaries, was infected by COVID-19, a record which the Company will strive to uphold in 2021, so as to safeguard production and shipment schedule. In addition, the Company will step up effort tapping the market of anti-pandemic fabric and cope with the challenges of smooth supply-chain operation, climate change, and price competition.

In March 2020, the Company bought into Schoeller Textil AG of Switzerland, thereby cementing a comprehensive partnership covering R&D and production, up from the original relationship of technology licensing, which will be conducive to optimization of process technology and product innovation.

Resurgence of COVID-19 pandemic in early 2021 has led to plunge in outdoor activities, material price hike, US dollar devaluation, and container shortage, overshadowing business outlook for 2021. Faced with challenges, the Company will carry out various improvement programs, invest in new capacities and new technologies, flexibly adjust the division-of-labor in marketing and production among the five factories in Taiwan, China, and Vietnam. Besides, strenuous efforts will be made to remove failure cost, enhance first-time success rate, increase product value, attain consistent standards, seek sophisticated quality, attain punctual delivery, and augment synergy. In addition, the Company will continue to strengthen corporate governance and fulfill corporate social responsibility, achieve ESG (environmental, social, and governance) goal, conforming to the universal value of environmental protection, so as to attain performance targets, co-prosperity with supply-chain partners, win-win situation with customers, creating expanded investment returns for shareholders and materializing the corporate vision.

Chairman: Wong, Wen-Yuan

President: Lee, Ming-Chang

In-charge Accountant: Lee, Shu-Ming

FORMOSA TAFFETA CO., LTD.
The Audit Committee's Review Report

The Company's 2020 Business Report, Financial Statements**, including** Consolidated and Parent Company Only ones, and E**arnings Distribution Proposal** have been prepared by the Board of Directors**.** An audit of the Financial Statements was conducted by the CPAs of PricewaterhouseCoopers Taiwan (PwC), and the audit reports were issued by PwC. The Audit Committee members of Formosa Taffeta Co., Ltd. reviewed the Business Report, Financial Statements, and Earnings Distribution Proposal and determined the information to be correct and accurate. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

Formosa Taffeta Co., Ltd.
Chairman of the Audit Committee:

Lin, Sheng-Chung

March 12, 2021

Ratification Items   Proposal 1

Proposal: To accept the 2020 business report and financial statements

Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2020 Consolidated and Parent Company Only Financial Statements were completed; the same were reviewed by the Audit Committee and approved by the Board of Directors on March 12, 2021 and audited by independent auditors, CPA Mr. Han-Chi Wu and CPA Ms. Hua-Ling Liang, of PwC. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, and the written Audit Committee's Review Report form is presented.
2. Please refer to page 4 through page 10 of this Handbook for the aforementioned Business Report, and page 23 through page 35 for the Financial Statements. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items Proposal 2

Proposal: To accept the proposal for distribution of 2020 earnings

Proposed by the Board of Directors

Explanation:

Please refer to page 36 of this Handbook for the 2020 Earnings Distribution Proposal, reviewed by the Audit Committee members of Formosa Taffeta Co., Ltd. and approved by the Board of Directors on March 12, 2021. Please approve the Earnings Distribution Proposal.

Resolution:

Discussion Items Proposal 1

Proposal: Amendment to the Rules for Election of Directors of the Company submitted for discussion.

Proposed by the Board of Directors

Explanation:

To refer to the sample template announced in the order Tai-Cheng-Chih-Li-Zi No. 1090009468 dated June 3, 2020 by the Taiwan Stock Exchange Corporation, certain articles of the Rules for Election of Directors provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 5	(above 3 paragraph omitted) When providing the candidacy of nominees, shareholders and Board of Directors member shall provide the nominees' names, academic background, experiences, affidavit to serve as a Director upon election, <u>affidavit for non-violation of Article 30 in the Company Act and other certification documents. When a nominee is a legal person or its representative, the shareholder registration of the legal person and certification document for number of shares held shall be provided.</u>	(above 3 paragraph omitted) When providing the candidacy of nominees, shareholders and Board of Directors member shall **<u>specify</u>** the nominees' names, academic background**<u>, and</u>** experiences. When the Board of Directors or other person with convening rights convenes a Shareholders' meeting, the nominees for directors shall be included in the roster of nominees for directors unless one of the following conditions apply: 1. A shareholder recommends a nominee	Amended in accordance with Article 192-1 of the Company Act.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	When the Board of Directors or other person with convening rights convenes a Shareholders' meeting, <u>the nominees for directors shall be reviewed</u>, and shall be included in the roster of nominees for directors unless one of the following conditions apply: 1. A shareholder recommends a nominee outside of the nomination period. 2. A shareholder who wishes to recommend a nominee does not own 1% or more of the Company's shares before book closure pursuant to Article 165-2 or 165-3 of the Company Act. 3. The number of nominees has exceeded the number of directors to be voted on. 4. <u>Relevant certification documents have not been supplemented per regulation in the above Paragraph.</u>	outside of the nomination period. 2. A shareholder who wishes to recommend a nominee does not own 1% or more of the Company's shares before book closure pursuant to Article 165-2 or 165-3 of the Company Act. 3. The number of nominees has exceeded the number of directors to be voted on. 4. **<u>Where the nominating shareholder fails to describe the nominee's name, educational background, and work experience.</u>**	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 6	Ballots shall be issued by the board of directors and given to electors based on their attendance pass number. Each elector shall be given the number of ballots equal to the number of the directors to be elected. The election votes of a shareholder shall be distributed proportionally to each ballot.	Ballots shall be issued by the board of directors **or other authorized conveners** and given to electors based on their attendance pass number. Each elector shall be given the number of ballots equal to the number of the directors to be elected. The election votes of a shareholder shall be distributed proportionally to each ballot.	Amended in line with the Company Act that the ballot may be distributed by other authorized conveners since a shareholders' meeting is not necessarily convened by the board of directors
Article 7	The elector shall write down the account name and shareholder account number of the person elected in the "Person Elected" box. If the person elected is not a shareholder, his or her name and ID Card number shall be written instead.	The elector shall write down **the director candidate's full name in the "candidate" column of the ballot based on the director candidate list**.	Because the company adopts the candidates nomination system, the Rules for Election of Directors of the company is amended.
Article 8	A vote shall be considered invalid in any of the following circumstances: 1. The elector fails to use the ballot provided in Article 6. 2. The elector writes down two or more individuals	A vote shall be considered invalid in any of the following circumstances: 1. The elector fails to use the ballot provided in Article 6. 2. The elector writes down two or more	Because the company adopts the candidates nomination system, the Rules for Election of Directors of the

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	on the ballot. 3. Any words other than the items provided in Article 7 are written. 4. The elector fails to write down the items provided in Article 7 or writes down incomplete information. 5. The handwriting on the ballot is illegible. 6. The account name or the shareholder account number does not agree with that in the roster of shareholders if the person elected is a shareholder, or the name or ID Card number is not correct if the person elected is not a shareholder.	individuals on the ballot. 3. Any words other than the items provided in Article 7 are written. 4. **The candidate's full name filled in the ballot does not conform to the director candidate list.** 5. The handwriting on the ballot is illegible.	company is amended.

Resolution:

Discussion Items **Proposal 2**

Proposal: Amendment to the Rules of Procedure for Shareholders' Meetings of the Company submitted for discussion.

Proposed by the Board of Directors

Explanation:

To refer to the sample template announced in the order Tai-Cheng-Chih-Li-Zi No. 1090009468 dated Jane 3, 2020 and Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation, certain articles of the Rules of Procedure for Shareholders' Meetings provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 3	(above 4 paragraph omitted) Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application to be delisted from public offering, lifting of non-competition restriction of directors, capital increase by retained earnings, capital increase by capital reserve, dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act shall be set out	(above 4 paragraph omitted) Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application to be delisted from public offering, lifting of non-competition restriction of directors, capital increase by retained earnings, capital increase by capital reserve, dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act, **Articles**	1. Amended in accordance with the order Tai-Cheng-Chih-Li-Zi No. 1090009468 dated Jane 3, 2020 and the order Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation. 2. Amended in accordance with Article

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. <u>The content of such matters shall be uploaded to a website designated by the competent authority or the Company, and the website shall be specified on the meeting notice.</u> Where the meeting agenda has specified general re-elections of the directors and the terms of the directors' office, the terms of office of the directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the shareholders' meeting. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more	<u>**26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers**</u> shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. Where the meeting agenda has specified general re-elections of the directors and the terms of the directors' office, the terms of office of the directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the shareholders' meeting.A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders' meeting. Such proposals, however, are	172-1 Item 5 of the Company Act and the order Jing-Shang-Zi No. 10700105410 by the Ministry of Economic Affairs.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	than one item will be included in the Meeting Agenda. <u>However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the agenda.</u> In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. (below omitted)	limited to one item only, and no proposal containing more than one item will be included in the Meeting Agenda. In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. <u>**A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, and the providing procedure shall be in accordance with Article 172-1 of the Company Act**.</u> (below omitted)	
Article 9	Quorum at shareholders' meetings shall be calculated based on numbers of shares. The quorum shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose	Quorum at shareholders' meetings shall be calculated based on numbers of shares. The quorum shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose	Amended in accordance with the order Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	voting rights are exercised in writing or by way of electronic transmission. The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall declare the meeting adjourned. (below omitted)	voting rights are exercised in writing or by way of electronic transmission. The Chair shall call the meeting to order at the appointed meeting time **and meanwhile shall announce the related information about the total number of shares held by shareholders having no voting right and the total number of shares represented by the shareholders present at the meeting.** However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall	Taiwan Stock Exchange Corporation.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
		declare the meeting adjourned. (below omitted)	
Article 14	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. (below omitted)	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected **and not elected** as directors, and the numbers of votes with which they were elected **and not elected**. (below omitted)	Amended in accordance with the order Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation.

Resolution:

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

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	$ 28,783,492	100	$ 36,647,721	100
5000	Operating costs	6(6)(26)(27) and 7	(25,770,665)	(90)	(32,926,402)	(90)
5900	Net operating margin		3,012,827	10	3,721,319	10
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(1,635,798)	(5)	(1,807,526)	(5)
6200	General and administrative expenses		(800,683)	(3)	(847,695)	(2)
6000	Total operating expenses		(2,436,481)	(8)	(2,655,221)	(7)
6900	Operating profit		576,346	2	1,066,098	3
	Non-operating income and expenses					
7100	Interest income	6(23)	13,244	-	26,624	-
7010	Other income	6(24) and 7	1,476,272	5	2,165,405	6
7020	Other gains and losses	6(25)	(150,981)	-	1,883,119	5
7050	Finance costs	6(28)	(161,693)	(1)	(218,381)	(1)
7060	Share of profit of associates and joint ventures accounted for using the equity method	6(7)	509,374	2	239,308	1
7000	Total non-operating income and expenses		1,686,216	6	4,096,075	11
7900	**Profit before income tax**		2,262,562	8	5,162,173	14
7950	Income tax expense	6(29)	(166,772)	(1)	(536,960)	(1)
8000	**Profit for the year from continuing operations**		2,095,790	7	4,625,213	13
8100	(Loss) profit from discontinued operations	6(11)	(484)	-	1,204,254	3
8200	**Profit for the year**		$ 2,095,306	7	$ 5,829,467	16

(Continued)

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

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income	6(21)				
	Components of other comprehensive income that will not be reclassified to profit or loss	6(3)				
8311	Actuarial gains (losses) on defined benefit plans		$ 108,400	1	($ 83,820)	-
8316	Unrealized loss on valuation of financial assets at fair value through other comprehensive income		(536,786)	(2)	(4,224,653)	(11)
8320	Share of other comprehensive loss of associates and joint ventures accounted for using the equity method		(7,810)	-	(1,745,174)	(5)
8310	Other comprehensive loss that will not be reclassified to profit or loss		(436,196)	(1)	(6,053,647)	(16)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(251,629)	(1)	(246,306)	(1)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		60,839	-	(64,499)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(190,790)	(1)	(310,805)	(1)
8300	**Total other comprehensive loss for the year**		($ 626,986)	(2)	($ 6,364,452)	(17)
8500	**Total comprehensive income (loss) for the year**		$ 1,468,320	5	($ 534,985)	(1)
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 2,095,548	7	$ 5,188,729	14
8620	Non-controlling interest		(242)	-	640,738	2
			$ 2,095,306	7	$ 5,829,467	16
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 1,468,562	5	($ 1,175,723)	(3)
8720	Non-controlling interest		(242)	-	640,738	2
			$ 1,468,320	5	($ 534,985)	(1)

	Notes	2020 Before Tax	2020 After Tax	2019 Before Tax	2019 After Tax
Basic and diluted earnings per share (in dollars)	6(30)				
Profit for the year from continuing operations		$ 1.30	$ 1.25	$ 3.07	$ 2.75
Profit for the year from discontinued operations		–	–	0.91	0.71
Non-controlling interest		–	–	(0.65)	(0.38)
Profit attributable to common shareholders of the parent		$ 1.30	$ 1.25	$ 3.33	$ 3.08
Assuming shares held by subsidiaries are not deemed as treasury stock:					
Profit for the year from continuing operations		$ 1.30	$ 1.24	$ 3.06	$ 2.75
Profit for the year from discontinued operations		–	–	0.91	0.71
Non-controlling interest		–	–	(0.65)	(0.38)
Profit attributable to common shareholders of the parent		$ 1.30	$ 1.24	$ 3.32	$ 3.08

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
			Year ended December 31			
4000	Sales revenue	6(18) and 7	$ 21,524,891	100	$ 27,468,794	100
5000	Operating costs	6(5)(22)(23) and 7	(19,420,662)	(90)	(25,256,705)	(92)
5900	Net operating margin		2,104,229	10	2,212,089	8
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		(1,320,790)	(6)	(1,391,821)	(5)
6200	General and administrative expenses		(539,880)	(3)	(540,168)	(2)
6000	Total operating expenses		(1,860,670)	(9)	(1,931,989)	(7)
6900	Operating profit		243,559	1	280,100	1
	Non-operating income and expenses					
7100	Interest income	6(19)	4,646	-	5,526	-
7010	Other income	6(20) and 7	1,421,489	7	2,221,660	8
7020	Other gains and losses	6(21) and 7	(96,895)	(1)	1,943,835	7
7050	Finance costs	6(24)	(73,583)	-	(86,942)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	691,007	3	1,229,208	4
7000	Total non-operating income and expenses		1,946,664	9	5,313,287	19
7900	**Profit before income tax**		2,190,223	10	5,593,387	20
7950	Income tax expense	6(25)	(94,675)	-	(404,658)	(1)
8200	**Profit for the year**		$ 2,095,548	10	$ 5,188,729	19
	Other comprehensive income	6(16)				
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans		$ 108,400	1	($ 83,820)	-
8316	Unrealized loss on valuation of financial assets at fair value through other comprehensive income	6(3)	(2,934,649)	(14)	(4,223,464)	(16)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		2,390,053	11	(1,746,363)	(6)
8310	Other comprehensive loss that will not be reclassified to profit or loss		(436,196)	(2)	(6,053,647)	(22)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(235,984)	(1)	(246,306)	(1)
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		45,194	-	(64,499)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(190,790)	(1)	(310,805)	(1)
8300	**Other comprehensive loss for the year**		($ 626,986)	(3)	($ 6,364,452)	(23)
8500	**Total comprehensive income (loss) for the year**		$ 1,468,562	7	($ 1,175,723)	(4)

			2020 Before Tax	2020 After Tax	2019 Before Tax	2019 After Tax
9750	Basic and diluted earnings per share	6(26)	$ 1.30	$ 1.25	$ 3.33	$ 3.08
	Assuming shares held by subsidiaries are not deemed as treasury stock:					
	Basic and diluted earnings per share		$ 1.30	$ 1.24	$ 3.32	$ 3.08

The accompanying notes are an integral part of these parent company only financial statements.

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

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,083,322	4	$ 3,236,624	4
1110	Financial assets at fair value through profit or loss - current	6(2)	82	-	119	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,409,817	2	1,446,808	2
1136	Current financial assets at amortised cost	6(4)	27,148	-	-	-
1150	Notes receivable, net	6(5)	43,015	-	27,399	-
1160	Notes receivable - related parties	7	4,260	-	6,395	-
1170	Accounts receivable, net	6(5)	3,105,207	4	3,115,039	4
1180	Accounts receivable - related parties	7	161,586	-	223,189	-
1200	Other receivables	7	221,203	-	365,837	1
130X	Inventory	6(6)	6,849,017	9	8,083,639	10
1410	Prepayments		415,065	1	683,781	1
1470	Other current assets		259,536	-	323,927	-
11XX	**Total current assets**		15,579,258	20	17,512,757	22
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	40,032,761	50	40,448,025	50
1550	Investments accounted for using the equity method	6(7)	9,626,525	12	8,158,239	10
1600	Property, plant and equipment	6(8) and 8	12,322,002	16	12,698,739	16
1755	Right-of-use assets	6(9)	1,009,957	1	1,090,720	1
1760	Investment property, net	6(10) and 7	609,408	1	543,924	1
1840	Deferred income tax assets	6(29)	103,811	-	137,962	-
1900	Other non-current assets		178,336	-	171,507	-
15XX	**Total non-current assets**		63,882,800	80	63,249,116	78
1XXX	**Total assets**		$ 79,462,058	100	$ 80,761,873	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 3,266,405	4	$ 3,753,377	5
2110	Short-term notes and bills payable	6(13)	499,979	1	-	-
2120	Financial liabilities at fair value through profit or loss - current	6(14)	137	-	80	-
2150	Notes payable		202,880	-	221,426	-
2160	Notes payable - related parties	7	150,655	-	49,088	-
2170	Accounts payable		1,107,244	2	1,208,744	2
2180	Accounts payable - related parties	7	834,831	1	1,160,956	1
2200	Other payables	6(15) and 7	975,871	1	1,375,784	2
2230	Current income tax liabilities		83,539	-	397,971	-
2280	Current lease liabilities	6(9)	100,957	-	130,043	-
2300	Other current liabilities	6(16)	443,599	1	185,281	-
21XX	**Total current liabilities**		7,666,097	10	8,482,750	10
	Non-current liabilities					
2540	Long-term borrowings	6(16)	8,900,000	11	6,459,892	8
2570	Deferred income tax liabilities	6(29)	399,959	1	373,749	-
2580	Non-current lease liabilities	6(9)	682,086	1	719,752	1
2600	Other non-current liabilities	6(17)	330,328	-	501,830	1
25XX	**Total non-current liabilities**		10,312,373	13	8,055,223	10
2XXX	**Total liabilities**		17,978,470	23	16,537,973	20
	Equity attributable to owners of parent					
	Share capital	6(18)				
3110	Common stock		16,846,646	21	16,846,646	21
	Capital surplus	6(19)				
3200	Capital surplus		1,297,081	2	1,289,642	2
	Retained earnings	6(20)				
3310	Legal reserve		8,560,207	11	8,041,335	10
3320	Special reserve		2,214,578	3	2,214,578	3
3350	Unappropriated retained earnings		8,228,927	10	10,835,955	13
	Other equity interest	6(21)				
3400	Other equity interest		24,355,213	30	25,010,157	31
3500	Treasury stocks	6(18)	(19,064)	-	(19,064)	-
31XX	**Equity attributable to owners of the parent**		61,483,588	77	64,219,249	80
36XX	Non-controlling interest	6(21)	-	-	4,651	-
3XXX	**Total equity**		61,483,588	77	64,223,900	80
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant event after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 79,462,058	100	$ 80,761,873	100

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,901,429	3	$ 2,361,271	3
1110	Financial assets at fair value through profit or loss - current	6(2)	82	-	119	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,409,817	2	1,446,808	2
1150	Notes receivable, net	6(4)	43,015	-	27,399	-
1160	Notes receivable - related parties	7	4,260	-	6,395	-
1170	Accounts receivable, net	6(4)	1,834,819	3	1,794,283	3
1180	Accounts receivable - related parties	7	116,682	-	195,904	-
1200	Other receivables	7	272,070	-	307,690	1
130X	Inventory	6(5)	3,837,352	5	4,648,498	6
1410	Prepayments		117,947	-	95,187	-
1470	Other current assets		246,347	-	254,769	-
11XX	**Total current assets**		9,783,820	13	11,138,323	15
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	40,032,761	54	36,672,540	49
1550	Investments accounted for using the equity method	6(6)	17,146,398	23	19,465,512	26
1600	Property, plant and equipment	6(7) and 7	6,339,354	8	6,478,848	8
1755	Right-of-use assets	6(8)	717,814	1	784,563	1
1760	Investment property - net	7	514,513	1	543,924	1
1840	Deferred income tax assets	6(25)	103,811	-	138,816	-
1900	Other non-current assets		163,291	-	157,665	-
15XX	**Total non-current assets**		65,017,942	87	64,241,868	85
1XXX	**Total assets**		$ 74,801,762	100	$ 75,380,191	100

(Continued)

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 4,783	-	$ 12,324	-
2110	Short-term notes and bills payable	6(10)	499,979	1	-	-
2120	Financial liabilities at fair value through profit or loss - current	6(11)	137	-	80	-
2150	Notes payable		133,496	-	133,168	-
2160	Notes payable - related parties	7	127,610	-	44,999	-
2170	Accounts payable		574,179	1	612,172	1
2180	Accounts payable - related parties	7	654,403	1	1,073,977	1
2200	Other payables	7	792,704	1	827,606	1
2230	Current income tax liabilities	6(25)	62,389	-	322,428	1
2280	Current lease liabilities		99,484	-	128,630	-
2300	Other current liabilities		124,104	-	90,513	-
21XX	**Total current liabilities**		3,073,268	4	3,245,897	4
	Non-current liabilities					
2540	Long-term borrowings	6(12)	8,900,000	12	6,400,000	8
2570	Deferred income tax liabilities	6(25)	399,959	1	377,609	1
2580	Non-current lease liabilities		624,823	1	659,965	1
2600	Other non-current liabilities		320,124	-	477,471	1
25XX	**Total non-current liabilities**		10,244,906	14	7,915,045	11
2XXX	**Total liabilities**		13,318,174	18	11,160,942	15
	Equity					
	Share capital	6(14)				
3110	Common stock		16,846,646	23	16,846,646	22
	Capital surplus	6(15)				
3200	Capital surplus		1,297,081	2	1,289,642	2
	Retained earnings	6(16)				
3310	Legal reserve		8,560,207	11	8,041,335	11
3320	Special reserve		2,214,578	3	2,214,578	3
3350	Unappropriated retained earnings		8,228,927	11	10,835,955	14
	Other equity interest	6(17)				
3400	Other equity interest		24,355,213	32	25,010,157	33
3500	Treasury stocks	6(14)	(19,064)	-	(19,064)	-
3XXX	**Total equity**		61,483,588	82	64,219,249	85
	Commitments and contingent liabilities	9				
	Subsequent event	11				
3X2X	**Total liabilities and equity**		$ 74,801,762	100	$ 75,380,191	100

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2019												
Balance at January 1, 2019		$ 16,846,646	$ 1,268,860	$ 7,567,594	$ 2,214,578	$ 9,743,048	($ 744,846)	$ 32,036,824	($19,500)	$ 68,913,204	$ 6,055,486	$ 74,968,690
Profit for the year		-	-	-	-	5,188,729	-	-	-	5,188,729	640,738	5,829,467
Other comprehensive loss		-	-	-	-	(83,820)	(310,805)	(5,969,827)	-	(6,364,452)	-	(6,364,452)
Total comprehensive income (loss)		-	-	-	-	5,104,909	(310,805)	(5,969,827)	-	(1,175,723)	640,738	(534,985)
Appropriations of 2018 earnings:	6(20)											
Legal reserve		-	-	473,741	-	(473,741)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,537,796)	-	-	-	(3,537,796)	-	(3,537,796)
Disposal of treasury stock	6(18)(19)	-	1,194	-	-	-	-	-	436	1,630	-	1,630
Changes in the net interest of associates recognised under the equity method	6(19)	-	12,719	-	-	(1,654)	-	-	-	11,065	-	11,065
Expired cash dividends transferred to capital surplus	6(19)	-	2,263	-	-	-	-	-	-	2,263	-	2,263
Adjustment of cash dividends paid to consolidated subsidiaries acquired	6(19)	-	4,606	-	-	-	-	-	-	4,606	-	4,606
Disposal of financial assets at fair value through other comprehensive income	6(21)	-	-	-	-	1,189	-	(1,189)	-	-	-	-
Cash dividends paid by consolidated subsidiaries	6(21)	-	-	-	-	-	-	-	-	-	(591,379)	(591,379)
Decrease in non-controlling interest	6(21)	-	-	-	-	-	-	-	-	-	(6,100,194)	(6,100,194)
Balance at December 31, 2019		$ 16,846,646	$ 1,289,642	$ 8,041,335	$ 2,214,578	$ 10,835,955	($ 1,055,651)	$ 26,065,808	($19,064)	$ 64,219,249	$ 4,651	$ 64,223,900
Year ended December 31, 2020												
Balance at January 1, 2020		$ 16,846,646	$ 1,289,642	$ 8,041,335	$ 2,214,578	$ 10,835,955	($ 1,055,651)	$ 26,065,808	($19,064)	$ 64,219,249	$ 4,651	$ 64,223,900
Profit for the year		-	-	-	-	2,095,548	-	-	-	2,095,548	(242)	2,095,306
Other comprehensive income (loss)		-	-	-	-	108,781	(190,790)	(544,977)	-	(626,986)	-	(626,986)
Total comprehensive income (loss)		-	-	-	-	2,204,329	(190,790)	(544,977)	-	1,468,562	(242)	1,468,320
Appropriations of 2019 earnings:	6(20)											
Legal reserve		-	-	518,872	-	(518,872)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(4,211,662)	-	-	-	(4,211,662)	-	(4,211,662)
Paid expired cash dividends transferred to capital surplus	6(19)	-	(144)	-	-	-	-	-	-	(144)	-	(144)
Expired cash dividends transferred to capital surplus	6(19)	-	2,100	-	-	-	-	-	-	2,100	-	2,100
Adjustment of cash dividends paid to consolidated subsidiaries acquired	6(19)	-	5,483	-	-	-	-	-	-	5,483	-	5,483
Disposal of financial assets at fair value through other comprehensive income	6(21)	-	-	-	-	(80,823)	-	80,823	-	-	-	-
Decrease in non-controlling interest	6(21)	-	-	-	-	-	-	-	-	-	(4,409)	(4,409)
Balance at December 31, 2020		$ 16,846,646	$ 1,297,081	$ 8,560,207	$ 2,214,578	$ 8,228,927	($ 1,246,441)	$ 25,601,654	($19,064)	$ 61,483,588	$ -	$ 61,483,588

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves					Retained Earnings			Other Equity Interest			
	Notes	Share capital - common stock	Treasury stock transactions	Capital Surplus, changes in ownership interests in subsidiaries	Donated assets received	Change in net equity of associates and joint ventures accounted for under equity method	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
Year ended December 31, 2019														
Balance at January 1, 2019		$ 16,846,646	$ 25,297	$ 1,650	$ 2,032	$ 1,236,557	$ 3,324	$ 7,567,594	$ 2,214,578	$ 9,743,048	($ 744,846)	$ 32,036,824	($ 19,500)	$ 68,913,204
Profit for the year		-	-	-	-	-	-	-	-	5,188,729	-	-	-	5,188,729
Other comprehensive loss	6(17)	-	-	-	-	-	-	-	-	(83,820)	(310,805)	(5,969,827)	-	(6,364,452)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	5,104,909	(310,805)	(5,969,827)	-	(1,175,723)
Appropriations of 2018 earnings:	6(16)													
Legal reserve		-	-	-	-	-	-	473,741	-	(473,741)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(3,537,796)	-	-	-	(3,537,796)
Disposal of treasury stock		-	1,194	-	-	-	-	-	-	-	-	-	436	1,630
Changes in the net interest of associates recognized under the equity method		-	-	-	-	12,719	-	-	-	(1,654)	-	-	-	11,065
Changes in share of consolidated subsidiaries		-	-	-	-	-	-	-	-	1,189	-	(1,189)	-	-
Adjustment of cash dividends paid to consolidated subsidiaries		-	4,606	-	-	-	-	-	-	-	-	-	-	4,606
Expired cash dividends transferred to capital surplus		-	-	-	-	-	2,263	-	-	-	-	-	-	2,263
Balance at December 31, 2019		$ 16,846,646	$ 31,097	$ 1,650	$ 2,032	$ 1,249,276	$ 5,587	$ 8,041,335	$ 2,214,578	$ 10,835,955	($ 1,055,651)	$ 26,065,808	($ 19,064)	$ 64,219,249
Year ended December 31, 2020														
Balance at January 1, 2020		$ 16,846,646	$ 31,097	$ 1,650	$ 2,032	$ 1,249,276	$ 5,587	$ 8,041,335	$ 2,214,578	$ 10,835,955	($ 1,055,651)	$ 26,065,808	($ 19,064)	$ 64,219,249
Profit for the year		-	-	-	-	-	-	-	-	2,095,548	-	-	-	2,095,548
Other comprehensive income (loss)	6(17)	-	-	-	-	-	-	-	-	108,781	(190,790)	(544,977)	-	(626,986)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	2,204,329	(190,790)	(544,977)	-	1,468,562
Appropriations of 2019 earnings:	6(16)													
Legal reserve		-	-	-	-	-	-	518,872	-	(518,872)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(4,211,662)	-	-	-	(4,211,662)
Paid expired cash dividends transferred to capital surplus		-	-	-	-	-	(144)	-	-	-	-	-	-	(144)
Adjustment of cash dividends paid to consolidated subsidiaries acquired		-	5,483	-	-	-	-	-	-	-	-	-	-	5,483
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	-	-	(80,823)	-	80,823	-	-
Expired cash dividends transferred to capital surplus		-	-	-	-	-	2,100	-	-	-	-	-	-	2,100
Balance at December 31, 2020		$ 16,846,646	$ 36,580	$ 1,650	$ 2,032	$ 1,249,276	$ 7,543	$ 8,560,207	$ 2,214,578	$ 8,228,927	($ 1,246,441)	$ 25,601,654	($ 19,064)	$ 61,483,588

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		$ 2,262,562	$ 5,162,173
Profit from discontinued operations before tax	6(11)	484	1,527,839
Profit before tax		2,263,046	6,690,012
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	1,341,228	2,831,335
Amortization		7,547	123,727
Interest expense	6(9)(28)	172,577	223,972
Interest income	6(23)	(13,244)	(38,078)
Dividend income	6(24)	(1,156,765)	(2,134,691)
Loss (gain) on valuation of financial assets	6(2)(25)	37	(1,504)
Loss (gain) on valuation of financial liabilities	6(14)(25)	57	(694)
Share of profit of associates and joint ventures accounted for using the equity method	6(7)	(509,374)	(239,308)
Loss (gain) on disposal of investments	6(25)	734	(2,016,760)
Gain on disposal and scrap of property, plant and equipment	6(25)	(11,972)	(6,166)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		-	(550,813)
Notes receivable, net		(15,616)	87,827
Notes receivable - related parties		2,135	(1,966)
Accounts receivable, net		10,009	440,245
Accounts receivable - related parties		61,603	(297,415)
Other receivables		144,115	(43,221)
Inventory		1,234,622	182,033
Prepayments		218,520	(155,555)
Other current assets		56,844	35,880
Changes in operating liabilities			
Notes payable		(18,546)	11,395
Notes payable - related parties		101,567	(286,742)
Accounts payable		(101,500)	239,286
Accounts payable - related parties		(326,125)	226,011
Other payables		(456,138)	115,364
Other current liabilities		258,318	(9,160)
Other non-current liabilities		(63,103)	(41,896)
Cash inflow generated from operations		3,200,576	5,383,118
Interest received		13,762	38,367
Cash dividends received		1,595,848	2,246,263
Interest paid		(171,449)	(236,214)
Income tax paid		(419,983)	(679,729)
Net cash flows from operating activities		4,218,754	6,751,805

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 129,100)	($ 373,096)
Proceeds from disposal of financial assets at fair value through profit or loss		-	780,875
Acquisition of property, plant and equipment	6(31)	(983,058)	(2,941,368)
Proceeds from disposal of property, plant and equipment		34,900	145,875
(Increase) decrease in other non-current assets		(30,470)	60,597
Acquisition of financial assets at fair value through profit or loss		-	(300,000)
Acquisition of financial assets at amortized cost		(27,148)	-
Acquisition of investment accounted for using the equity method		(1,353,514)	-
Proceeds from disposal of subsidiary	6(31)	(23,556)	1,556,230
Guarantee deposits received		23,641	-
Net cash flows used in investing activities		(2,488,305)	(1,070,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) Increase in short-term borrowings	6(32)	(486,972)	114,839
Increase in short-term notes and bills payable	6(32)	499,979	-
Payment of long-term borrowings		(9,258,722)	(10,866,899)
Increase in long-term borrowings		11,700,000	9,200,000
Cash dividends paid		(4,209,383)	(3,537,796)
Cash dividends paid non-controlling interest		-	(591,379)
Payment of lease principal	6(9)	(155,585)	(150,467)
Net cash flows used in financing activities		(1,910,683)	(5,831,702)
Effect of foreign exchange rate		26,932	(4,488)
Net decrease in cash and cash equivalents		(153,302)	(155,272)
Cash and cash equivalents at beginning of year	6(1)	3,236,624	3,391,896
Cash and cash equivalents at end of year	6(1)	$ 3,083,322	$ 3,236,624

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,190,223	$ 5,593,387
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including depreciation on investment property)	6(7)(22) and 7	801,082	807,966
Interest expense	6(24)	73,583	86,942
Interest income	6(19)	(4,646)	(5,527)
Dividend income	6(20)	(1,156,765)	(1,963,309)
Loss (gain) on valuation of financial assets	6(2)(21)	37	(119)
Loss (gain) on valuation of financial liabilities	6(11)(21)	57	(694)
Receipt of cash dividends from investment accounted for under the equity method		-	646,882
Loss (gain) on disposal of investments	6(21)	734	(2,016,760)
Share of profit of associates and joint ventures accounted for using the equity method	6(6)	(691,007)	(1,229,208)
Gain on disposal and scrap of property, plant and equipment	6(21) and 7	(36,209)	(3,856)
Unrealized gain on disposal and scrap of property, plant and equipment, net	6(21) and 7	-	(33,317)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(15,616)	82,310
Notes receivable - related parties		2,135	(1,966)
Accounts receivable, net		(40,536)	333,867
Accounts receivable - related parties		79,222	24,461
Other receivables		35,388	(16,914)
Inventories		811,146	245,238
Prepayments		(22,760)	(2,960)
Other current assets		8,422	(60,746)
Changes in operating liabilities			
Notes payable		328	5,568
Notes payable - related parties		82,611	(286,829)
Accounts payable		(37,993)	127,427
Accounts payable - related parties		(419,574)	109,152
Other payables		(105,528)	(14,297)
Other current liabilities		33,591	5,359
Other non-current liabilities		(48,948)	(48,530)
Cash inflow generated from operations		1,538,977	2,383,527
Interest received		4,878	5,407
Dividends received		1,594,740	1,963,309
Interest paid		(74,899)	(90,390)
Income tax paid		(297,359)	(159,330)
Net cash flows from operating activities		2,766,337	4,102,523

(Continued)

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 129,100)	($ 69,570)
Acquisition of investments accounted for using the equity method		(1,352,445)	-
Proceeds from disposal of investments accounted for using the equity method	6(6) and 7	18,084	2,514,064
Acquisition of property, plant and equipment	6(27)	(410,009)	(433,228)
Proceeds from disposal of property, plant and equipment		23,832	9,705
Decrease in other non-current assets		(5,626)	(38,288)
Net cash flows (used in) from investing activities		(1,855,264)	1,982,683
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease (increase) in short-term borrowings		(7,541)	12,324
Increase in short-term notes and bills payable		499,979	-
Payment of lease principal		(151,546)	(146,429)
Increase in long-term borrowings		11,700,000	9,200,000
Payment of long-term borrowings		(9,200,000)	(10,700,000)
Payment of cash dividends		(4,211,807)	(3,537,796)
Net cash flows used in financing activities		(1,370,915)	(5,171,901)
Net (decrease) increase in cash and cash equivalents		(459,842)	913,305
Cash and cash equivalents at beginning of year	6(1)	2,361,271	1,447,966
Cash and cash equivalents at end of year	6(1)	$ 1,901,429	$ 2,361,271

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA TAFFETA CO., LTD
Earnings Distribution Proposal
For the year of 2020

Unit：NT$

Items	Amount	Items	Amount	Explanation
Available for Distribution: (1) Unappropriated retained earnings of previous years (2) Net profit after tax of current year Plus: Other comprehensive income reclassified to unappropriated retained earnings of current year Minus: Other Adjustments	6,105,420,650 2,095,548,215 108,780,142 -80,821,766	**Distribution Items:** (1) Appropriation of legal reserve (2) Distribution of dividends and bonus in cash ($1.0 per share) (3) Unappropriated retained earnings carried forward to next year	212,350,659 1,684,664,637 6,331,911,945	1. The Company's registered capital is $16,846,646,370, and shares for distribution are 1,684,664,637. 2. The Company plans to distribute dividends of $1.0 per share for the current year (among which, $0.85 will be distributed as dividends and $0.15 will be distributed as bonus); all of which are cash dividends. 3. All distributed dividends and bonus are from net profit after tax of 2020 4. Other comprehensive income reclassified to unappropriated retained earnings of current year, all of which are adjustment for actuarial pension valuation. 5. Adjustments for adjusting unappropriated retained earnings according to IAS include change of share under equity method, changes in equity interests in subsidiaries and the disposal of equity instruments at fair value through other comprehensive income.
Total	8,228,927,241	**Total**	8,228,927,241	

Independent Auditor’s Report

(Consolidated Financial Statements)

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, 2020 and 2019, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, 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 as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of 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 consolidated financial statements of the current period. 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 consolidated financial statements of the current period are stated as follows:

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(11) for accounting policy on impairment of financial assets, Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable valuation, and Note 6(5) for details of allowance for uncollectible accounts. As of December 31, 2020, the Group's accounts receivable and allowance for uncollectible accounts amounted to NT$3,105,207 thousand and NT$63,055 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 consider 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 include:

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(13) for accounting policy on inventory valuation, Note 5(3) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for description of allowance for inventory valuation loss. As of December 31, 2020, the Group's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT$7,755,391 thousand and NT$906,374 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 consider 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 loss include:

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 – Audits of other independent auditors

We did not audit the financial statements of a wholly-owned consolidated subsidiary and certain investments accounted for under the equity method, which statements reflect total assets (including investments accounted for using the equity method) of NT$10,464,559 thousand and NT$12,525,080 thousand, constituting 13% and 16% of consolidated total assets as of December 31, 2020 and 2019, respectively, and operating income of NT$5,226,488 thousand and NT$6,899,797 thousand, constituting 18% and 19% of consolidated total operating income for the years then ended, respectively, and comprehensive income was NT$195,395 thousand and NT$157,132 thousand, constituting 13% and (29%) of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the accounts included in the financial statements relative to these subsidiary and investees, is based solely on the audit reports of the other independent auditors.

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, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated 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 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 Group’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 generally accepted auditing standards in 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 consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of

China, we exercise professional judgment and maintain 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.

Wu, Han-Chi　　　　　　　　　　　　　　Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

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 report of independent auditorts 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.

Independent Auditor's Report

(Parent Company Only Financial Statements)

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

Opinion

We have audited the accompanying parent company only balance sheets of Formosa Taffeta Co., Ltd. (the "Company") as at December 31, 2020 and 2019, and the accompanying parent company only 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 significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only 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 Company’s parent company only financial statements of the current period are stated as follows:

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(9) for accounting policy on financial assets impairment, Note 5(2) 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, 2020, the Company’s accounts receivable amounted to NT$1,834,819 thousand, net of allowance for bad debts amounting to NT$31,678 thousand.

The Company assesses the collectibility of accounts receivable based on historical experience, known reason or existing objective evidence. For those accounts which are considered uncollectible, the Company recognizes impairment with a credit to accounts receivable. The Company 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 consider 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(11) for accounting policy on inventory valuation, Note 5(3) 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, 2020, the Company's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT$4,455,240 thousand and NT$617,888 thousand, respectively.

The Company 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 Company 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 consider 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 - audits of the other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. The balance of these investments accounted for under the equity method amounted to NT$6,474,030 thousand and NT$7,709,785 thousand, constituting 9% and 10% of total assets as of December 31, 2020 and 2019, respectively, and comprehensive income was NT$137,161 thousand and NT$479,586 thousand, constituting 9% and (41%) of total comprehensive income for the years then ended, respectively. The financial statements of these investees were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees is based solely on the audit reports of the other independent auditors.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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.

Wu, Han-Chi Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

The accompanying parent company only 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 parent company only financial statements and report of independent accountants 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.

Articles of Incorporation of
Formosa Taffeta Co., Ltd.

Amended by the Annual Shareholders' Meeting on June 24, 2016

Chapter 1 General Provisions

Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name is "Formosa Taffeta Co., Ltd.".

Article 2: The scope of business of the Company shall be as follows:

1. Production and selling of nylon taffeta and polyester fabric
2. Production and selling of umbrella ribs and tire cord fabric
3. Processing and selling of high polymer production and so on
4. Processing and selling of cotton yarn, artificial cotton yarn, synthetic fiber yarn, mixed yarn, woven cloth, commodities after dyeing and finishing, garments, bed sheets, bedspread and the like
5. Production and selling of articles of protective fabric, including (1) bulletproof vest/jacket/helmet/shield/mask, durable cloth, commodities made of composite materials (sports equipment, finishing tackle); (2) industrial coveralls, like fabric that is acid/alkali/fire/heat resistant, and commodities processed with aforementioned fabric, like fire-fighting coat, boiler suit, chemical industrial coveralls; (3) cleanroom articles (sterile gown, operating suit, medical covering cloth, antistatic clothes, etc.) and clean suits
6. Designing, manufacturing and selling of IT related software, hardware and components
7. Operation of the sight-seeing /recreation areas, children's amusement park, parks, camping sites, swimming pools, skating rink, zoo and comprehensive athletic field and rental business of equipment of aquatics and yachts
8. Operation of hotels and affiliated restaurants
9. Buying and selling of native producer, crafts, groceries, articles and apparel
10. Acting as an agent and a producer of various domestic and

foreign culture &art performances

11. Gas stations to sell gasoline, diesel kerosene, and small packages of petroleum commodities; selling of goods of automobiles/motorcycles, services of lubrication, simple repair & maintenance, car washing, periodic outsourced automobile inspections, setup of vending machines, and operations of convenient stores and parking lots
12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company has its head office in Yunlin County and shall, as necessary, establish its subsidiaries upon the resolutions of the Board of Directors.

Article 4: Public announcements of the Company shall be published in accordance with Article 28 of the Company Act.
The total investment amount of the Company may exceed forty percent of the paid-in capital. The Company may provide guarantees for related parties.

Chapter 2 Shares

Article 5: The total capital of the Company shall be in the amount of 16,846,646,370 New Taiwan Dollars, divided into 1,684,664,637 shares, at a par value of 10 New Taiwan Dollars per share, issued in full.

Article 6: The Company may be exempted from printing any share certificates in accordance with relevant regulations. However, those shares shall be registered in a centralized securities depository enterprise.

Article 7: The shareholders shall submit their seal specimen to the Company for record. Afterward, the shareholders shall receive the dividend or exercise their rights in writing against the specimen kept by the Company. In the event that the seal specimen is lost or stolen, the shareholders shall fill out the application of lost seal with detailed share certificate numbers and shares and submit the same along with identity documents and copies, new seal specimen and share certificates to the Company for registration. The new seal card will be replaced upon approval and will be effective on the next day of completed registration. When preceding replacement of seal specimen is entrusted to others or managed by communication, the individual shareholder shall also have the seal certificate issued by the Householder Registration Office enclosed; while the application shall be enclosed by the corporate shareholders.

Article 8: (deleted)

Article 9: (deleted)

Article 10: (deleted)

Article 11: No transfer of share certificates shall be permitted within 60 days prior to regular shareholders' meeting, 30 days prior to a special shareholders' meeting, or within 5 days prior to the record day on which a dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Shareholders' Meeting

Article 12: The Company holds two types of shareholders' meetings.

Regular meetings shall be convened by the Board of Directors within 6 months after the close of each fiscal year, and notices of those meetings shall be given to shareholders 30 days in advance.

Special meetings shall be convened pursuant to Company Act as necessary, and notices of those meetings shall be given to shareholders 15 days in advance.

The meeting notice and public announcement of those meetings shall specify reasons for convening a meeting; they can be given in electronic form with the consent of the addressee

Article 13: If a shareholder is unable to attend a meeting, the shareholder may, in accordance with the Article 177 of the Company Act, show the proxy and appoint a representative to attend it.

Article 14: The chairman of the board of directors shall preside over the shareholders' meetings; in the Chairman's absence, the Chairman shall designate one Managing Director to act on his behalf. If no such designation is made by the chairperson, the managing directors shall select one person from among themselves to serve as chair.

Article 15: Each share of stock owned by shareholders shall be entitled for one vote, except for those shares without voting rights as set forth in Article 179, paragraph 2 of the Company Act.

Article 16: Resolution passed by shareholders, such shareholders holding not less than half of the Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding not less than half of all issued Shares of the Company.

Article 17: Revolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting. Minutes shall include a summary of the essential points of the proceedings and the results of the meeting and be signed by or sealed with the chop of the chairman of the meeting and delivered to each shareholder within 20 days after that meeting. The electronic method may be adopted for the production and delivery of such minutes. Such minutes, together with the attendance list and proxies, shall be filed in the Company.

The distribution of preceding meeting minutes may be replaced with the announcement made on the MOPS.

Chapter 4 Directors

Article 18: 11 directors shall be elected for the Company at the shareholders' meeting from the nominees listed in the roster of candidates under the candidate nomination system. Their terms of office shall be three years; they shall be eligible for re-election. The total number of shares held by the directors of the Company shall follow the rules promulgated by the competent authority for securities.

The Company shall have three independent directors among the directors above. The matters regarding method of nomination and other matters shall be conducted in accordance with the Company Act and related regulations of competent authority for securities.

The Company shall have the Audit Committee organized by all independent directors in accordance with Article 14-4 of the Securities Exchange Act. For matters regarding the competence and related events, the Company shall follow the Securities Exchange Act and other relevant laws and regulations.

The Board of Directors is authorized to determine the compensation of directors according to their degree of participation and contribution with normal standard in the same industry.

The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 19: When the number of Directors falls short by one-third of the total number of Directors elected, the Company shall convene a meeting for election of Directors immediately. In respect of a Director who is elected to fill a vacancy, the term of office of such Director shall not exceed the term that remained when the person who has ceased to be a Director ceased to hold.

Article 20: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Article 21: The Board shall be formed pursuant to a resolution adopted by a majority vote of a meeting of the board of directors attended by two-thirds or more of all the directors. The directors shall elect among them three Managing Directors. The Managing Directors shall elect among them a Chairman and a Vice Chairman for the execution of all Company's businesses by the way of the preceding election pursuant to laws, Articles of Incorporation, and resolutions of shareholders' meetings and of the board of directors.

Article 22: The Company operational guidelines and other important issues shall be resolved to in the meeting of the board of directors. The first meeting of each term of the board of directors shall be convened by the director; the Chairman shall convey and preside the remaining meetings. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the way of how to designate a representative to act in his/her behalf shall conform to Article 208 of Company Act.

The Board of the Directors may authorize the Chairman to exercise functions of the Board during the adjourned period. Except for the material interest or related parties transactions involved to be resolved by the Board of Directors pursuant to the laws of related articles, the content of authorization is as follows:

1. Approve all important contracts.
2. Approve the mortgage loan of real estate and other loans.
3. Approve acquisition or disposal of the general assets and real estate.
4. Assign the directors and supervisors of the investee.
5. Approve the record date of capital increment or reduction and divided distribution.

Article 23: The resolutions of the Board of Directors of the Company shall be adopted by a majority vote of the shareholders' present, who represent more than one-half of the total number of voting shares. If any Director of the Board of the Company cannot attend the meeting for any cause, he/she may issue a written proxy, stating the scope of the authorized power, to other directors for attending the meeting. However, a director may accept the appointment to act as the proxy with extinct extent of authorization of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In calling a meeting of the Board of Directors, the notice with reasons specified shall be given to all directors within 7 days in advance. However, the meeting may be convened anytime for emergency events. The notice of the meeting of the Board of Directors may be made in writing, email or facsimile.

Article 24: Minutes shall be taken of the proceedings of the meeting of the board of directors. Minutes shall record the date, the place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and results of the meeting, and be signed by or sealed with the chop of the chairman of the meeting and delivered to each shareholder within 20 days after that meeting. Minutes, together with the attendance list and proxies, shall be filed in the Company.

Article 25: (deleted)

Chapter 5 Managers

Article 26: The Company may have one or more managerial personnel; appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Article 27: (deleted)

Article 28: (deleted)

Article 29: The fiscal year of the Company shall be from January 1 to December 31 every year. After the close of each fiscal year, the Board of Directors shall prepare following statements and records and submit the same to the general meeting of shareholders for ratification:

1. The business report;
2. The financial statements; and
3. The surplus earning distribution or loss off-setting proposals.

Chapter 6 Accounting

Article 30: When allocating the net profits for each fiscal year, the Company shall set aside 0.05% to 0.5% of the balance of pre-tax profit prior to deducting employees' and directors' compensation as employees' compensation and 0.5% of that at most as directors' compensation. However, the Company's accumulated losses shall have been covered.

The resolution of employees' and directors' compensation shall conform to Article 235-1 of the Company Act.

Article 31: Where there is surplus of the annual final account, when allocating the net profits for each fiscal year, the Company shall first pay its income tax and offset its prior years' accumulated losses and set aside 10% legal capital reserve and special earning reserve as necessary followed by the dividend. For remaining surplus incorporated with the accumulated earning in previous years, the Board of Directors shall prepare the proposal concerning the appropriation of net profits and submit the same to the shareholders' meeting for resolution.

Preceding special earning reserves include:

1. The earning reserved recognized for special purpose
2. Investment income recognized under the equity method
3. 3The net assessment income recognized due to financial product transactions, however, when the accumulated amount is reduced, the equal amount of special earning reserve shall be reduced simultaneously and up to the reserved number.
4. Other special earning reserve pursuant to laws and regulations

The Company is in matured phase of business cycle with stable profit every year. The dividend policies adopt the combination of cash dividend, capital increment by earning and by capital reserve. At least 50% of distributable earning deducted by the legal and special reserve shall be distributed, and the cash dividend shall be prioritized. Meanwhile, the percentage of capital increment by earning and capital reserve shall not exceed 50% of all dividend in that year.

Chapter 7 Additional provision

Article 32: Organizational regulations and rules of the Company are stipulated by the Board of Directors.

Article 33: Matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other relevant laws.

Article 34: The employee welfare committee may spend no more than 10% of the employee welfare fund of that fiscal year on purchase of the Company's odd lots and government bonds if the fund is more than the budget for employee welfare.

Article 35: These Articles of Incorporation were adopted on March 16, 1973. The 1st Amendment was on April 7, 1973; 2nd

Amendment on June 10, 1973; 3rd Amendment on March 11, 1974; 4th Amendment on Dec. 20, 1974; 5th Amendment on May 31, 1975; 6th Amendment on March 31, 1976; 7th Amendment on June 28, 1977; 8th Amendment on April 3, 1978; 9th Amendment on Dec. 14, 1978; 10th Amendment on March 20, 1979; 11th Amendment on Nov. 19, 1979; 12th Amendment on March 18, 1980; 13th Amendment on Feb. 28, 1981; 14th Amendment on Sep. 10, 1981; 15th Amendment on Feb. 26, 1982; 16th Amendment on Feb. 26, 1983; 17th Amendment on Feb. 14, 1984; 18th Amendment on March 15, 1985; 19th Amendment on April 30, 1986; 20th Amendment on April 28, 1987; 21st Amendment on May 3, 1988; 22nd Amendment on May 3, 1989; 23rd Amendment on May 4, 1990; 24th Amendment on May 2, 1991; 25th Amendment on May 4, 1992; 26th Amendment on May 7, 1993; 27th Amendment on April 28, 1994; 28th Amendment on May 10, 1995; 29th Amendment on May 13, 1996; 30th Amendment on May 13, 1997; 31st Amendment on May 15, 1998; 32nd Amendment on June 3 1999; 33rd Amendment on June 2, 2000; 34th Amendment on May 24, 2001; 35th Amendment on June 14, 2002; 36th Amendment on June 13, 2003; 37th Amendment on June 11, 2004; 38th Amendment on June 17, 2005; 39th Amendment on June 29, 2006; 40th Amendment on June 28, 2007; 41st Amendment on June 27, 2008; 42nd Amendment on June 26, 2009; 43rd Amendment on June 29, 2010; 44th Amendment on June 26, 2012; 45th Amendment on June 27, 2013; 46th Amendment on June 24, 2016, the articles in related with addition of Audit Committee and deletion of Supervisors will be applied upon the expiry of the term of office of Supervisors selected in the shareholders’ meeting on June 26, 2014.

Rules for Election of Directors of Formosa Taffeta Co., LTD.

Amended by the Annual Shareholders' Meeting on June 24, 2016

Article 1: Unless otherwise stipulated by the Company Act and this Company's charter, the election of this Company's directors shall be according to this Procedure.

Article 2: The Company shall adopt a cumulative voting method where one share shall have the same voting rights as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates. The shareholder account number or attendance card numbers on the ballot may be used to replace the names of shareholders on the ballots.

Article 3: When the election begins, the chairperson shall designate several vote readers and vote counters to perform their duties.

Article 4: The number of directors will be as specified in the Company's Articles of Association. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 5: Elections of directors of the Company shall be conducted in accordance with the candidate nomination system pursuant to the Company's Articles of Association. The shareholders shall elect the directors from among the nominees listed in the roster of candidates. Independent directors and non-Independent directors shall be elected together. Quota for the independent director and non-independent director shall be counted separately pursuant to Article 4. At least one independent director-elect shall be equipped with accounting or financial expertise.

Methods, seats, and venue for nomination and other relevant matters for nomination of director candidates shall be announced prior to the book closure period before convening a Shareholders' Meeting. The nomination period shall be no less than 10 days.

The Board of Directors and shareholders holding 1% or more of the Company's issued shares shall be eligible to recommend a list of nominees for directors. However, the number of nominees cannot exceed the number of directors to be elected.

When providing the candidacy of nominees, shareholders and Board of Directors member shall provide the nominees' names, academic background, experiences, affidavit to serve as a Director upon election, affidavit for non-violation of Article 30 in the Company Act and other certification documents. When a nominee is a legal person or its representative, the shareholder registration of the legal person and certification document for number of shares held shall be provided.

When the Board of Directors or other person with convening rights convenes a Shareholders' meeting, the nominees for directors shall be reviewed, and shall be included in the roster of nominees for directors unless one of the following conditions apply:

(1) A shareholder recommends a nominee outside of the nomination period.

(2) A shareholder who wishes to recommend a nominee does not own 1% or more of the Company's shares before book closure pursuant to Article 165-2 or 165-3 of the Company Act.

(3) The number of nominees has exceeded the number of directors to be voted on.

(4) Relevant certification documents have not been supplemented per regulation in the above Paragraph.

Article 6: Ballots shall be issued by the board of directors and given to electors based on their attendance pass number. Each elector shall be given the number of ballots equal to the number of the directors to be elected. The election votes of a shareholder shall be distributed proportionally to each ballot.

Article 7: The elector shall write down the account name and shareholder account number of the person elected in the "Person Elected" box. If the person elected is not a shareholder, his or her name and ID Card number shall be written instead.

Article 8: A vote shall be considered invalid in any of the following circumstances:

(1) The elector fails to use the ballot provided in Article 6.

(2) The elector writes down two or more individuals on the ballot.

(3) Any words other than the items provided in Article 7 are written.

(4) The elector fails to write down the items provided in Article 7 or writes down incomplete information.

(5) The handwriting on the ballot is illegible.

(6) The account name or the shareholder account number does not agree with that in the roster of shareholders if the person elected is a shareholder, or the name or ID Card number is not correct if the person elected is not a shareholder.

Article 9: Ballots are counted immediately after the voting has been completed. The results shall be announced by the chairperson, including the list of the elected directors and supervisors and the number of shares voting.

Ballot electoral matters in the preceding paragraph shall be sealed after tellers sign and safe kept for at least one year. But the shareholders file lawsuit in accordance with the Article 189 of the Companies Act, shall be kept until the end of the proceedings.

Article 10: The Regulations and any amendment to the Regulations shall be implemented after approval by a shareholders' meeting.

Rules of Procedure for Shareholders’ Meetings of Formosa Taffeta Co., Ltd.

Amended by the Annual Shareholders’ Meeting on June 19, 2020

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders’ meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for Taiwan Stock Exchange Corp (“TWSE”)/Taipei Exchange (“TPEx”) Listed Companies.

Article 2: The rules of procedures for the Company's shareholders’ meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 3: Unless otherwise provided by law or regulation, the Company's Shareholders’ Meetings shall be convened by the Board of Directors.

A notice to convene an annual shareholders’ meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date; while a notice may be given to registered shareholders who own less than 1,000 shares of nominal stocks no later than 30 days prior to the scheduled meeting date in the form of a public announcement on the Market Observation Post System (MOPS) of the TWSE. A notice to convene a special shareholders’ meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. A public notice may be given to registered shareholders who own less than 1,000 shares of nominal stocks no later than 15 days prior to the scheduled meeting date in the form of a public announcement on the MOPS of the TWSE.

To convene a shareholders’ meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic versions of a shareholders’ meeting notice and proxy forms, and causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the MOPS no later than 30 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. The Company shall prepare electronic versions of a shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS no later than 21 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. In addition, the Company shall also have prepared a shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time no later than 15 days prior to the scheduled Shareholders' Meeting date. The Meeting Agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent engaged by the Company as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application to be delisted from public offering, lifting of non-competition restriction of directors, capital increase by retained earnings, capital increase by capital reserve, dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. The content of such matters shall be uploaded to a website designated by the competent authority or the Company, and the website shall be specified on the meeting notice.

Where the meeting agenda has specified general re-elections of the directors and the terms of the directors' office, the terms of office of the directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the shareholders' meeting.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the Meeting Agenda. However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the agenda. In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda.

Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, the method of receiving such proposals (whether written or in electronic form), and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the Annual Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the power authorized to the proxy.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company no later than 5 days prior to the Shareholders' Meeting date. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to revoke the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by way of electronic transmission, a written notice of proxy rescission shall be submitted to the Company no later than 2 days prior to the meeting date. If the rescission notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6: The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders’ meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company shall not impose arbitrary requirements on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders’ meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7: If a shareholders’ meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the Managing Director to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as chair.

When a Managing Director or a Director serves as chair, as referred to in the preceding paragraph, the Managing Director or Director shall be one who has held that position for 6 months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders’ meetings convened by the Board of Directors be chaired by the Chairman, and the Chairman who chairs the way can appoint the Vice Chairman, Managing Director or Director of familiar company’s business to direct the proceeding agenda of shareholders' meeting, that a majority of the Directors attend in person, and that at least one member of each functional committee attend as representative.

Attendance details should be recorded in the Shareholders Meeting minutes. If a shareholders' meeting is convened by a party having the convening right but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9: Quorum at shareholders' meetings shall be calculated based on numbers of shares. The quorum shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by way of electronic transmission.

The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1 of

Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10: If a shareholders' meeting is convened by the Board of Director, the meeting agenda shall be set by the Board of Directors. The relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party having the convening right that is not the Board of Directors.

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by a majority of the votes represented by the attending shareholders, and then continue the meeting.

The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and shall also arrange ample time for a vote.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chair and the shareholder that has the floor; the Chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.

Article 12: Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

In case a director of the Company has created a pledge on the Company's shares more than half of the Company's shares being held by him/her/it at the time he/she/it is elected, the voting power of the excessive portion of shares shall not be exercised.

The number of shares for which voting rights may not be exercised under the preceding two paragraphs shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a stock agency approved by the competent authority for securities, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of voting shares, otherwise, the portion of excessive voting rights shall not be counted.

Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2 of Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, shareholders shall exercise their voting rights by electronic means and may exercise their voting rights in writing. When voting rights are exercised in writing or by way of electronic transmission, the method for exercising the voting rights shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or by way of electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights in writing or by way of electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company no later than 2 days prior to the scheduled shareholders' meeting date. When duplicate declarations of intent are delivered, the one received earliest by the Company shall prevail, except when a declaration is made to revoke the earlier declaration of intention.

After a shareholder has exercised voting rights in writing or by way of electronic transmission, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to rescind the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, no later than 2 days prior to the scheduled shareholders' meeting date. If the notice of rescission is submitted after that time, the voting rights already exercised in writing or by way of electronic transmission shall prevail. When a shareholder has exercised voting rights both in writing or by way of electronic transmission and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

In addition to the proposals on the meeting agenda, when a shareholder wishes to propose an extraordinary motion, the shareholder's voting rights shall represent at least 1% or more of the Company's total issued shares.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the weight of the votes), and the number of weighted votes each candidate received in case of a Directors' elections, and shall be retained for the duration of the existence of the Company.

Article 16: On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under TWSE regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The Chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the Chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the Chair's correction, obstructing the proceedings and refusing to heed calls to stop, the Chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18: When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to postpone or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19: These Rules and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Formosa Taffeta Co., Ltd.
Current Shareholdings of Directors

Title	Name	Shareholding (share)
Chairman	Formosa Chemicals & Fibre Corporation Representative: Wong, Wen-Yuan	630,022,431
Vice Chairman	Kai-Fu Co., Ltd. Representative: Hsie, Shih-Ming	113,000
Managing Director (Independent Director)	Lin, Sheng-Chung	0
Independent Director	Kuo, Nein-Hsiung	0
Independent Director	Kuo, Chia-Chi	3,000
Director	Formosa Chemicals & Fibre Corporation Representative: Hong, Fu-Yuan	630,022,431
Director	Formosa Chemicals & Fibre Corporation Representative: Lu,Wen-Chin	630,022,431
Director	Formosa Chemicals & Fibre Corporation Representative: Lee, Ming-Chang	630,022,431
Director	Formosa Chemicals & Fibre Corporation Representative: Tsai, Tien-Shuan	630,022,431
Director	Chuanghua County Shu-Wang Lai's Private Social Welfare Charity Foundation Representative: Lee, Man-Chun	4,151,942
Director	Hsieh, Ming-Der	15,548,068

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 40,431,952 shares. As of April 27, 2021, the actual shareholdings of the Company's Directors are 649,838,441 shares.

Information regarding the Proposed Employees' and Directors' Compensation Adopted by the Board of Directors of the Company:

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees' cash compensation	NT$ 4,393,629
Employees' stock compensation	NT$ 0
Directors' cash compensation	NT$ 2,196,814
2. Shares of the proposed employees' stock profit sharing bonus and the percentage of the share amount to that of all stock dividend:	
Shares of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividends capitalization	0%

The above-listed amounts of employees' and directors' compensation are consistent with the proposed ones adopted by the Board of Directors of the Company.

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2021 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution to the 2021 Annual Shareholders' Meeting and is not required to prepare its financial forecast information.