

FORMOSA TAFFETA CO., LTD.

2022 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK

(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 24, 2022

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FORMOSA TAFFETA CO., LTD.

2022 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

- I. Call Meeting to Order
- II. Chairman's Speech
- III. Report Items
- IV. Ratification Items
- V. Discussion Items
- VI. Extraordinary Motions
- VII. Meeting Adjourned

FORMOSA TAFFETA CO., LTD.
2022 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Friday, June 24th, 2022

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

Method of convening shareholders meeting: Physical Shareholders Meeting

I. Report Items

1. 2021 Business Report
2. Audit Committee's Review Report on the Company's 2021 Financial Statements
3. Report on 2021 Compensation of Employees and Directors

II. Ratification Items

1. 2021 Business Report and Financial Statements
2. Proposal for Distribution of 2021 Earnings

III. Discussion Items

1. Amendment to the Articles of Incorporation of the Company
2. Amendment to the Procedure of Acquisition or Disposal of Assets of the Company

Report Items

1. The business status of fiscal year 2021, referred to the Business Report (on page 4 of this Handbook.)
2. The Company's Audit Committee members reviewed the 2021 Business Report and Financial Statements and issued their Review Report (on page 11 of this Handbook) according to the applicable laws.
3. Report on 2021 Compensation of Employees and Directors:
The pre-tax profit prior to deducting employees' compensation and directors' compensation is NT\$ 2,273,011,939, with no accumulated loss. 0.2% of that profit, NT\$ 4,546,024 is allocated as employees' compensation and another 0.1%, NT\$ 2,273,012, as directors' compensation in accordance with Article 30 of Articles of Incorporation. The total amount of the aforementioned employees' and directors' compensation is NT\$ 6,819,036, all of which is to be distributed in cash.

Formosa Taffeta Company Limited

2021 Annual Business Report

1. 2021 Business Performance

The Company's consolidated revenue grew by 13.95%, from NT\$28,783.49 million in 2020 to NT\$32,799.01 million in 2021, an increase of NT\$ 4,015.52 million, with consolidated pretax profit increasing by 5.52%, from NT\$ 2,262.56 million to NT\$2,387.36 million, an increase of NT\$ 124.8 million.

2. 2021 Business Status

2021 was a tumultuous year for the Company, thanks to continuation of raging pandemic, loose monetary policy worldwide, causing devaluation of US dollar and steep price hikes of raw materials, freight, and energy, change in people's lifestyle, including remote working, sharp drop in international travel, sports events, and social gatherings, which led to popularity of at-home apparel and change in demands for woven and knitted fabrics. Fortunately, light has been visible at the end of tunnel, due to increasing vaccination, gradual opening up in the U.S. and Europe, alleviation of pandemic, jacking up industrial demands, and earlier advent of winter, which increased demands for down jackets and other winter jackets. In 2021, the Company's revenue and core-business profits both grew, the latter of which increased 5.52%, despite reduction in stock-dividend income.

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. The operations in Vietnamese and China plants were beset by pandemic-related restrictions and energy-consumption limitation, respectively, from the second quarter of 2021, which didn't resume

normal state until the fourth quarter. In general, thanks to increasing vaccination and gradual lifting of lockdown, demands had resurged and outings had increased in 2021, inducing growth in textile and apparel consumption and reducing market inventory, which prompted brand vendors to replenish inventory, raising overall order volume. As a result, the company's 2021 revenue and profits grew significantly over 2020.

In 2022, the market may still be overshadowed by multiple uncertainties, including the threat of virus variants on economic recovery and continuing disruption of global trade by pandemic, which may lead to postponed delivery and price hikes of freight, raw materials, and energy, plus exchange-rate fluctuation. Consequently, the Company has to intensify its collaboration with suppliers, develop various environment-friendly fabric, and attain more efficient coordination in capacities and product mix to maximize synergy.

In 2022, the Company will deepen its strategic partnership with international brand customers, intensify the development of high value-added differentiated niche products, push digital marketing and integrated operating platform for new product development and brand projects, in combination with video conferences with customers, continue process improvement, cutting failure cost, energy consumption, and waste output, optimize dyeing module via AI, increasing first-time success rate for dyeing, and shorten delivery via integration of fabric demands by brands and concentration of supply-chain production, thereby augmenting growth momentum and competitiveness and sustaining business growth.

(2) Tire cord fabric:

Affected sharp price hike of raw materials and freight, major

tire manufacturers raised tire prices in 2021, despite decline in downstream demands, due to output reduction of automakers caused by chip shortfall and damped purchasing power of consumers amid inflation. However, the demand for high-end bicycle tires remained strong, boosting the share of fine-denier products. Despite the drop in sales volume by 6.7%, the tire cord fabric of 2021 revenue still advanced 15.8%, thanks to increased share of high-value added products and price hike, induced by higher materials costs, with profits also rising significantly.

In 2022, given alleviation of shortfall in filament supply, although prices expected to remain high in the first half, global tire cord fabric supply will increase and spark acute market competition. In response, the Company will intensify coordination between Taiwan and Vietnam plants in production and sales and increase share of high-margin products, thereby augmenting competitiveness.

(3) Gas stations:

As of the end of 2021, Formosa Petroleum Station had had 105 gas stations, making it the fifth largest gas-station brand in Taiwan. With the increasing vaccination coverage and gradual lifting of lockdown in the U.S and Europe, global demand for oil rose slightly, jacking up oil prices, as a result of which revenue and profits of Formosa Petroleum Station both grew in 2021.

Although outings have dropped significantly during the pandemic, Formosa Petroleum Station has remained profitable, thanks to good services, marketing, and management. Over the past years, Formosa Petroleum Station has been weeding out underperforming stations via evaluation of each station performance, locations, and lease duration, in the hope of boosting margin. In addition, given fluctuation in international oil prices, the company

has intensified control of oil-tank storage level flexibly.

The number of gas stations with self-service are 92, accounting for 88% of totaling, and will be increased further, according to performance. Efforts 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 been made to diversify income sources, such as car-washing service at gas stations and sales of leisure and travel products and auto accessories 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 2022, Formosa Petroleum Station plans to gradually introduce plural payment methods, carry out specific marketing programs, and launch new stations, as a result of which oil-sales volume is expected to score small growth, although revenue hinges on international oil price level.

(4) Cotton yarn:

Although the recovering demands from the U.S., European, and Japanese markets, the operation of the Company's cotton yarn plant was beset by multiple adverse factors, including soaring raw materials prices and record-high freight costs in 2021. Fortunately, with the success in improving its product mix, the cotton-yarn's revenue jumped 31% in 2021, when its profits soared 227%.

In 2022, the Company's cotton-yarn revenue and profits are expected to grow further, thanks to consolidation of existing industrial yarn business and product-mix optimization, including further increase in the output of composite yarn, following

installation of new machines.

(5) Special fabrics:

In 2021, profits from special fabrics shot up 92%, as domestic sales of anti-epidemic isolation-gown fabric and fabric for sterile gowns shipped to European vaccine plants jumped near 50%, shipment of anti-static fabric hit new high, exports of fireproof fabric for petroleum work clothes to the Middle East grew slightly, compared with drop in export to Southeast Asia, due to the effect of pandemic, and sales of fabric for uniforms of servicemen, policemen, and fire fighters remained flat.

In 2022, given price hikes for raw materials, freight, and spun yarn, market of Nomex high-tier fireproof will be polarized, with demands focusing on high-priced products or low-priced ones. To meet different needs of customers, the Company will develop low-to-medium priced products and introduce flexible fabric, moisture-absorbing comfortable fabric, plus usage of environment-friendly materials and auxiliary agents, in line with expectation of major brand customers for sustainable development, thereby sidestepping price competition among peers.

(6) Carbon-fiber composite materials:

Amid rampant pandemic in 2021, the carbon-fiber composite material plant managed to turn around its operation, with revenue soaring 91%, in 2021, thanks to sales of its processing materials to manufacturers of exercise equipment bicycles, yachts/ships, drones, construction reinforcement, and high value-added robotic arms, both in Taiwan or abroad, development of fast-forming prepreg fabric for shipment to Taiwanese bicycle-rim manufacturers, penetration of refitted-car parts market in China and exercise-equipment market in Pakistan, via collaboration with local dealers, and collaboration with bicycle manufacturers for developing new resin, for supply to Vietnamese customers.

Sales of the carbon-fiber composite materials are expected to grow in 2022, when domestic demands for 3K carbon-fiber fabric are expected to remain stable and the company will tap Chinese market, in collaboration with customs, plus plan to develop specialty fabrics, expand supply of prepreg fabric, and sell multi-axis fabric to domestic yacht makers.

(7) Plastic bags:

In 2021, shipment of plastic bags to Japan, with a dominant 79% share, dropped, due to the ban on free vest bags from July, 2020, and sales to Chile also tumbled, a result of lockdown and border closure amid COVID-19 pandemic. Consequently, revenue and profits of plastic processing plant both declined in 2021.

The plastic bag sales are expected to grow in 2022, thanks to shutdown of a Chinese vest-bag manufacturer at the end of 2021, prompting its Japanese buyers to shift their orders to the Company and other two suppliers. The company will keep track on the change in raw materials prices and in the exchange rate of Japanese yen to raise its profits.

4. Conclusion

Without a single case of infection in Taiwan plant between 2020 and 2021, the Company will continue carrying out the precautionary measures to maintain normal operation and on-time delivery, while tapping the market of anti-epidemic medical-care fabrics, and consolidating international supply chain, addressing climate-change issue, and assuring smooth production and sales. The Company will intensify collaboration with affiliate Schoeller Textil AG of Switzerland at full scale, including innovation, R&D, production, and marketing.

Share of filament featuring environment-friendly recyclable material for the Company's mainstream product filament dyed fabric

has been on the rise recent years, reaching 43.6% in 2021. Meanwhile, the Company has intensified effort in environmental protection, corporate governance, and corporate social responsibility, marching toward the ESG (environment, social, and governance) realm, in compliance with universal value of environmental protection, assuring product and environment sustainability.

The company will continue to 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 plants in Taiwan, China, and Vietnam, and make strenuous efforts to remove failure cost, enhance first-time success rate, increase product value, attain consistent standards, seek sophisticated quality, attain punctual delivery, and augment synergy.

Despite uncertain pandemic outlook in 2022, expanding vaccination is expected to contain the plague, paving the way for resumption of normal business activities. Via adherence to various effective measures, the company will strive to attain performance targets, co-prosperity with supply-chain partners, and win-win outcome 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 2021 Business Report, Financial Statements, including Consolidated and Parent Company Only ones, and Earnings 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 9, 2022

Ratification Items

Proposal 1

Proposal: To accept the 2021 business report and financial statements

Proposed by the Board of Directors

Explanation:

- 1.The preparation of the Company's 2021 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 9, 2022 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 36 through page 49 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 2021 earnings

Proposed by the Board of Directors

Explanation:

Please refer to page 50 of this Handbook for the 2021 Earnings Distribution Proposal, reviewed by the Audit Committee members of Formosa Taffeta Co., Ltd. and approved by the Board of Directors on March 9, 2022. Please approve the Earnings Distribution Proposal.

Resolution:

Discussion Items

Proposal 1

Proposal: Amendment to the Articles of Incorporation of the Company. Please discuss and resolve.

Proposed by the Board of Directors

Explanation:

In response to conform to the needs of commercial practice, the Articles of Incorporation of the Company is proposed to be 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 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. <u>The total number of shares held by the directors of the Company shall follow the rules promulgated by the competent authority for securities.</u> The Company shall have three independent directors among the	9 ~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 Company shall have at least three independent directors among the directors above. The matters regarding method of nomination and other matters shall be	To conform to the needs of commercial practice, the Company proposes to adjust the number of directors and independent directors, and delete the regulations about the registered shares held by the directors.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>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.</p> <p>(below omitted)</p>	<p>conducted in accordance with the Company Act and related regulations of competent authority for securities.</p> <p>(below omitted)</p>	
Article 21	<p>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 <u>by the way of the preceding election pursuant to laws, Articles of Incorporation,</u></p>	<p>The Board shall be formed pursuant to a resolution adopted by a majority vote of a meeting of the board of directors attended by <u>over</u> two-thirds or more of all the directors. The directors shall elect among them three Managing Directors, <u>including one independent director.</u> The Managing Directors shall elect among them a Chairman in the same manner, <u>and may elect</u> a vice chairman of the board. <u>The Chairman represents the Company</u></p>	<p>In accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Managing directors shall include at least one independent director; in addition, to conform to</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p><u>and resolutions of shareholders' meetings and of the board of directors.</u></p>	<p><u>externally.</u></p>	<p>the needs of commercial practice, the Company proposes to adjust the election of vice chairman to increase flexibility.</p>
<p>Article 31</p>	<p>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</p>	<p>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</p>	<p>To conform to the needs of commercial practice, the Company proposes to amend the procedure of cash dividend distribution in compliance with Company Act.</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>appropriation of net profits and <u>submit the same to the shareholders' meeting for resolution.</u> (below omitted)</p>	<p>concerning the appropriation of net profits <u>is authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The dividends paid in stock shall be submitted for the approval in a shareholders' meeting.</u> (below omitted)</p>	
<p>Article 35</p>	<p>(omitted)</p>	<p>The <u>47th amendment is added to the existing Article on June 24, 2022.</u></p>	<p>Add the date of amendment and execution to the Article.</p>

Resolution:

Discussion Items

Proposal 2

Proposal: Amendment to the Procedure of Acquisition or Disposal of Assets of the Company. Please discuss and resolve.

Proposed by the Board of Directors

Explanation:

To comply with the requirements provided in the order Jin-Guan-ZhengFa-Zi No. 1110380465 dated January 28, 2022 by the Financial Supervisory Commission, certain articles of the Procedures for Acquisition and Disposal of Assets 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 7	In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, engaging others to build on its own land, engaging others to build on rented land, or	In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or	Amended in accordance with the order Jin-Guan-ZhengFa-Zi No. 1110380465 dated January 28, 2022 by the Financial Supervisory Commission

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be proposed for approval in advance by the Board of Directors; the same procedure shall also be followed for any subsequent changes to the terms</p>	<p>acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be proposed for approval in advance by the Board of Directors; the same procedure shall also be followed for any subsequent changes to the terms and conditions of the</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, <u>a certified public accountant</u></p>	<p>transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p><u>shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) of Republic of China</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy</p>	<p>perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
Article 8	The Company acquiring or disposing of securities shall, prior to the date of	The Company acquiring or disposing of securities shall, prior to the date of	Amended in accordance with the order

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of</u></p>	<p>occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where</p>	<p>Jin-Guan-ZhengFa-Zi No. 1110380465 dated January 28, 2022 by the Financial Supervisory Commission</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p><u>Statement of Auditing Standards No. 20</u> published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority for securities.</p>	<p>otherwise provided by regulations of the competent authority for securities.</p>	
Article 9	<p>In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the</p>	<p>In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the</p>	<p>Amended in accordance with the order Jin-Guan-ZhengFa-Zi No. 1110380465 dated January 28, 2022 by the Financial Supervisory Commission</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>transaction price prior to the date of occurrence of the event. <u>The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</u></p>	<p>transaction price prior to the date of occurrence of the event.</p>	
Article 14	<p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in</p>	<p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in</p>	<p>Amended in accordance with the order Jin-Guan-ZhengFa-Zi No. 1110380465 dated January 28, 2022 by the Financial Supervisory Commission</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real 	<p>trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real 	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 through 17.</p> <p>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and</p>	<p>property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 through 17.</p> <p>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 28 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current</p>	<p>evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>Where the transaction in paragraph 1 of the Company or any subsidiaries that are not public companies and the transaction amount reaches 10 percent or more of the Company's total assets, the Company or any subsidiaries that are not public companies may</u></p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount. (below omitted)</p>	<p><u>not proceed to enter into a transaction contract or make a payment until the documents in paragraph 1 have been submitted for the approval in the Shareholders' Meeting of the Company. However, this provision does not apply to the transaction between the Company and its parent or subsidiaries, or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in <u>paragraph 1 and</u> the preceding paragraph shall be made in accordance with paragraph 2 of Article 28 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
		<p>transaction. Items that have been approved by <u>the shareholders' meeting</u>, the Board of Directors need not be counted toward the transaction amount. (below omitted)</p>	
Article 28	<p>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the competent authority for securities in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property or 	<p>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the competent authority for securities in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property or 	<p>Amended in accordance with the order Jin-Guan-ZhengFa-Zi No. 1110380465 dated January 28, 2022 by the Financial Supervisory Commission</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued</p>	<p>right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>by domestic securities investment trust enterprises.</p> <p>2. Merger, demerger, acquisition, or assignment of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>4. Where equipment/machinery or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the trading counterparty is not a related party, and the transaction amount is more than NT\$1 billion.</p>	<p>by domestic securities investment trust enterprises</p> <p>2. Merger, demerger, acquisition, or assignment of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>4. Where equipment/machinery or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the trading counterparty is not a related party, and the transaction amount is more than NT\$1 billion.</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the trading counterparty is not a related party, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>6. An asset transaction other than any of</p>	<p>5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the trading counterparty is not a related party, and the amount the Company expects to invest in the transaction is more than NT\$500 million.</p> <p>6. An asset transaction other than any of</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, provided this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements or the subscription or repurchase of</p>	<p>those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, provided this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds, <u>or foreign government bonds with a sovereign rating not lower than the sovereign rating of the</u></p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>money market funds issued by domestic securities investment trust enterprises. (below omitted)</p>	<p><u>R.O.C.</u> (2) Trading of bonds under repurchase/resale agreements or the subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. (below omitted)</p>	

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)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 32,799,007	100	\$ 28,783,492	100
5000	Operating costs	6(6)(26)(27) and 7	(28,625,437)	(87)	(25,770,665)	(90)
5900	Net operating margin		4,173,570	13	3,012,827	10
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(1,790,536)	(5)	(1,635,798)	(5)
6200	General and administrative expenses		(832,867)	(3)	(800,683)	(3)
6000	Total operating expenses		(2,623,403)	(8)	(2,436,481)	(8)
6900	Operating profit		1,550,167	5	576,346	2
	Non-operating income and expenses					
7100	Interest income	6(23)	9,357	-	13,244	-
7010	Other income	6(24) and 7	535,366	2	1,476,272	5
7020	Other gains and losses	6(25)	(163,887)	(1)	(150,981)	-
7050	Finance costs	6(28)	(154,409)	(1)	(161,693)	(1)
7060	Share of profit of associates and joint ventures accounted for using the equity method	6(7)	610,761	2	509,374	2
7000	Total non-operating income and expenses		837,188	2	1,686,216	6
7900	Profit before income tax		2,387,355	7	2,262,562	8
7950	Income tax expense	6(29)	(244,188)	(1)	(166,772)	(1)
8000	Profit for the year from continuing operations		2,143,167	6	2,095,790	7
8100	Loss from discontinued operations	6(11)	-	-	(484)	-
8200	Profit for the year		\$ 2,143,167	6	\$ 2,095,306	7

(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)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income	6(21)				
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial gains (losses) on defined benefit plans		(\$ 137,864)	-	\$ 108,400	1
8316 Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income		558,401	2	(536,786)	(2)
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		<u>73,605</u>	-	<u>(7,810)</u>	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>494,142</u>	<u>2</u>	<u>(436,196)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(86,660)	-	(251,629)	(1)
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method		<u>(110,401)</u>	<u>(1)</u>	<u>60,839</u>	-
8360 Other comprehensive loss that will be reclassified to profit or loss		<u>(197,061)</u>	<u>(1)</u>	<u>(190,790)</u>	<u>(1)</u>
8300 Total other comprehensive income (loss) for the year		<u>\$ 297,081</u>	<u>1</u>	<u>(\$ 626,986)</u>	<u>(2)</u>
8500 Total comprehensive income for the year		<u>\$ 2,440,248</u>	<u>7</u>	<u>\$ 1,468,320</u>	<u>5</u>
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 2,143,167	6	\$ 2,095,548	7
8620 Non-controlling interest		-	-	(242)	-
		<u>\$ 2,143,167</u>	<u>6</u>	<u>\$ 2,095,306</u>	<u>7</u>
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 2,440,248	7	\$ 1,468,562	5
8720 Non-controlling interest		-	-	(242)	-
		<u>\$ 2,440,248</u>	<u>7</u>	<u>\$ 1,468,320</u>	<u>5</u>
Basic and diluted earnings per share (in dollars)	6(30)	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Profit attributable to common shareholders of the parent		\$ 1.35	\$ 1.27	\$ 1.30	\$ 1.25
Assuming shares held by subsidiaries are not deemed as treasury stock:					
Profit attributable to common shareholders of the parent		\$ 1.35	\$ 1.27	\$ 1.30	\$ 1.24

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(18) and 7	\$ 24,490,081	100	\$ 21,524,891	100
5000	Operating costs	6(5)(22)(23) and 7	(21,640,482)	(89)	(19,420,662)	(90)
5900	Net operating margin		2,849,599	11	2,104,229	10
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		(1,428,737)	(6)	(1,320,790)	(6)
6200	General and administrative expenses		(555,244)	(2)	(539,880)	(3)
6000	Total operating expenses		(1,983,981)	(8)	(1,860,670)	(9)
6900	Operating profit		865,618	3	243,559	1
	Non-operating income and expenses					
7100	Interest income	6(19)	2,016	-	4,646	-
7010	Other income	6(20) and 7	516,953	2	1,421,489	7
7020	Other gains and losses	6(21) and 7	(174,382)	(1)	(96,895)	(1)
7050	Finance costs	6(24)	(80,142)	-	(73,583)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	1,136,130	5	691,007	3
7000	Total non-operating income and expenses		1,400,575	6	1,946,664	9
7900	Profit before income tax		2,266,193	9	2,190,223	10
7950	Income tax expense	6(25)	(123,026)	-	(94,675)	-
8200	Profit for the year		\$ 2,143,167	9	\$ 2,095,548	10
	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 plan		(\$ 137,864)	-	\$ 108,400	1
8316	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	6(3)	558,401	2	(2,934,649)	(14)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method		73,605	-	2,390,053	11
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		494,142	2	(436,196)	(2)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(194,287)	(1)	(235,984)	(1)
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(2,774)	-	45,194	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(197,061)	(1)	(190,790)	(1)
8300	Other comprehensive loss for the year		\$ 297,081	1	(\$ 626,986)	(3)
8500	Total comprehensive income for the year		\$ 2,440,248	10	\$ 1,468,562	7
			Before Tax	After Tax	Before Tax	After Tax
9750	Basic and diluted earnings per share	6(26)	\$ 1.35	\$ 1.27	\$ 1.30	\$ 1.25
	Assuming shares held by subsidiaries are not deemed as treasury stock:					
	Basic and diluted earnings per share		\$ 1.35	\$ 1.27	\$ 1.30	\$ 1.24

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, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,471,141	4	\$ 3,083,322	4
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	82	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,489,451	2	1,409,817	2
1136	Current financial assets at amortized cost	6(4)	62,909	-	27,148	-
1150	Notes receivable, net	6(5)	57,955	-	43,015	-
1160	Notes receivable - related parties	7	8,505	-	4,260	-
1170	Accounts receivable, net	6(5)	3,563,413	5	3,105,207	4
1180	Accounts receivable - related parties	7	206,124	-	161,586	-
1200	Other receivables	7	212,832	-	221,203	-
130X	Inventory	6(6)	7,915,845	10	6,849,017	9
1410	Prepayments		567,287	1	415,065	1
1470	Other current assets		138,426	-	259,536	-
11XX	Total current assets		<u>17,693,888</u>	<u>22</u>	<u>15,579,258</u>	<u>20</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	40,512,078	50	40,032,761	50
1550	Investments accounted for using the equity method	6(7)	9,555,195	12	9,626,525	12
1600	Property, plant and equipment	6(8) and 8	11,541,908	14	12,322,002	16
1755	Right-of-use assets	6(9)	1,026,668	1	1,009,957	1
1760	Investment property, net	6(10)	575,852	1	609,408	1
1840	Deferred income tax assets	6(29)	71,876	-	103,811	-
1900	Other non-current assets		364,723	-	178,336	-
15XX	Total non-current assets		<u>63,648,300</u>	<u>78</u>	<u>63,882,800</u>	<u>80</u>
1XXX	Total assets		<u>\$ 81,342,188</u>	<u>100</u>	<u>\$ 79,462,058</u>	<u>100</u>

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	\$ 3,167,227	4	\$ 3,266,405	4
2110	Short-term notes and bills payable	6(13)	299,941	-	499,979	1
2120	Financial liabilities at fair value through profit or loss - current	6(14)	-	-	137	-
2150	Notes payable		221,284	-	202,880	-
2160	Notes payable - related parties	7	341,981	1	150,655	-
2170	Accounts payable		1,093,116	1	1,107,244	2
2180	Accounts payable - related parties	7	967,146	1	834,831	1
2200	Other payables	6(15) and 7	1,039,634	1	975,871	1
2230	Current income tax liabilities		197,485	-	83,539	-
2280	Current lease liabilities	6(9)	82,334	-	100,957	-
2320	Long-term liabilities, current portion		-	-	56,822	-
2399	Other current liabilities		494,900	1	386,777	1
21XX	Total current liabilities		<u>7,905,048</u>	<u>9</u>	<u>7,666,097</u>	<u>10</u>
	Non-current liabilities					
2540	Long-term borrowings	6(16)	9,700,000	12	8,900,000	11
2570	Deferred income tax liabilities	6(29)	349,420	-	399,959	1
2580	Non-current lease liabilities	6(9)	728,999	1	682,086	1
2600	Other non-current liabilities	6(17)	414,862	1	330,328	-
25XX	Total non-current liabilities		<u>11,193,281</u>	<u>14</u>	<u>10,312,373</u>	<u>13</u>
2XXX	Total liabilities		<u>19,098,329</u>	<u>23</u>	<u>17,978,470</u>	<u>23</u>
	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		1,301,769	2	1,297,081	2
	Retained earnings	6(20)				
3310	Legal reserve		8,772,558	11	8,560,207	11
3320	Special reserve		2,214,578	3	2,214,578	3
3350	Unappropriated retained earnings		8,349,494	10	8,228,927	10
	Other equity interest	6(21)				
3400	Other equity interest		24,777,878	30	24,355,213	30
3500	Treasury stocks	6(18)	(19,064)	-	(19,064)	-
31XX	Equity attributable to owners of the parent		<u>62,243,859</u>	<u>77</u>	<u>61,483,588</u>	<u>77</u>
3XXX	Total equity		<u>62,243,859</u>	<u>77</u>	<u>61,483,588</u>	<u>77</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 81,342,188</u>	<u>100</u>	<u>\$ 79,462,058</u>	<u>100</u>

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,383,268	3	\$ 1,901,429	3
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	82	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,489,451	2	1,409,817	2
1150	Notes receivable, net	6(4)	57,955	-	43,015	-
1160	Notes receivable - related parties	7	8,506	-	4,260	-
1170	Accounts receivable, net	6(4)	2,069,651	3	1,834,819	3
1180	Accounts receivable - related parties	7	165,496	-	116,682	-
1200	Other receivables	7	183,517	-	272,070	-
130X	Inventory	6(5)	4,392,093	6	3,837,352	5
1410	Prepayments		153,671	-	117,947	-
1470	Other current assets		154,078	-	246,347	-
11XX	Total current assets		<u>11,057,686</u>	<u>14</u>	<u>9,783,820</u>	<u>13</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	40,512,078	53	40,032,761	54
1550	Investments accounted for using the equity method	6(6)	17,451,181	23	17,146,398	23
1600	Property, plant and equipment	6(7) and 7	6,054,424	8	6,339,354	8
1755	Right-of-use assets	6(8)	744,479	1	717,814	1
1760	Investment property - net	7	485,103	1	514,513	1
1840	Deferred income tax assets	6(25)	71,876	-	103,811	-
1900	Other non-current assets		323,170	-	163,291	-
15XX	Total non-current assets		<u>65,642,311</u>	<u>86</u>	<u>65,017,942</u>	<u>87</u>
1XXX	Total assets		<u>\$ 76,699,997</u>	<u>100</u>	<u>\$ 74,801,762</u>	<u>100</u>

(Continued)

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 31,236	-	\$ 4,783	-
2110	Short-term notes and bills payable	6(10)	299,941	-	499,979	1
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	137	-
2150	Notes payable		130,690	-	133,496	-
2160	Notes payable - related parties	7	318,401	1	127,610	-
2170	Accounts payable		647,539	1	574,179	1
2180	Accounts payable - related parties	7	722,715	1	654,403	1
2200	Other payables	7	818,631	1	792,704	1
2230	Current income tax liabilities	6(25)	145,112	-	62,389	-
2280	Current lease liabilities		80,798	-	99,484	-
2300	Other current liabilities		137,162	-	124,104	-
21XX	Total current liabilities		<u>3,332,225</u>	<u>4</u>	<u>3,073,268</u>	<u>4</u>
Non-current liabilities						
2540	Long-term borrowings	6(12)	9,700,000	13	8,900,000	12
2570	Deferred income tax liabilities	6(25)	349,420	-	399,959	1
2580	Non-current lease liabilities		672,222	1	624,823	1
2600	Other non-current liabilities		402,271	1	320,124	-
25XX	Total non-current liabilities		<u>11,123,913</u>	<u>15</u>	<u>10,244,906</u>	<u>14</u>
2XXX	Total liabilities		<u>14,456,138</u>	<u>19</u>	<u>13,318,174</u>	<u>18</u>
Equity						
	Share capital	6(14)				
3110	Common stock		16,846,646	22	16,846,646	23
	Capital surplus	6(15)				
3200	Capital surplus		1,301,769	2	1,297,081	2
	Retained earnings	6(16)				
3310	Legal reserve		8,772,558	11	8,560,207	11
3320	Special reserve		2,214,578	3	2,214,578	3
3350	Unappropriated retained earnings		8,349,494	11	8,228,927	11
	Other equity interest	6(17)				
3400	Other equity interest		24,777,878	32	24,355,213	32
3500	Treasury stocks	6(14)	(19,064)	-	(19,064)	-
3XXX	Total equity		<u>62,243,859</u>	<u>81</u>	<u>61,483,588</u>	<u>82</u>
	Commitments and contingent liabilities	9				
	Subsequent event	11				
3X2X	Total liabilities and equity		<u>\$ 76,699,997</u>	<u>100</u>	<u>\$ 74,801,762</u>	<u>100</u>

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, 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	
	-	-	-	-	2,095,548	-	-	-	2,095,548	(242)	2,095,306	
	-	-	-	-	108,781	(190,790)	(544,977)	-	(626,986)	-	(626,986)	
	-	-	-	-	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 equity instruments 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		<u>\$ 16,846,646</u>	<u>\$ 1,297,081</u>	<u>\$ 8,560,207</u>	<u>\$ 2,214,578</u>	<u>\$ 8,228,927</u>	<u>(\$ 1,246,441)</u>	<u>\$ 25,601,654</u>	<u>(\$19,064)</u>	<u>\$ 61,483,588</u>	<u>\$ -</u>	<u>\$ 61,483,588</u>

(Continued)

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, 2021												
Balance at January 1, 2021		\$ 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
Profit for the year		-	-	-	-	2,143,167	-	-	-	2,143,167	-	2,143,167
Other comprehensive income (loss)		-	-	-	-	(142,262)	(197,061)	636,404	-	297,081	-	297,081
Total comprehensive income (loss)		-	-	-	-	2,000,905	(197,061)	636,404	-	2,440,248	-	2,440,248
Appropriations of 2020 earnings	6(20)											
Legal reserve		-	-	212,351	-	(212,351)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,684,665)	-	-	-	(1,684,665)	-	(1,684,665)
Paid expired cash dividends transferred to capital surplus	6(19)	-	(97)	-	-	-	-	-	-	(97)	-	(97)
Expired cash dividends transferred to capital surplus	6(19)	-	2,592	-	-	-	-	-	-	2,592	-	2,592
Adjustment of cash dividends paid to consolidated subsidiaries acquired	6(19)	-	2,193	-	-	-	-	-	-	2,193	-	2,193
Change in the net interest of associates recognized under the equity method	6(21)	-	-	-	-	16,678	-	(16,678)	-	-	-	-
Balance at December 31, 2021		<u>\$ 16,846,646</u>	<u>\$ 1,301,769</u>	<u>\$ 8,772,558</u>	<u>\$ 2,214,578</u>	<u>\$ 8,349,494</u>	<u>(\$ 1,443,502)</u>	<u>\$ 26,221,380</u>	<u>(\$19,064)</u>	<u>\$ 62,243,859</u>	<u>\$ -</u>	<u>\$ 62,243,859</u>

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Capital Reserves						Retained Earnings			Other Equity Interest			Treasury stocks	Total equity
	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 using 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			
Year ended December 31, 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	
	-	-	-	-	-	-	-	-	2,095,548	-	-	-	2,095,548	
6(17)	-	-	-	-	-	-	-	-	108,781	(190,790)	(544,977)	-	(626,986)	
	-	-	-	-	-	-	-	-	2,204,329	(190,790)	(544,977)	-	1,468,562	
Appropriations of 2019 earnings:														
6(16)	-	-	-	-	-	-	518,872	-	(518,872)	-	-	-	-	
	-	-	-	-	-	-	-	-	(4,211,662)	-	-	-	(4,211,662)	
	-	-	-	-	-	(144)	-	-	-	-	-	-	(144)	
	-	5,483	-	-	-	-	-	-	-	-	-	-	5,483	
6(3)	-	-	-	-	-	-	-	-	(80,823)	-	80,823	-	-	
	-	-	-	-	-	2,100	-	-	-	-	-	-	2,100	
	\$ 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	
Year ended December 31, 2021														
	\$ 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	
	-	-	-	-	-	-	-	-	2,143,167	-	-	-	2,143,167	
6(17)	-	-	-	-	-	-	-	-	(142,262)	(197,061)	636,404	-	297,081	
	-	-	-	-	-	-	-	-	2,000,905	(197,061)	636,404	-	2,440,248	
Appropriations of 2020 earnings:														
	-	-	-	-	-	-	212,351	-	(212,351)	-	-	-	-	
	-	-	-	-	-	-	-	-	(1,684,665)	-	-	-	(1,684,665)	
	-	-	-	-	-	(97)	-	-	-	-	-	-	(97)	
	-	2,193	-	-	-	-	-	-	-	-	-	-	2,193	
	-	-	-	-	-	2,592	-	-	-	-	-	-	2,592	
	-	-	-	-	-	-	-	-	16,678	-	(16,678)	-	-	
	\$ 16,846,646	\$ 38,773	\$ 1,650	\$ 2,032	\$ 1,249,276	\$ 10,038	\$ 8,772,558	\$ 2,214,578	\$ 8,349,494	(\$ 1,443,502)	\$ 26,221,380	(\$ 19,064)	\$ 62,243,859	

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	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit from continuing operations before tax		\$ 2,387,355	\$ 2,262,562
Profit from discontinued operations before tax	6(11)	-	484
Profit before tax		2,387,355	2,263,046
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(10)(26)	1,345,408	1,341,228
Amortization		3,163	7,547
Interest expense	6(9)(28)	154,409	172,577
Interest income	6(23)	(9,357)	(13,244)
Dividend income	6(24)	(280,873)	(1,156,765)
Loss on valuation of financial assets	6(2)(25)	82	37
(Gain) loss on valuation of financial liabilities	6(14)(25)	(137)	57
Share of profit of associates and joint ventures accounted for using the equity method	6(7)	(610,761)	(509,374)
Loss on disposal of investments	6(25)	-	734
Loss (gain) on disposal and scrap of property, plant and equipment	6(25)	5,335	(11,972)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(14,940)	(15,616)
Notes receivable - related parties		(4,245)	2,135
Accounts receivable, net		(457,946)	10,009
Accounts receivable - related parties		(44,538)	61,603
Other receivables		8,191	144,115
Inventory		(1,066,828)	1,234,622
Prepayments		(172,936)	218,520
Other current assets		117,396	56,844
Changes in operating liabilities			
Notes payable		18,404	(18,546)
Notes payable - related parties		191,326	101,567
Accounts payable		(14,128)	(101,500)
Accounts payable - related parties		132,315	(326,125)
Other payables		104,407	(456,138)
Other current liabilities		51,301	258,318
Other non-current liabilities		(55,065)	(63,103)
Cash inflow generated from operations		1,787,338	3,200,576
Interest received		9,537	13,762
Cash dividends received		930,357	1,595,848
Interest paid		(145,259)	(171,449)
Income tax paid		(148,881)	(419,983)
Net cash flows from operating activities		2,433,092	4,218,754

(Continued)

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

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 129,100)
Acquisition of financial assets at amortized cost		(35,761)	(27,148)
Acquisition of investment accounted for using the equity method		-	(1,353,514)
Proceeds from disposal of subsidiary	6(31)	-	(23,556)
Acquisition of property, plant and equipment	6(31)	(469,841)	(983,058)
Proceeds from disposal of property, plant and equipment		2,479	34,900
Increase in other non-current assets		(174,264)	(30,470)
Guarantee deposits (received) paid		(12,123)	23,641
Net cash flows used in investing activities		(689,510)	(2,488,305)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(32)	(99,178)	(486,972)
(Decrease) increase in short-term notes and bills payable	6(32)	(200,038)	499,979
Payment of long-term borrowings		(9,499,170)	(9,258,722)
Increase in long-term borrowings		10,300,000	11,700,000
Cash dividends paid		(1,684,507)	(4,209,383)
Payment of lease principal	6(9)	(152,699)	(155,585)
Decrease in guarantee deposits		1,736	-
Net cash flows used in financing activities		(1,333,856)	(1,910,683)
Effect of foreign exchange rate		(21,907)	26,932
Net increase (decrease) in cash and cash equivalents		387,819	(153,302)
Cash and cash equivalents at beginning of year	6(1)	3,083,322	3,236,624
Cash and cash equivalents at end of year	6(1)	\$ 3,471,141	\$ 3,083,322

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,266,193	\$ 2,190,223
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including depreciation on investment property)	6(7)(22) and 7	808,112	801,082
Interest expense	6(24)	80,142	73,583
Interest income	6(19)	(2,016)	(4,646)
Dividend income	6(20)	(280,873)	(1,156,765)
Loss on valuation of financial assets	6(2)(21)	82	37
(Gain) loss on valuation of financial liabilities	6(11)(21)	(137)	57
Loss on disposal of investments	6(21)	-	734
Share of profit of associates and joint ventures accounted for using the equity method	6(6)	(1,136,130)	(691,007)
Gain on disposal and scrap of property, plant and equipment	6(21) and 7	(154)	(36,209)
Realized gain on disposal and scrap of property, plant and equipment, net	6(21) and 7	(5,757)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(14,940)	(15,616)
Notes receivable - related parties		(4,246)	2,135
Accounts receivable, net		(234,832)	(40,536)
Accounts receivable - related parties		(48,814)	79,222
Other receivables		88,220	35,388
Inventories		(554,741)	811,146
Prepayments		(35,724)	(22,760)
Other current assets		91,717	8,422
Changes in operating liabilities			
Notes payable		(2,806)	328
Notes payable - related parties		190,791	82,611
Accounts payable		73,360	(37,993)
Accounts payable - related parties		68,312	(419,574)
Other payables		67,587	(105,528)
Other current liabilities		13,058	33,591
Other non-current liabilities		(55,718)	(48,948)
Cash inflow generated from operations		1,370,686	1,538,977
Interest received		2,349	4,878
Dividends received		996,714	1,594,740
Interest paid		(73,571)	(74,899)
Income tax paid		(58,907)	(297,359)
Net cash flows from operating activities		<u>2,237,271</u>	<u>2,766,337</u>

(Continued)

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 129,100)
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
Acquisition of property, plant and equipment	6(27)	(390,693)	(410,009)
Proceeds from disposal of property, plant and equipment		1,892	23,832
Increase in other non-current assets		(159,879)	(5,626)
Net cash flows used in investing activities		(548,680)	(1,855,264)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		26,453	(7,541)
(Decrease) increase in short-term notes and bills payable		(200,038)	499,979
Payment of lease principal		(148,660)	(151,546)
Increase in long-term borrowings		10,300,000	11,700,000
Payment of long-term borrowings		(9,500,000)	(9,200,000)
Payment of cash dividends		(1,684,507)	(4,211,807)
Net cash flows used in financing activities		(1,206,752)	(1,370,915)
Net increase (decrease) in cash and cash equivalents		481,839	(459,842)
Cash and cash equivalents at beginning of year	6(1)	1,901,429	2,361,271
Cash and cash equivalents at end of year	6(1)	\$ 2,383,268	\$ 1,901,429

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 2021

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 Minus: Other comprehensive income reclassified to unappropriated retained earnings of current year Plus: Other Adjustments	6,331,911,945 2,143,167,094 -137,864,241 12,279,723	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	201,758,258 1,684,664,637 6,463,071,626	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, \$0.80 will be distributed as dividends and \$0.20 will be distributed as bonus); all of which are cash dividends. 3. All distributed dividends and bonus are from net profit after tax of 2021. 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 is the change of share under equity method.
Total	8,349,494,521	Total	8,349,494,521	

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, 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, 2021 and 2020, 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 Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements 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(1) 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, 2021, the Group's accounts receivable and allowance for uncollectible accounts amounted to NT\$3,563,413 thousand and NT\$62,795 thousand, respectively.

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

How our audit addressed the matter

Our procedures in relation to management's assessment of the allowance for uncollectible accounts 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(2) 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, 2021, the Group's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$8,638,405 thousand and NT\$722,560 thousand, respectively.

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

How our audit addressed the matter

Our procedures in relation to management's assessment of the allowance for inventory valuation 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\$11,856,057 thousand and NT\$10,464,559 thousand, constituting 15% and 13% of consolidated total assets as of December 31, 2021 and 2020, respectively, and operating income of NT\$5,195,106 thousand and NT\$5,226,488 thousand, constituting 16% and 18% of consolidated total operating income for the years then ended, respectively, and

comprehensive income were NT\$711,791 thousand and NT\$195,395 thousand, constituting 29% and 13% 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, 2021 and 2020.

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 9, 2022

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

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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, 2021 and 2020, and the related 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, 2021 and 2020, 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 parent company only financial statements section of our report. We are independent of the Company 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(1) for accounting estimates and assumption uncertainty in relation to accounts receivable, and Note 6(4) for details of allowance for uncollectible accounts. As of December 31, 2021, the Company's accounts receivable amounted to NT\$2,069,651 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 considered the valuation of allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

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

- A. Evaluating the reasonableness of the estimates used by management to estimate the expected credit losses of accounts receivable and obtaining relevant supporting documents, including: forward-looking adjustments, accounting disputes, overdue status, post-account collections and indications that show that the customer cannot repay the loan as scheduled;
- B. Assessing the adequacy of allowance for uncollectible accounts estimated by management to confirm whether the provision policy on allowance for uncollectible accounts has been consistently applied in the comparative periods of financial statements and testing the related assessment to confirm the accuracy of ageing analysis of accounts receivable; and
- C. Testing collections after the balance sheet date to check the adequacy of allowance for uncollectible accounts.

Valuation of inventory

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As of December 31, 2021, the Company's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$4,842,351 thousand and NT\$450,258 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 considered the valuation of inventory a key audit matter.

How our audit addressed the matter

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

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

Other matter - 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\$7,972,893 thousand and NT\$6,474,030 thousand, constituting 10% and 9% of total assets as of December 31, 2021 and 2020, respectively, and comprehensive income was NT\$749,957 thousand and NT\$137,161 thousand, constituting 31% and 9% 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 9, 2022

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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: Resolutions 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 of Procedure for Shareholders' Meetings of Formosa Taffeta Co., Ltd.

Amended by the Annual Shareholders' Meeting on July 30, 2021

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, Articles 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 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 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. 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.

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 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 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 and not elected as directors, and the numbers of votes with which they were elected and not 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.

Procedures for Acquisition or Disposal of Assets of Formosa Taffeta Co., Ltd.

Amended by the Annual Shareholders' Meeting on June 20, 2019

Chapter 1 General Provisions

Article 1: When acquiring or disposing of the following assets, the Company and its subsidiaries shall follow the Procedures for Acquisition or Disposal of Assets (hereinafter referred to as the "Procedures"):

1. Investments in stocks, government bonds, corporate bonds, bank debentures, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, asset-backed securities, etc.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed through mergers, demergers, acquisitions, or assignment of shares in accordance with law.
9. Other major assets.

Article 2: The limit amount of investments for non-operating real property and right-of-use assets or securities (the original investment), by the Company and each subsidiary, shall not exceed 60% of the book value of total assets; for an individual securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets.

Article 3: Terms used in these Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose

value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, post-sales service contracts, long-term leasing contracts, and long-term purchase (sales) contracts.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or assignment of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act and other acts, or to shares acquired from another company through issuance of new shares of its own as the consideration therefor (hereinafter "acquisition of shares") under Article 156-3 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments

in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions in relation to the assets acquired or disposed, shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of the Company.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

Article 5: The procedures for the assessment, determination of transaction terms and conditions, and price of acquiring or disposing of assets by the Company shall be in accordance with the following requirements:

1. Transactions relating to short-term securities investments and derivatives, which are mentioned in Article 1, should be assessed and executed by the financial department; long-term securities investment should be assessed by the

Company's President Office ("President Office") and executed by the financial department after the approval; except for the foresaid assets, the other asset transactions should be assessed by the Company's President Office and executed by the related departments after the approval.

2. The price of transactions described in the preceding paragraph, except which are traded in the centralized securities exchange market or on over-the-counter markets, shall be determined via public bidding, price bidding, or price negotiation based on reference to the market conditions.

Article 6: Where an acquisition or disposition of assets of the Company shall be approved by the Board of Directors according to the Procedures or other relevant laws, the independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

A major asset transaction or a major derivatives transaction shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Chapter 2 Acquisition or Disposal of Assets

Article 7: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a

professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be proposed for approval in advance by the Board of Directors; the same procedure shall also be followed for any subsequent changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) of Republic of China and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may

still be issued by the original professional appraiser.

- Article 8: The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority for securities.
- Article 9: In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.
- Article 10: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with paragraph 2 of Article 28, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11: Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 12: Where the Company acquires or disposes of assets shall be conducted by the Chairman delegated by the Board of Directors or in accordance with the authorization limits of the Company.

Chapter 3 Related Party Transactions

Article 13: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of the Chapter 2 and this Chapter, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Chapter 2.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10.

Article 14: When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 through 17.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 28 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Article 12, delegate the Chairman to decide such matters when the transaction is within a certain amount and

have the decisions subsequently proposed to and ratified by the next Board of Directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is proposed for discussion by the Board of Directors pursuant to paragraph 1 of this Article, the independent Directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Article 15: The Company shall evaluate the reasonableness of the transaction costs by the following means if it intends to acquire real property or right-of-use assets thereof from a related party:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial

institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs and shall also engage a CPA to review the evaluation and render a specific opinion.

Article 16: Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14, and Article 15 does not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17: When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of Article 15 are uniformly lower than the transaction price, the matter

shall be handled in compliance with Article 18. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, Article 16 shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding two articles, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transactions for neighboring or closely valued parcels of

land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or right-of-use assets thereof.

Article 18: Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding three Articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special earnings reserve shall be set aside in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and such difference may not be distributed or used for capital increase by issuance of new shares. Where the Company uses the equity method to account for its investment in another company, then the special earnings reserve called for under paragraph 1 of Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Audit Committee shall supervise the Company's execution of the aforesaid matter.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company having set aside a special earnings reserve

under the preceding paragraph may not utilize the special earnings reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority for securities has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Chapter 4 Engaging in Derivatives Trading

Article 19: Any derivatives trading of the Company shall be conducted in accordance with the "Procedures for Engaging in Derivatives Transactions" of the Company, moreover, the Company shall pay strict attention to control the risk management and to audit the Internal Control System of the Company.

Chapter 5 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 20: Where the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit the opinion to the Board of Directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares

or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21: Where the Company participates in a merger, demerger, or acquisition shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting, together with the expert opinion referred to in Article 20 when sending notification of the shareholders meeting, for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 22: Where the Company participates in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the date which the other companies participating in the merger, demerger, or acquisition convene their Board of Directors and shareholders meeting to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority for securities is notified in advance of extraordinary circumstances and grants consent. Where the Company and the other companies participating in a transfer of shares shall call their respective Board of Directors meeting on the same day, unless another act provides otherwise or the competent authority for securities is notified in advance of extraordinary

circumstances and grants consent.

Where the Company participates in a merger, demerger, acquisition, or transfer of shares shall prepare a full written record of the following information and retain the record for 5 years for reference. In addition, the information set out in the subparagraphs 1 and 2 of the following paragraph shall be reported in the prescribed format and via the Internet-based information system to the competent authority for securities for recordation within two days commencing immediately from the date of passage of a resolution by the Board of Directors.

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the engagement of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

Where any of the companies participates in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall enter into an agreement with such party and shall comply with the preceding paragraph of this Article.

Article 23: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the

information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24: Where the Company participates in a merger, demerger, acquisition, or transfer of shares, the Company shall not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major assets that affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 25: The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is

demerged.

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 26: After public disclosure of the information, if the Company participates in the merger, demerger, acquisition, or transfer of shares and intends further to carry out a merger, demerger, acquisition, or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or transfer of share ; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 27: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company in accordance with the provisions of Article 22, Article 23, and Article 26.

Chapter 6 Public Disclosure of Information

Article 28: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by

the competent authority for securities in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or assignment of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where equipment/machinery or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the trading counterparty is not a related party, and the transaction amount is more than NT\$1 billion.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the trading counterparty is not a related party, and the amount the Company expects to invest in the transaction is more than NT\$500 million.
6. An asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in

the mainland China area where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, provided this shall not apply to the following circumstances:

- (1) Trading of domestic government bonds.
- (2) Trading of bonds under repurchase/resale agreements or the subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the paragraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

Article 29: When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date when the Company becomes aware of the error or omission.

Article 30: Where the Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 31: Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding three Articles, a public report of relevant information shall be made on the information reporting website designated by the competent authority for securities within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Chapter 7 Additional Provisions

Article 32: Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a subsidiary of the Company that is not a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to the threshold requiring a public announcement and regulatory filing under paragraph 1 of Article 28.

Article 33: The Company's controlling and monitoring procedures towards the acquisition or disposal of assets by its subsidiaries are as follows:

1. The Company shall urge its subsidiaries to establish and execute their own “Procedures for Acquisition of Disposal of Assets” in accordance with this Procedures.
2. Where any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall promptly notify the Company in writing of any material violation found. The Company shall know how the subsidiaries deals with the violations, admonish the subsidiary to improve and keep itself informed of the improvement process.

Article 34: Should there be any violation of the procedures when the persons-in-charge of the Company deal with acquisition or disposal of assets, subsequent penalization is subject to the relevant HR policies of the Company.

Article 35: For the calculation of 10 percent of total assets under this Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 36: After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for approval before implementation. Any amendment is subject to the same procedure. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

The matters which paragraph 1 requires submitting to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Formosa Taffeta Co., Ltd.
Current Shareholdings of Directors

Title	Name	Shareholding (share)
Chairman	Formosa Chemicals & Fibre Corporation Representative: Wong, Wen-Yuan	630,022,431
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: Lee, Ching-Fen	630,022,431
Director	Formosa Chemicals & Fibre Corporation Representative: Lee, Ming-Chang	630,022,431
Director	Formosa Chemicals & Fibre Corporation Representative: Lee, Chien-Kuan	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
Director	Kai-Fu Co., Ltd. Representative: (Vacancy)	113,000

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 26, 2022, 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\$ 4,546,024
Employees' stock compensation	NT\$ 0
Directors' cash compensation	NT\$ 2,273,012
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 2022 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution to the 2022 Annual Shareholders' Meeting and is not required to prepare its financial forecast information.