

FORMOSA TAFFETA CO., LTD.

2020 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK (SUMMARY)

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

JUNE 19, 2020

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FORMOSA TAFFETA CO., LTD.

2020 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

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

FORMOSA TAFFETA CO., LTD.
2020 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Friday 19th, June, 2020

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

I. Report Items

1. 2019 Business Report
2. Audit Committee's Review Report on the 2019 Financial Statements
3. Report on 2019 Compensation of Employees and Directors

II. Ratification Items

1. 2019 Business Report and Financial Statements
2. Proposal for Distribution of 2019 Earnings

III. Discussion Items (I)

1. Amendment to the Rules of Procedure for Shareholders' Meetings

IV. Election Items

Elect the Board of Directors to conform to the applicable laws

V. Discussion Items (II)

1. Appropriateness of releasing the newly elected Directors and the juristic person shareholder which appointed their authorized representatives to be elected as directors, from non-competition restrictions. Please discuss and resolve.

Report Items

- 1.The business status of fiscal year 2019, referred to the Business Report (on page 4 of this Handbook.)
- 2.The Company's Audit Committee members reviewed the 2019 Business Report and Financial Statements and issued their Review Report (on page 12 of this Handbook) according to the applicable laws.
- 3.Report on 2019 Compensation of Employees and Directors:
The pre-tax profit prior to deducting employees' compensation and directors' compensation is NT\$ 5,610,218,055, with no accumulated loss. 0.2% of that profit, NT\$ 11,220,436 is allocated as employees' compensation and another 0.1%, NT\$ 5,610,218, as directors' compensation in accordance with Article 30 of Articles of Incorporation. The total amount of the aforementioned employees' and directors' compensation is NT\$ 16,830,654, all of which is to be distributed in cash.

Formosa Taffeta Company Limited

2019 Annual Business Report

1.2019 Business Performance

The Company's consolidated revenue grew by 2.8%, from NT\$ 35,759.53 million in 2018 to NT\$36,762.19 million in 2019, an increase of NT\$ 1,002.66 million. The consolidated pretax profit increased by 14%, from NT\$ 4,529.41 million to NT\$5,163.96 million, an increase of NT\$ 634.55 million. (The Company has lowered its shareholding of its major subsidiary, Formosa Advanced Technologies Co., Ltd., on December 16, 2019, ceding management control over it; therefore, the consolidated revenue and profit have been restated according to regulations.)

2.2019 Business Status

The business of 2019 had been affected by disturbed global financial environment. The main attributor was a loose monetary policy that rendered new high of capital-market indices of stocks, futures, and bonds. However, the increased costs of materials and pays were not easy to be passed on to consumers due to mild growth of consumption power and acute competition in the downstream sector.

Despite challenges, international brands increased their orders to the Company for long-fiber weaving fabric as composite functional products made from environment-friendly material have outstanding functionality. In addition, tariffs and the present international supply chain are being impacted by trade disputes arose from trade deficits which the U.S. had with its major trade partners, including China, Germany, and Japan. However, the Company and its major customers have harmonious relations and achieved win-win results through strategic collaboration. The performance of 2019 is better than that of 2018.

3.2020 Business Plan and Outlook

Business plans and outlooks for the seven major products in 2020 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 umbrellas. In 2019, the apparel consumer market could maintain steady growth. Because of the trend in sportswear, casual wear and environmental awareness, functional sportswear is in high demand, stimulating growth in sales in the apparel industry, effectively reducing inventory, and increasing orders from major brands in apparel industry. In addition, consultations with brands on their plans for fabric integration and centralized clothing production supply chain have enabled the Company to shorten the delivery time. Orders from brands for the Formosa Taffeta Vietnam plant continue to increase. Formosa Taffeta Taiwan plant, on the other hand, is mainly focused on research and development and differentiated marketing. It serves as a platform for product development and innovation and business integration for brand projects. It is focused on maintaining competitiveness and growth promotion.

In 2020, in response to international brands' development trend crossing fashion and sportswear, and to cater to the rapid and effective demand for composite functional clothing for international athletes, our products will set new trend and we will strive to increase the proportion of high-niche differentiated products with particular emphasis on products made from recyclable, environment-friendly materials. In addition, we wish to develop new potential brand customers catering to the demand for customization.

In production and marketing of filament woven fabric, the Company's R&D team oversees the product, leads product innovation and upgrades. The marketing team focuses on market exploration and augmentation of market share. In other management aspects, the Company promotes process improvements with new equipment and technology, makes efforts to lower failure rate, conserve energy, reduce emissions, introduce AI to optimize dye process module, increase the success rate of the dye

process at the first go, reduce the number of poor-quality products, make improvements, and meet customer needs. In market operation, the Company has been working on effective use and integration of its strengths in five production bases in Taiwan, mainland China, and Vietnam and optimize its product assortment, and deploy production capacity effectively to maximize synergy.

The uncertainties presented by COVID-19 pandemic have reduced the production of supply chain in mainland China. The Formosa Taffeta plants in mainland China have also been affected. Part of its production capacity has been diverted to Taiwanese and Vietnamese plants. In addition, the company is actively seeking business from customers and seeking to win orders from elsewhere. In spite of considerable challenges in 2020, growth in orders from major brands is expected, and we will work closely with major strategic partners' garment factories to consolidate and strengthen the clothing supply chain to ensure that the performance in 2020 is better than that of 2019.

(2)Tire cord fabric:

The Company's Taiwanese tire cord plant has strived to beat the odds under the circumstances such as smaller scale than that of its competitors, price competition, and buyer's market in 2019. The Vietnamese Plants are taking advantage of zero-tariff privilege for exports to ASEAN (Association of Southeast Asian Nations) markets to win orders from customers in ASEAN 10+3 countries, India, Europe and the United States and other regions. It also plans to accept orders for marginal products, and adjust its product mix suitably to meet the customer needs.

In 2020, the Taiwanese plant will actively strive for differentiated value-added products, develop new customers, and strive to improve purchase by customers. In addition, it is making improvements to its processes and reducing the cost of conversion to optimize the product structure. The Vietnamese plant is exploring to promote value-added products, such as single-ply curtain yarns, chafer, and single-yarn

impregnations, and is striving to increase the average unit prices and improve the overall profit.

At the beginning of 2020, the covid-19 epidemic has hit the industrial supply chain in mainland China, forcing competitors to temporarily curtail production. Hence, it is all the more a reason for us to quickly seek opportunities to divert orders to the Company to exceed its 2020 targets.

(3)Gas stations:

As of the end of 2019, Formosa Petroleum Station had had 106 gas stations, making it one of the top 5 gas-station brands in Taiwan for years. The revenue has fluctuated proportionately with rise and fall in international oil prices. The Company emphasizes on service, promotion and performance of management, which increases the sold gasoline. Formosa Petroleum Station has been able to maintain steady profits for years, thanks to the policy of shuttering underperforming gas stations by assessing their performance, location, plus the length of lease contract. Given the fluctuation in international oil prices in recent years, the inventory level of oil tanks should be closely monitored and adjusted suitably. The number of gas stations with self-service has been increased to 93, such increase will go on if benefits justify. Effort will be intensified to increase the number of contracted customers with monthly settlement of bills, including enterprises and owners of agricultural or engineering machines. Efforts have also been made to diversify income sources, such as service of patented car washers and sales of travel and daily-life goods 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 to attain quality service and standardized management. Its business scope is planned to include the operation of charging stations for electronic products. The profits in 2019 have increased by 12.5%.

106 gas stations will be included in the inventory of greenhouse gas (GHG) emission in 2020, and will be subject to external audits, collect and disclose carbon footprint and data. We will make improvements,

commit to our corporate social responsibility (CSR), continue our promotions and open new stations. COVID-19 has restricted the movement of public reducing their outdoor activities, and hence the volume of oil sold is predicted to be slightly reduced in 2020.

(4) Cotton yarn:

The consistent strategy of differentiation and customization, combined with vertical integration of upstream suppliers of raw materials and downstream brands has enabled the Company to retain its present domestic market as the consumption market shrunk in 2019. Penetration of functional yarns in North America and Korean markets led to the growth in revenues by 6.5% in 2019. However, profits suffered from the competition of peers in Taiwan and imported yarn trade dealers.

In 2020, the company is actively seeking to the market of clothing for medical use. The number of industrial fiber customers that have competed for many years continue to increase, effectively improve product quality, and move toward refined and high value-added product. Installed composite yarn machines have also begun receiving orders for mass production, product assortment optimization, and the estimated sales and profit is expected to increase from 2019.

(5) Special fabrics:

In 2019, bids for military and police clothing, petroleum clothing, military bulletproof clothing, Indian fireproof petroleum clothing, Taiwan airman suit and petroleum clothing of South-East Asia in Asia-Pacific, the Middle East, Taiwan and other regions have been accepted surging the demand for related products. A second bid for two batches of military bulletproof board has been approved, increasing the demand for the product. The sales of low-cost electrostatic cloths have decreased, and aseptic clothing for food industry is being promoted. The revenue has increased in 2019 by 20% over 2018; however, the profit has declined by 10%.

In 2020, the company actively prepares raw materials in response to the market demands of clothing for medical use. Such fabrics will feature near-infrared bonding, high visibility, molten iron splashing, elasticity, one-way wetness induction, coupled with new materials, and new raw materials, and will be promoted in emerging markets. Promotional meetings have been held for electrostatic fabrics in Europe, Singapore and Taiwan. High-strength fibers have been introduced for industrial fabrics and other composite materials, bag materials, water jet clothing, etc., and are being promoted in new emerging markets. Growth is expected to exceed in 2020 than that of 2019.

(6)Carbon-fiber composite materials:

Major products in this category include 1.5K, 3k and 12k carbon-fiber fabric, 12k reinforcement material, 12k/24k one-way prepreg, 3k and 12k two-way prepreg, and carbon-fiber panel, 12k and 24k multi-axis/-layer carbon fiber fabric mainly for supply to domestic manufacturers of bike components and parts, sports gear, reinforcement construction materials, and 3Cs, as also for exports to Japan, Korea, Thailand, Indonesia, Brazil, Australia and Europe. Sales shot up in 2019, thanks in part to lower base in 2018.

In 2020, the Company will actively seek civil-engineering business via open bidding for reinforced materials and tap the overseas carbon fiber market, continue to develop high Tg (with glass transition temperature of 180 °C 250°C 300°C) resin prepreg, and explore high value-added robotic arm markets. In addition, it has to tap the markets of yacht, ship, and turbine blade for multi-axis/-layer carbon fiber fabric, markets of robotic arm and auto assembly for expansion-fiber textiles, water-transport robotic arm market for carbon fiber panel, and 3C market for thermoplastic and thermoset carbon fiber panel. Growth is expected to continue in 2020.

(7)Plastic bags:

The Japanese market accounted for 75% of sales in 2019. In the first

quarter, 7-11 in Japan converted 20% of its vest bags into biomass vest bags, which reduced the order quantity while cutting the inventory. South America and Chile banned the use of vest bags in 2019. The locals replaced the small and medium vest bags with big purchase sacks, increasing their sales. The revenue in 2019 decreased by 16% over 2018, however, the profit increased by 25%.

In 2020, Japan will fully charge for vest bags starting from July, and hence their usage is expected to decrease. However, biomass vest bags will replace the vest bags, but they have a higher unit price and added value, thus the profit of 2020 may be higher than that of 2019.

4.Conclusion

Profit in 2019 is better than that in 2018 due to disposal of partial equity in Formosa Advanced Technologies Co., Ltd., in December, which reduced its shareholding to 30.68%. The Company will no longer include Formosa Advanced Technologies Co., Ltd. in its consolidated financial report.

In 2020, the company has taken essential measures to prevent employees from being infected with COVID-19, secured the production and delivery time, taken the opportunity of order transfers due to the capital reduction in China in the first half of 2020, maintained the success of the production and sales, and captured the market of clothing for medical use. Consolidation and maintenance of the existing supply chains is particularly important.

Involvement in the investment in capital increase in cash of Schoeller Textil AG in March, 2020 is going to accelerate the improvement of production measures and the innovation of products. It has been the focus of business since 2020. The company will overcome any difficulty to achieve the target.

The COVID-19 pandemic and dramatic decrease in international gas prices in the first half of 2020 has resulted in less outdoor activities, the drop in raw material prices and its demands, further, caused the boom to be poor. The Company's business objectives are expected to be more challenging in 2020. In

response, the Company will push various improvement projects, invest in new capacities and new technologies, flexibly adjust the division of labor, in terms of regional sales, global marketing, and specialty-based production, among the five production bases in Taiwan, China, and Vietnam. The Company will take pains in eliminating failure cost, do the right things, pursue high added value, uniform standards, and refined quality, and create and expand synergy, in addition to intensifying corporate governance and fulfillment of corporate social responsibilities and promoting environmental protection, in line with the global current so as to attain performance target, co-benefits and co-prosperity with supply-chain partners, a sustainable win-win outcome with customers, and the vision of creating sustainable growth for investment returns for shareholders.

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 2019 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:

Cheng, Yu

March 13 2020

Proposal: To accept the 2019 business report and financial statements

Proposed by the Board of Directors

Explanation:

- 1.The preparation of the Company's 2019 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 13, 2020 and audited by independent auditors, CPA Mr. Han-Chi Wu and CPA Mr. Chien-Hung Chou, 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 11 of this Handbook for the aforementioned Business Report, and page 28 through page 46 for the Financial Statements. Please approve the Business Report and the Financial Statements.

Resolution:

Proposal 2

Proposal: To accept the proposal for distribution of 2019 earnings

Proposed by the Board of Directors

Explanation:

Please refer to page 47 of this Handbook for the 2019 Earnings Distribution Proposal, reviewed by the Audit Committee members of Formosa Taffeta Co., Ltd. and approved by the Board of Directors on March 13, 2020. Please approve the Earnings Distribution Proposal.

Resolution:

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

Proposed by the Board of Directors

Explanation:

To refer to the sample template announced in the order Tai-Cheng-Chih-Li-Zi No. 1080024221 dated January 2, 2020 by the Taiwan Stock Exchange Corporation, certain articles of the Rules of Procedure for Shareholders' Meetings provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 3	(above 4 paragraph omitted) Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under paragraph 1 of Article 185 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the causes to convene the	(above 4 paragraph omitted) Election or dismissal of Directors, amendments to the Articles of Incorporation, <u>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</u> , dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act <u>shall be set out in the notice of the reasons for</u>	Amended in line with Directive Letter No. 1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on January 2, 2020.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>shareholders' meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written 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.</p> <p>Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder</p>	<p><u>convening the shareholders' meeting.</u> None of the above matters may be raised by an extraordinary motion.</p> <p><u>The content of such matters shall be uploaded to a website designated by the competent authority or the Company, and the website shall be specified on the meeting notice.</u></p> <p><u>Where the meeting agenda has specified general re-elections of the Directors and the terms of the Directors' office, the terms of office of the Directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the Shareholders' Meeting.</u></p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general 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</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>proposals may not be less than 10 days. (below omitted)</p>	<p>Agenda. <u>However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the agenda.</u> In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, <u>the method of receiving such proposals (whether written or in electronic form),</u> and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
		(below omitted)	
Article 7	<p>(above 2 paragraph omitted)</p> <p>It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman, 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.</p> <p>(below omitted)</p>	<p>(above 2 paragraph omitted)</p> <p>It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman, <u>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</u>, 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.</p> <p>(below omitted)</p>	Amended to conform with company's practical operating situation

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 10	<p>If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. (paragraph 2~3 omitted)</p> <p>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 call for a vote.</p>	<p>If a shareholders' meeting is convened by the Board of Director, the meeting agenda shall be set by the Board of Directors.</p> <p><u>The relevant proposals (including extraordinary motions and amendment to original proposals)</u> 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. (paragraph 2~3 omitted)</p> <p>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 <u>and shall also arrange ample time</u> for a vote.</p>	<p>Amended in line with Directive Letter No. 1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on January 2, 2020.</p>
Article 13	<p>(paragraph 1 omitted)</p> <p>When the Company holds a shareholders' meeting, it may</p>	<p>(paragraph 1 omitted)</p> <p>When the Company convenes a shareholders' meeting,</p>	<p>Amended in line with Directive Letter No.</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p>allow the shareholders to exercise voting rights in writing or by way of electronic transmission. 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.</p> <p>(below omitted)</p>	<p><u>shareholders shall exercise their voting rights by electronic means and may exercise their</u> 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.</p> <p>(paragraph 3~6 omitted)</p> <p><u>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.</u></p> <p>(below omitted)</p>	<p>1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on January 2, 2020. Qualification for proposing an extraordinary motion has been specified pursuant to the Company's actual processing needs.</p>
Article 15	<p>(paragraph 1~2 omitted)</p> <p>The meeting minutes shall accurately record the year, month,</p>	<p>(paragraph 1~2 omitted)</p> <p>The meeting minutes shall accurately record the year, month,</p>	<p>Amended in line with Directive Letter No.</p>

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	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, and shall be retained for the duration of the existence of the Company.	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_ <u>(including the weight of the votes), and the number of weighted votes each candidate received in case of a Directors' elections,</u> and shall be retained for the duration of the existence of the Company.	1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on January 2, 2020.

Resolution:

Election Items

Proposal: Elect the Board of Directors to conform to the applicable laws

Proposed by the Board of Directors

Explanation:

1. The term of office of the Company’s current directors and supervisors, who were elected on June 23, 2017, will expire on June 22, 2020. To conform to the applicable rule, the company shall elect 11 directors (including 3 independent directors) through cumulative voting system. The term of office of the new Directors (including independent directors) shall be three years, starting from June 19, 2020 to June 18, 2023.

2. In accordance with Article 192-1 of the Company Act and Article 18 of the Articles of the Company’s Articles of Incorporation, the nomination system for candidates for the election of directors (including independent directors) of the Company shall be selected by the shareholders on the list of candidates and shall be held by the Company. The directors (including independent directors) jointly nominated by the shareholders who have issued more than 1% of the total number of the shares on April 21,2020 have 11candidates. The names of the 8 Directors Candidates are listed below:

Name	Education	Experience	Existing shareholding
Wong, Wen-yuan, (Representative of Formosa Chemicals & Fibre Corporation).	Master in Industrial Engineering, University of Houston	Current Appointment: –Chairman of Chinese National Federation of Industries, –Chairman of Formosa Chemicals & Fibre Corp. –Chairman of Formosa Taffeta Co., Ltd. –Chairman of Formosa Advanced Technologies Co. ,Ltd,	630, 022, 431

Name	Education	Experience	Existing shareholding
		Experiences: –President of Formosa Chemicals & Fibre Corp.	
Hsie, Shih-ming, (Representative of Kai Fu Enterprise Co., Ltd.)	Course completion certificate, National Taipei university of Technology	Current Appointment: –Vice Chairman of Formosa Taffeta Co.,Ltd. –Vice Chairman& President of Formosa Advanced Technologies Co., Ltd. Experiences: Chairman of Yu Yuan Enterprise CO., Ltd. President of Formosa Taffeta Co.,Ltd	113, 000
Hong, Fu-yuan, (Representative of Formosa Chemicals & Fibre Corporation)	Bachelor in Department of Chemical Engineering, Chung Yuan Christian University	Current Appointment: Vice Chairman of Formosa Chemicals & Fibre Corp. Experiences: President of Formosa Chemicals & Fibre Corp.	630, 022, 431
Lu, Wen-Chin (Representative of Formosa Chemicals & Fibre Corporation)	Department of Chemical Engineering, Tatung Institute of Technology	Current Appointment: President of Formosa Chemicals & Fibre Corp. Experiences: Senior Vice President of Formosa Chemicals & Fibre Corp.	630, 022, 431
Lee Ming-chang, (Representative of Formosa Chemicals & Fibre Corporation)	Bachelor in Textile Engineering, Feng Chia University	Current Appointment: President of Formosa Taffeta Co. ,Ltd. Experiences: Executive Vice President of Formosa Taffeta Co. ,Ltd.	630, 022, 431

Name	Education	Experience	Existing shareholding
<p>Tsai Tien-shuan, (Representative of Formosa Chemicals & Fibre Corporation)</p>	<p>Bachelor in Textile Engineering, Feng Chia University</p>	<p>Current Appointment: Senior Vice President of Formosa Taffeta Co. ,Ltd.</p> <p>Experiences: Vice President of Formosa Taffeta Co. ,Ltd.</p>	<p>630, 022, 431</p>
<p>Lee Man-chun, (Representative of Changhua County Shuwang Lai's Welfare and Charity Foundation)</p>	<p>Master in Accounting, National Chengchi University</p>	<p>Current Appointment: —Chief Executive Officer of Shu-wang Lai's Welfare and Charity Foundation —Adjunct Instructor of Department of Accounting of Feng Chia University —Adjunct Instructor of Department of Accounting of Providence University</p> <p>Experiences: —Auditor of National Audit Office</p>	<p>4, 151, 942</p>
<p>Hsieh Ming-der</p>	<p>Degree of Mechanical Engineering, Kuang Wu Industry Junior College</p>	<p>Current Appointment: —Chairman of Yu Yuan Enterprise CO., Ltd. —Chairman of Shun Chin Enterprise Co., Ltd.</p> <p>Experiences: —President of Yu Yuan Enterprise CO., Ltd.</p>	<p>15, 548, 068</p>

3 independent director candidates, the list is as follows:

Name	Education	Experience	Existing shareholding
Lin, sheng-chung	Master in Economics, National Taiwan University	Current Appointment: Independent director of SWANCOR Independent director of Kenda Industrial Co., Ltd. Consultant of Chinese National Association of Industry and Commerce, Taiwan. Experiences: Director of CPC Corporation, Taiwan Deputy Minister & Vice Minister of Ministry of Economic Affairs. Director-General of Construction Bureau of Taipei City Government. Permanent Representative of the Observer Delegation of ROC to the World Trade Organization.	0
Kuo, Nein-Hsiung	Master in Urban Planning, National Chung Hsing University	Current Appointment: Director of Taiwan Puritic Corp. Supervisor of Taiwan Innovation Development Corp. Experiences: President of Taiwan Land Development Corp. & China Development Asset Management Corp. Deputy Director-General of Industrial Development Bureau, Ministry of Economic Affairs Chief Secretary & Section Chief, Construction and Planning Agency, Ministry of the Interior	0
Kuo Chia-chi	Bachelor in Accounting, National Taiwan University	Current Appointment: CPA of Kuo Chia-chi Accounting Firm, Independent director of Formosa Advanced Technologies and FBT, Director of Zongtai Real Estate	3, 000

Name	Education	Experience	Existing shareholding
		Development Co., Ltd. Experiences: Auditor of Chung Yang and Yi Hsing CPA firms	

Resolution:

Proposal: Appropriateness of releasing the newly elected Directors and the juristic person shareholder which appointed their authorized representatives to be elected as directors, from non-competition restrictions. Please discuss and resolve.

Proposed by the Board of Directors

Explanation:

1. According to Article 209 of the Company Act, a Director doing anything for himself/herself or on behalf of another person that is within the scope of the Company's business, shall explain the essential contents of such an act at the Shareholders' Meeting and secure Shareholders' approval.
2. Meanwhile, according to Explanation Letter No.89206938 on Article 209 of the Company Act, announced by the Ministry of Economic Affairs dated April 24, 2000, where the juristic person shareholder's authorized representatives are elected as directors according to Article 27-2 of the Company Act, both the juristic person shareholder and the authorized representatives shall be subject to the non-competition restrictions under Article 209 of the Company Act.
3. If a newly-elected Directors or a juristic person shareholder whose authorized representatives are elected as directors in this Annual Shareholders' Meeting conduct competitive businesses that are subject to the non-competition restrictions under Article 209 of the Company Act without damaging the interest of the Company, it is proposed to release the Directors and juristic person shareholders whose authorized representatives are elected as directors from such non-competition restrictions after having assumed office.

(Proclaim the information of engaging in competitive businesses conducted by the Directors and the juristic person shareholders)

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)

		Years ended December 31			
Items	Notes	2019		2018	
		Amount	%	Amount	%
4000	Sales revenue	\$ 36,762,189	100	\$ 35,759,528	100
5000	Operating costs	(33,002,349)	(90)	(32,212,776)	(90)
5900	Net operating margin	3,759,840	10	3,546,752	10
	Selling expenses				
	6(22)(23)&7				
6100	General and administrative expenses	(1,822,061)	(5)	(1,755,658)	(5)
6200	Research and development expenses	(870,469)	(2)	(906,961)	(2)
6000	Total operating expenses	(2,692,530)	(7)	(2,662,619)	(7)
6900	Operating profit	1,067,310	3	884,133	3
	Non-operating income and expenses				
7010	Other income	2,192,602	6	2,773,129	8
7020	Other gains and losses	1,883,119	5	845,246	2
7050	Finance costs	(218,381)	(1)	(211,414)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	239,308	1	238,313	1
7000	Total non-operating income and expenses	4,096,648	11	3,645,274	10
7900	Profit before income tax	5,163,958	14	4,529,407	13
7950	Income tax expense	(537,021)	(1)	(629,000)	(2)
8000	Net profit of continuing business units for the year	4,626,937	13	3,900,407	11
8100	Interests of closed units	1,202,530	3	1,420,293	4
8200	Profit for the year	\$ 5,829,467	16	\$ 5,320,700	15

(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	Years ended December 31			
		2019		2018	
		Amount	%	Amount	%
Other comprehensive income	6(18)				
Components of other comprehensive income that will not be reclassified to profit or loss	6(3)				
8311 Actuarial gains (losses) on defined benefit plans		(\$ 83,820)	-	\$ 150,329	1
8316 Unrealized gain on valuation of financial assets at fair value through other comprehensive income		(4,224,653)	(11)	(3,472,754)	(10)
8320 Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		(1,745,174)	(5)	1,071	-
8310 Other comprehensive income that will not be reclassified to profit or loss					
Components of other comprehensive income that will be reclassified to profit or loss		(6,053,647)	(16)	(3,321,354)	(9)
8361 Financial statements translation differences of foreign operations		(246,306)	(1)	154,788	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		(64,499)	-	14,914	-
8360 Other comprehensive income that will be reclassified to profit or loss		(310,805)	(1)	169,702	-
8300 Total other comprehensive (loss) income for the year		(\$ 6,364,452)	(17)	(\$ 3,151,652)	(9)
8500 Total comprehensive income for the year		(\$ 534,985)	(1)	\$ 2,169,048	6
Profit attributable to:					
8610 Owners of the parent		\$ 5,188,729	14	\$ 4,737,406	13
8620 Non-controlling interest		640,738	2	583,294	2
		\$ 5,829,467	16	\$ 5,320,700	15
Comprehensive income attributable to:					
8710 Owners of the parent		(\$ 1,175,723)	(3)	\$ 1,730,196	5
8720 Non-controlling interest		640,738	2	438,852	1
		(\$ 534,985)	(1)	\$ 2,169,048	6

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

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

		Years ended December 31			
		Before Tax	After Tax	Before Tax	After Tax
	Basic and diluted earnings per share (in dollars)	6(26)			
9710	Profit for the year from continuing operations	\$ 3.07	\$ 2.75	\$ 2.69	\$ 2.33
	Profit for the year from non-controlling operations	0.91	0.71	1.04	0.84
	Non-controlling interest	(0.65)	(0.38)	(0.61)	(0.35)
9750	Profit attributable to common shareholders of the parent	\$ 3.33	\$ 3.08	\$ 3.12	\$ 2.82
Assuming shares held by subsidiaries are not deemed as treasury stock:					
	Profit for the year from continuing operations	\$ 3.06	\$ 2.75	\$ 2.69	\$ 2.32
	Non-controlling interest	0.91	0.71	1.04	0.84
	Profit attributable to common shareholders of the parent	(0.65)	(0.38)	(0.61)	(0.35)
	Profit attributable to common shareholders of the parent	\$ 3.32	\$ 3.08	\$ 3.12	\$ 2.81

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

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

		Years ended December 31				
Items	Notes	2019		2018		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(17) and 7	\$ 27,468,794	100	\$ 27,593,484	100
5000	Operating cost	6(5)(20)(21) and 7	(25,256,705)	(92)	(25,442,866)	(92)
5900	Net operating margin		<u>2,212,089</u>	<u>8</u>	<u>2,150,618</u>	<u>8</u>
	Operating expenses	6(20)(21) and 7				
6100	Selling expense		(1,391,821)	(5)	(1,397,836)	(5)
6200	General and administrative expenses		(540,168)	(2)	(528,989)	(2)
6000	Total operating expenses		<u>(1,931,989)</u>	<u>(7)</u>	<u>(1,926,825)</u>	<u>(7)</u>
6900	Operating profit		<u>280,100</u>	<u>1</u>	<u>223,793</u>	<u>1</u>
	Non-operating income and expenses					
7010	Other income	6(18) and 7	2,227,186	8	2,820,730	10
7020	Other gains and losses	6(19) and 7	1,943,835	7	924,798	3
7050	Finance costs	6(22)	(86,942)	-	(103,358)	-
7070	Share of profit of associates and joint ventures accounted for under equity method	6(6)	<u>1,229,208</u>	<u>4</u>	<u>1,389,799</u>	<u>5</u>
7000	Total non-operating income and expenses		<u>5,313,287</u>	<u>19</u>	<u>5,031,969</u>	<u>18</u>
7900	Profit before income tax		5,593,387	20	5,255,762	19
7950	Income tax expense	6(23)	(404,658)	(1)	(518,356)	(2)
8200	Profit for the year		<u>\$ 5,188,729</u>	<u>19</u>	<u>\$ 4,737,406</u>	<u>17</u>
	Other comprehensive income	6(16)				
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans		(\$ 83,820)	-	\$ 153,145	1
8316	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	6(3)	(4,223,464)	(16)	(2,635,914)	(10)
8330	Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		(1,746,363)	(6)	(693,862)	(3)
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>(6,053,647)</u>	<u>(22)</u>	<u>(3,176,631)</u>	<u>(12)</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(246,306)	(1)	154,507	1
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for		<u>(64,499)</u>	<u>-</u>	<u>14,914</u>	<u>-</u>

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

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

		<u>Years ended December 31</u>			
	under equity method that will be reclassified to profit or loss				
8360	Other comprehensive income that will be reclassified to profit or loss	(310,805)	(1)	169,421	1
8300	Total other comprehensive (loss) income for the year	(\$ 6,364,452)	(23)	(\$ 3,007,210)	(11)
8500	Total comprehensive income for the year	(\$ 1,175,723)	(4)	\$ 1,730,196	6
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
9750	Basic earnings per share 6(24)	\$ 3.33	\$ 3.08	\$ 3.12	\$ 2.82
	Assuming shares held by subsidiaries are not deemed as treasury stock:				
	Basic earnings per share	\$ 3.32	\$ 3.08	\$ 3.12	2.81

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

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

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,236,624	4	\$ 3,391,896	4
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		119	-	479,490	1
1120	Current financial assets at fair	6(3)				
	value through other					
	comprehensive income		1,446,808	2	3,674,217	4
1140	Current contract assets	6(19)	-	-	788,643	1
1150	Notes receivable, net	6(4)	27,399	-	116,511	-
1160	Notes receivable - related parties	7	6,395	-	4,429	-
1170	Accounts receivable, net	6(4)	3,115,039	4	4,110,277	4
1180	Accounts receivable - related	7				
	parties		223,189	-	1,228,428	1
1200	Other receivables	7	365,837	1	326,802	-
130X	Inventory	6(5)	8,083,639	10	8,710,037	9
1410	Prepayments		683,781	1	457,003	1
1470	Other current assets		323,927	-	483,826	1
11XX	Total current assets		17,512,757	22	23,771,559	26
Non-current assets						
1517	Non-current financial assets at	6(3)				
	fair value through other					
	comprehensive income		40,448,025	50	46,512,701	50
1550	Investments accounted for under	6(6)				
	equity method		8,158,239	10	3,216,506	3
1600	Property, plant and equipment	6(7) and 8	12,698,739	16	18,770,958	20
1755	right-of-use asset	6(8)	1,090,720	1	-	-
1760	Net of investment property	7	543,924	1	-	-
1840	Deferred income tax assets	6(25)	137,962	-	93,797	-
1900	Other non-current assets		171,507	-	660,972	1
15XX	Total non-current assets		63,249,116	78	69,254,934	74
1XXX	Total assets		\$ 80,761,873	100	\$ 93,026,493	100

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

	Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	\$ 3,753,377	5	\$ 3,638,538	4
2120	Financial liabilities at fair value through profit or loss - current	6(11)	80	-	774	-
2150	Notes payable		221,426	-	251,576	-
2160	Notes payable - related parties	7	49,088	-	335,830	-
2170	Accounts payable		1,208,744	2	1,312,601	2
2180	Accounts payable - related parties	7	1,160,956	1	996,011	1
2200	Other payables	6(12) and 7	1,375,784	2	1,949,497	2
2230	Current income tax liabilities	6(25)	397,971	-	391,662	1
2280	Lease Obligations - current	6(8)	130,043	-	-	-
2300	Other current liabilities	6(13)	185,281	-	314,741	-
21XX	Total current liabilities		<u>8,482,750</u>	<u>10</u>	<u>9,191,230</u>	<u>10</u>
	Non-current liabilities					
2540	Long-term borrowings	6(13)	6,459,892	8	8,022,299	9
2570	Deferred income tax liabilities	6(25)	373,749	-	292,165	-
2580	Lease Obligations— Non-current liabilities	6(8)	719,752	1	-	-
2600	Other non-current liabilities	6(14)	501,830	1	552,109	-
25XX	Total non-current liabilities		<u>8,055,223</u>	<u>10</u>	<u>8,866,573</u>	<u>9</u>
2XXX	Total liabilities		<u>16,537,973</u>	<u>20</u>	<u>18,057,803</u>	<u>19</u>
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	6(15)	16,846,646	21	16,846,646	18
	Capital surplus					
3200	Capital surplus	6(16)	1,289,642	2	1,268,860	1
	Retained earnings					
3310	Legal reserve	6(17)	8,041,335	10	7,567,594	8
3320	Special reserve		2,214,578	3	2,214,578	2
3350	Unappropriated retained earnings		10,835,955	13	9,743,048	11
	Other equity interest					
3400	Other equity interest	6(18)	25,010,157	31	31,291,978	34
3500	Treasury stock	6(15)	(19,064)	-	(19,500)	-
31XX	Equity attributable to owners of the parent		<u>64,219,249</u>	<u>80</u>	<u>68,913,204</u>	<u>74</u>
36XX	Non-controlling interest	6(18)	<u>4,651</u>	<u>-</u>	<u>6,055,486</u>	<u>7</u>
3XXX	Total equity		<u>64,223,900</u>	<u>80</u>	<u>74,968,690</u>	<u>81</u>
	Significant contingent liabilities and unrecognized contract commitments					
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		<u>\$ 80,761,873</u>	<u>100</u>	<u>\$ 93,026,493</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
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,361,271	3	\$ 1,447,966	2
1110	Financial assets at fair value through profit or loss - current	6(2)	119	-	-	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,446,808	2	1,717,779	2
1150	Notes receivable, net	6(4)	27,399	-	109,709	-
1160	Notes receivable - related parties	7	6,395	-	4,429	-
1170	Accounts receivable, net	6(4)	1,794,283	3	2,128,150	3
1180	Accounts receivable - related parties	7	195,904	-	220,365	-
1200	Other receivables	7	307,690	1	290,656	1
130X	Inventory	6(5)	4,648,498	6	4,893,736	6
1410	Prepayments		95,187	-	92,227	-
1470	Other current assets		254,769	-	194,023	-
11XX	Total current assets		11,138,323	15	11,099,040	14
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	36,672,540	49	40,556,651	50
1550	Investments accounted for under equity method	6(6)	19,465,512	26	21,385,854	27
1600	Property, plant and equipment	6(7) and 7	6,478,848	8	6,785,900	8
1755	right-of-use asset	6(8)	784,563	1	-	-
1760	Net of investment property	7	543,924	1	473,658	1
1840	Deferred income tax assets	6(23)	138,816	-	79,023	-
1900	Other non-current assets		157,665	-	119,377	-
15XX	Total non-current assets		64,241,868	85	69,400,463	86
1XXX	Total assets		\$ 75,380,191	100	\$ 80,499,503	100

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

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 12,324	-	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(10)	80	-	774	-
2150	Notes payable		133,168	-	127,600	-
2160	Notes payable - related parties	7	44,999	-	331,828	-
2170	Accounts payable		612,172	1	484,745	1
2180	Accounts payable - related parties	7	1,073,977	1	964,825	1
2200	Other payables	7	827,606	1	854,276	1
2230	Current income tax liabilities	6(23)	322,428	1	104,403	-
2280	Lease Obligations - current		128,630	-	-	-
2300	Other current liabilities		90,513	-	85,154	-
21XX	Total current liabilities		<u>3,245,897</u>	<u>4</u>	<u>2,953,605</u>	<u>3</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)	6,400,000	8	7,900,000	10
2570	Deferred income tax liabilities	6(23)	377,609	1	290,513	-
2580	Lease Obligations – Non-current liabilities		659,965	1	-	-
2600	Other non-current liabilities		477,471	1	442,181	1
25XX	Total non-current liabilities		<u>7,915,045</u>	<u>11</u>	<u>8,632,694</u>	<u>11</u>
2XXX	Total liabilities		<u>11,160,942</u>	<u>15</u>	<u>11,586,299</u>	<u>14</u>
Equity						
Share capital						
3110	Share capital - common stock	6(13)	16,846,646	22	16,846,646	21
Capital surplus						
3200	Capital surplus	6(14)	1,289,642	2	1,268,860	2
Retained earnings						
3310	Legal reserve	6(15)	8,041,335	11	7,567,594	9
3320	Special reserve		2,214,578	3	2,214,578	3
3350	Unappropriated retained earnings		10,835,955	14	9,743,048	12
Other equity interest						
3400	Other equity interest	6(16)	25,010,157	33	31,291,978	39
3500	Treasury stocks	6(23)	(19,064)	-	(19,500)	-
3XXX	Total equity		<u>64,219,249</u>	<u>85</u>	<u>68,913,204</u>	<u>86</u>
Commitments and contingent liabilities						
Subsequent event						
3X2X	Total liabilities and equity		<u>\$ 75,380,191</u>	<u>100</u>	<u>\$ 80,499,503</u>	<u>100</u>

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

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

	N o t e s	Retained Earnings					Other Equity Interest					T o t a l	Non-controlling interest	Total equity
		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 financial assets	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks				
Year ended December 31, 2018														
Balance at January 1, 2018		\$ 16,846,646	\$ 274,323	\$ 7,139,607	\$ 2,214,578	\$ 5,398,225	(\$ 914,267)	\$ -	\$ 38,440,218	(\$ 19,935)	\$ 69,379,395	\$ 3,803,175	\$ 73,182,570	
Retrospective adjustments		-	-	-	-	4,890,917	-	33,680,146	(38,440,218)	-	130,845	33,939	164,784	
Balance at January 1 after adjustments		16,846,646	274,323	7,139,607	2,214,578	10,289,142	(914,267)	33,680,146	-	(19,935)	69,510,240	3,837,114	73,347,354	
Profit for the year		-	-	-	-	4,737,406	-	-	-	-	4,737,406	583,294	5,320,700	
Other comprehensive income (loss) for the year		-	-	-	-	153,145	169,421	(3,329,776)	-	-	(3,007,210)	(144,442)	(3,151,652)	
Total comprehensive income (loss)		-	-	-	-	4,890,551	169,421	(3,329,776)	-	-	1,730,196	438,852	2,169,048	
Appropriations of 2017 earnings														
Legal reserve		-	-	427,987	-	(427,987)	-	-	-	-	-	-	-	
Cash dividend		-	-	-	-	(3,200,863)	-	-	-	-	(3,200,863)	-	(3,200,863)	
Disposal of treasury stock	6(15)(16)	-	1,041	-	-	-	-	-	-	435	1,476	-	1,476	
Changes in the net interest of associates recognized under the equity method	6(16)	-	5,264	-	-	1,562	-	(1,562)	-	-	5,264	-	5,264	
Changes in share of consolidated subsidiaries		-	-	-	-	4,347	-	(3,804)	-	-	543	(20,129)	(19,586)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	982,053	-	-	-	-	(118,806)	-	-	863,247	(1,105)	862,142	
Adjustment of cash dividends paid to consolidated subsidiaries	6(16)	-	4,357	-	-	-	-	-	-	-	4,357	-	4,357	
Expired cash dividends transferred to capital surplus	6(18)	-	1,822	-	-	-	-	-	-	-	1,822	-	1,822	
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	(1,813,704)	-	1,810,626	-	-	(3,078)	3,114	36	
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	(380,089)	(380,089)	
Increase in non-controlling interest		-	-	-	-	-	-	-	-	-	-	2,177,729	2,177,729	
Balance at December 31, 2018		\$ 16,846,646	\$ 1,268,860	\$ 7,567,594	\$ 2,214,578	\$ 9,743,048	(\$ 744,846)	\$ 32,036,824	\$ -	(\$ 19,500)	\$ 68,913,204	\$ 6,055,486	\$ 74,968,690	
Year ended December 31, 2019														
Balance at January 1, 2019		\$ 16,846,646	\$ 1,268,860	\$ 7,567,594	\$ 2,214,578	\$ 9,743,048	(\$ 744,846)	\$ 32,036,824	\$ -	(\$ 19,500)	\$ 68,913,204	\$ 6,055,486	\$ 74,968,690	
Profit for the year		-	-	-	-	5,188,729	-	-	-	-	5,188,729	640,738	5,829,467	
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	(83,820)	(310,805)	(5,969,827)	-	-	(6,364,452)	-	(6,364,452)	
Total comprehensive income		-	-	-	-	5,104,909	(310,805)	(5,969,827)	-	-	(1,175,723)	640,738	(534,985)	
Appropriations of 2018 earnings														
Legal reserve		-	-	473,741	-	(473,741)	-	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(3,537,796)	-	-	-	-	(3,537,796)	-	(3,537,796)	
Disposal of treasury stock	6(15)(16)	-	1,194	-	-	-	-	-	-	436	1,630	-	1,630	
Changes in the net interest of associates recognized under the equity method	6(16)(18)	-	12,719	-	-	(1,654)	-	-	-	-	11,065	-	11,065	
Expired cash dividends transferred to		-	2,263	-	-	-	-	-	-	-	2,263	-	2,263	

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)

	N o t e s	Retained Earnings				Other Equity Interest				T o t a l	N o n - c o n t r o l l i n g i n t e r e s t	T o t a l e q u i t y	
		Share capital - c o m m o n s t o c k	C a p i t a l S u r p l u s	L e g a l r e s e r v e	S p e c i a l r e s e r v e	U n a p p r o p r i a t e d r e t a i n e d e a r n i n g s	U n r e a l i z e d g a i n s (l o s s e s) f r o m f i n a n c i a l a s s e t s m e a s u r e d a t f a i r v a l u e t h r o u g h o t h e r c o m p r e h e n s i v e f i n a n c i a l a s s e t s	U n r e a l i z e d g a i n o r l o s s o n a v a i l a b l e - f o r - s a l e f i n a n c i a l a s s e t s	T r e a s u r y s t o c k s				
capital surplus													
Adjustment of cash dividends paid to consolidated subsidiaries	6(16)	-	4,606	-	-	-	-	-	-	-	4,606	-	4,606
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	1,189	(1,189)	-	-	-	-	-	-
Cash dividends paid by consolidated subsidiaries	6(18)	-	-	-	-	-	-	-	-	-	-	(591,379)	(591,379)
Decrease in non-controlling interest	6(18)	-	-	-	-	-	-	-	-	-	-	(6,100,194)	(6,100,194)
Balance at December 31, 2019		\$ 16,846,646	\$ 1,289,642	\$ 8,041,335	\$ 2,214,578	\$ 10,835,955	(\$ 1,055,651)	\$ 26,065,808	\$ -	(\$ 19,064)	\$ 64,219,249	\$ 4,651	\$ 64,223,900

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

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

Notes	Capital Surplus					Retained Earning			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 under equity method	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through translation	Unrealized gain on valuation of available-for-sale financial assets			
Year ended December 31, 2018															
	\$ 16,846,646	\$19,899	\$ 545	\$ 2,032	\$ 250,345	\$ 1,502	\$ 7,139,607	\$ 2,214,578	\$ 5,398,225	(\$ 914,267)	\$ -	\$ 38,440,218	(\$ 19,935)	\$ 69,379,395	
Retrospective adjustments	-	-	-	-	-	-	-	-	4,890,917	-	33,680,146	(38,440,218)	-	130,845	
Balance at January 1, 2018 after adjustments	16,846,646	19,899	545	2,032	250,345	1,502	7,139,607	2,214,578	10,289,142	(914,267)	33,680,146	-	(19,935)	69,510,240	
Profit for the year	-	-	-	-	-	-	-	-	4,737,406	-	-	-	-	4,737,406	
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	-	-	153,145	169,421	(3,329,776)	-	-	(3,007,210)	
Total comprehensive income	-	-	-	-	-	-	-	-	4,890,551	169,421	(3,329,776)	-	-	1,730,196	
Appropriations of 2016 earnings:	6(15)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	427,987	-	(427,987)	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	-	-	(3,200,863)	-	-	-	-	(3,200,863)	
Disposal of treasury stock	6(13)	-	1,041	-	-	-	-	-	-	-	-	-	435	1,476	
Change in the net interest of associates recognized under the equity method	-	-	-	-	5,264	-	-	-	1,562	-	(1,562)	-	-	5,264	
Adjustment of cash dividends paid to consolidated subsidiaries	-	-	-	-	-	-	-	-	4,347	-	(3,804)	-	-	543	
acquisition of or disposal of equity interest in a subsidiary and its carrying amount	-	-	1,105	-	980,948	-	-	-	-	-	(118,806)	-	-	863,247	
Adjustment of cash dividends paid to consolidated subsidiaries acquired	-	4,357	-	-	-	-	-	-	-	-	-	-	-	4,357	
Expired cash dividends transferred to capital surplus	-	-	-	-	-	1,822	-	-	-	-	-	-	-	1,822	
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	-	(1,813,704)	-	1,810,626	-	-	(3,078)	
Balance at December 31, 2018	\$ 16,846,646	\$25,297	\$1,650	\$ 2,032	\$ 1,236,557	\$ 3,324	\$ 7,567,594	\$ 2,214,578	\$ 9,743,048	(\$ 744,846)	\$ 32,036,824	\$ -	(\$ 19,500)	\$ 68,913,204	
Year ended December 31, 2019															
Balance at January 1, 2019	\$ 16,846,646	\$25,297	\$1,650	\$ 2,032	\$ 1,236,557	\$ 3,324	\$ 7,567,594	\$ 2,214,578	\$ 9,743,048	(\$ 744,846)	\$ 32,036,824	\$ -	(\$ 19,500)	\$ 68,913,204	
Profit for the year	-	-	-	-	-	-	-	-	5,188,729	-	-	-	-	5,188,729	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	(83,820)	(310,805)	(5,969,827)	-	-	(6,364,452)	
Total comprehensive income	-	-	-	-	-	-	-	-	5,104,909	(310,805)	(5,969,827)	-	-	(1,175,723)	
Appropriations of 2017 earnings:	6(15)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	473,741	-	(473,741)	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	-	-	(3,537,796)	-	-	-	-	(3,537,796)	
Disposal of treasury stock	-	1,194	-	-	-	-	-	-	-	-	-	-	436	1,630	
Change in the net interest of associates recognized under the equity method	6(13)	-	-	-	12,719	-	-	-	(1,654)	-	-	-	-	11,065	

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

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

	Capital Surplus					Retained Earning			Other Equity Interest				Treasury stocks	Total Equity
	Share capital - common stock	Treasury stock transactions	Capital Surplus, changes in ownership	Change in net equity of associates and joint ventures accounted for under equity method	Donated assets received	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements differences of translation	Unrealized gains (losses) from financial assets measured at fair value through comprehensive income	Unrealized gain on valuation of available-for-sale financial assets		
Notes														
Changes in share of consolidated subsidiaries	-	-	-	-	-	-	-	-	1,189	-	(1,189)	-	-	-
Adjustment of cash dividends paid to consolidated subsidiaries	-	4,606	-	-	-	-	-	-	-	-	-	-	-	4,606
Expired cash dividends transferred to capital surplus	-	-	-	-	-	2,263	-	-	-	-	-	-	-	2,263
Balance at December 31, 2019	\$ 16,846,646	\$31,097	\$1,650	\$ 2,032	\$ 1,249,276	\$ 5,587	\$ 8,041,335	\$ 2,214,578	\$ 10,835,955	(\$ 1,055,651)	\$ 26,065,808	\$ -	(\$ 19,064)	\$ 64,219,249

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)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before income for the year from continuing operations		\$ 5,163,958	\$ 4,529,407
Profit before income for the year from discontinuing operations		<u>1,526,054</u>	<u>1,750,954</u>
Profit before tax		6,690,012	6,280,361
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of expected credit loss		-	(5,090)
Depreciation	6(7)(8)(22)	2,831,335	2,340,290
Amortisation		123,727	-
Interest expense	6(8)(24)	223,972	211,415
Interest income	6(20)	(38,078)	(26,553)
Dividend income	6(20)	(2,134,691)	(2,677,904)
Gain on valuation of financial assets	6(2)(21)	(1,504)	(2,283)
Gain on valuation of financial liabilities	6(11)(21)	(694)	774
Share of profit of associates and joint ventures accounted for under equity method	6(6)	(239,308)	(238,313)
Gain on disposal of consolidated subsidiaries	6(21)	(2,016,760)	-
Cash dividends from investments accounted for under equity method		111,572	255,669
Gain on disposal and scrap of property, plant and equipment	6(21)	(6,166)	(903,034)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(550,813)	(297,011)
Notes receivable		87,827	47,800
Notes receivable - related parties		(1,966)	8,578
Accounts receivable, net		440,245	(537,456)
Accounts receivable - related parties		(297,415)	(60,113)
Other receivables		(43,221)	(36,846)
Inventor		182,033	(650,204)
Prepayments		(155,555)	62,503
Other current assets		35,880	(58,106)
Changes in operating liabilities			
Notes payable		11,395	52,058
Notes payable - related parties		(286,742)	96,277
Accounts payable		239,286	(133,469)
Accounts payable - related parties		226,011	(151,965)
Other payables		115,364	168,607
Other current liabilities		(9,160)	17,984
Other non-current liabilities		(41,896)	(151,084)
Cash inflow generated from operations		5,494,690	3,612,885
Interest received		38,367	25,972
Cash dividends received		2,134,691	2,672,387
Interest paid		(236,214)	(216,169)
Income tax paid		(679,729)	(527,736)
Net cash flows from operating activities		<u>6,751,805</u>	<u>5,567,339</u>

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at fair value through profit or loss		(\$ 300,000)	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss		780,875	153,189
Acquisition of financial assets at fair value through other comprehensive income		(373,096)	(766,058)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	769,609
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	5,780
Acquisition of property, plant and equipment	6(27)	(2,941,368)	(4,563,815)
Proceeds from disposal of property, plant and equipment		145,875	1,397,713
Increase in other non-current assets		60,597	(48,202)
Proceeds from disposal of investments	6(27)	<u>1,556,230</u>	<u>-</u>
Net cash flows used in investing activities		<u>(1,070,887)</u>	<u>(3,051,784)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in short-term borrowings	6(28)	114,839	832,848
Decrease (increase) in short-term notes and bills payable	6(28)	-	(1,299,806)
Payment of long-term borrowings		(10,866,899)	(4,633,083)
Increase in long-term borrowings		9,200,000	1,600,000
Cash dividends paid		(3,537,796)	(3,200,863)
Cash dividends paid- non-controlling interest		(591,379)	(380,089)
Payment of lease principal	6(8)	(150,467)	-
Change in share of consolidated subsidiaries		-	862,142
Change in non-controlling interest		<u>-</u>	<u>2,177,729</u>
Net cash flows used in financing activities		<u>(5,831,702)</u>	<u>(4,041,122)</u>
Effect of foreign exchange rate		<u>(4,488)</u>	<u>(25,456)</u>
Net decrease in cash and cash equivalents		(155,272)	(1,551,023)
Cash and cash equivalents at beginning of year	6(1)	<u>3,391,896</u>	<u>4,942,919</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,236,624</u>	<u>\$ 3,391,896</u>

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

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

		For the year ended December 31,	
	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 5,593,387	\$ 5,255,762
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of expected credit loss		-	(5,386)
Depreciation (including depreciation on investment property)	6(7)(20) and 7	807,966	740,702
Interest expense	6(22)	86,942	103,358
Interest income	6(18)	(5,527)	(5,537)
Dividend income	6(18)	(1,963,309)	(2,531,826)
Loss (gain) on valuation of financial asset	6(2)(19)	(119)	398
Loss on valuation of financial liabilities	6(10)(19)	(694)	774
Receipt of cash dividends from investment accounted for under the equity method		646,882	893,308
Proceeds from disposal of investments accounted for under the equity method	6(6)	(2,016,760)	-
Share of profit of subsidiaries and associates accounted for under the equity method	6(6)	(1,229,208)	(1,389,799)
Gain on disposal and scrap of property, plant and equipment	6(19) and 7	(3,856)	(870,873)
Unrealized (gain) loss on disposal and scrap of property, plant and equipment, net	6(19) and 7	(33,317)	(43,894)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		82,310	4,846
Notes receivable - related parties		(1,966)	8,578
Accounts receivable, net		333,867	(174,418)
Accounts receivable - related parties		24,461	(25,994)
Other receivables		(16,914)	55,398
Inventories		245,238	69,833
Prepayments		(2,960)	57,258
Other current assets		(60,746)	(5,816)
Changes in operating liabilities			
Notes payable		5,568	(7,855)
Notes payable - related parties		(286,829)	92,275
Accounts payable		127,427	(199,304)
Accounts payable - related parties		109,152	(98,057)
Other payables		(14,297)	34,188
Other current liabilities		5,359	(5,303)
Other non-current assets		(48,530)	(147,909)
Cash inflow generated from operations		2,383,527	1,804,707
Interest received		5,407	5,537
Dividends received		1,963,309	2,526,309
Interest paid		(90,390)	(107,748)
Income tax paid		(159,330)	(230,114)

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

	Notes	<u>For the year ended December 31,</u>	
		<u>2019</u>	<u>2018</u>
Net cash flows from operating activities		<u>4,102,523</u>	<u>3,998,691</u>

(Continued)

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

	Notes	For the year ended December 31,	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ -	\$ 693,200
Acquisition of financial assets at fair value through other comprehensive income		(69,570)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	5,780
Acquisition of investments accounted for under the equity method		-	(566,417)
Proceeds from disposal of investments accounted for under the equity method	6(6) and 7	2,514,064	3,039,857
Acquisition of property, plant, and equipment	6(25)	(433,228)	(446,701)
Proceeds from disposal of property, plant and equipment		9,705	1,236,614
Decrease (increase) in other non-current assets		(38,288)	43,428
Net cash flows from (used in) investing activities		1,982,683	4,005,761
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		12,324	(7,386)
(Decrease) increase in short-term notes and bills payable		-	(1,299,806)
Payment of lease principal		(146,429)	-
Increase in long-term borrowings		9,200,000	1,600,000
Payment of long-term borrowings		(10,700,000)	(4,500,000)
Cash dividends paid	6(15)	(3,537,796)	(3,200,863)
Net cash flows used in financing activities		(5,171,901)	(7,408,055)

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

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

		<u>For the year ended December 31,</u>	
	Notes	2019	2018
Net increase (decrease) in cash and cash equivalents		913,305	596,397
Cash and cash equivalents at beginning of year	6(1)	1,447,966	851,569
Cash and cash equivalents at end of year	6(1)	\$ 2,361,271	\$ 1,447,966

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

FORMOSA TAFFETA CO., LTD
Earnings Distribution Proposal
For the year of 2019

Unit : NT\$

Items	Amount	Items	Amount	Explanation
Available for Distribution:		Distribution Items:		
(1) Unappropriated retained earnings of previous years	5,731,512,292	(1)Appropriation of legal reserve (10% of the after-tax profit)	518,872,931	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 \$2.5 per share for the current year (among which, \$1.04 will be distributed as dividends and \$1.46 will be distributed as bonus); all of which are cash dividends. 3.All distributed dividends and bonus are from net profit after tax of 2019 4.While the amount of distributed cash dividends to each individual shareholder is less than 1 dollar, it will be rounded to the nearest dollar. 5.Other comprehensive income reclassified to unappropriated retained earnings of current year, all of which are adjustment for actuarial pension valuation. 6.Adjustments for adjusting unappropriated retained earnings according to IAS include change of share under equity method, changes in equity interests in subsidiaries and the disposal of equity instruments at fair value through other comprehensive income.
(2)Net profit after tax of current year		(2)Distribution of dividends and bonus in cash (\$2.5 per share)		
Minus: Other comprehensive income reclassified to unappropriated retained earnings of current year	5,188,729,310		4,211,661,593	
Minus: Other Adjustments	-83,820,378	(3)Unappropriated retained earnings carried forward to next year		
	-466,050		6,105,420,650	
Total	10,835,955,174	Total	10,835,955,174	

Independent Auditor's Report (Consolidated Financial Statements)

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

Opinion

We have audited the accompanying consolidated balance sheet of Formosa Taffeta Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, 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 accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(10) for accounting policy on impairment of financial assets, Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable valuation, and Note 6(4) for details of allowance for uncollectible accounts. As of December 31, 2019, the Group's accounts receivable and allowance for uncollectible accounts amounted to NT\$3,115,039 thousand and NT\$63,235 thousand, respectively.

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

uncollectible accounts a key audit matter.

How our audit addressed the matter

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

- 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 balance sheet date to check the adequacy of allowance for uncollectible accounts.

Valuation of inventory

Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5(3) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation loss. As of December 31, 2019, the Group's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$9,089,670 thousand and NT\$1,006,031 thousand, respectively.

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

How our audit addressed the matter

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

- 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.

Emphasis of matter – Disposal of partial equity in Formosa Advanced Technologies Co., Ltd.

As stated in Note 6(6) of the consolidated financial statements, the Company's Board of Directors during its meeting on December 13, 2019 resolved to dispose its 16% equity interest in Formosa Advanced Technologies Co., Ltd. The equity transfer procedure was completed on December 16, 2019. After the disposal, the Company lost its control over Formosa Advanced Technologies Co., Ltd. Accordingly, the Company recognized gain on disposal of \$2,016,760 thousand in 2019. Our

opinion is not modified in respect of this matter.

Other matter – Audits of other independent accountants

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 equity method) of NT\$12,525,080 thousand and NT\$11,856,625 thousand, constituting 16% and 13% of consolidated total assets as of December 31, 2019 and 2018, respectively, and operating income of NT\$6,899,797 thousand and NT\$6,050,124 thousand, constituting 19% and 14% of consolidated total operating income for the years then ended, respectively. Those financial statements were audited by other independent accountants 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 accountants.

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, 2019 and 2018.

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.

Auditor’s 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 auditor’s 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 ROC GAAS 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 ROC GAAS, 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 auditor's 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 auditor's 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 auditor's 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

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2020

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

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

Independent Auditor's Report (Parent Company Only Financial Statements)

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

Opinion

We have audited the accompanying balance sheets of Formosa Taffeta Co., Ltd. (the "Company") as at December 31, 2019 and 2018, and the related 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 accountants, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, 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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(9) for accounting policy on financial assets impairment, Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable, and Note 6(4) for details of allowance for uncollectible accounts. As of December 31, 2019, the Company's accounts receivable amounted to NT\$1,794,283 thousand (excluding allowance for bad debts amounting to NT\$31,678 thousand), respectively.

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

How our audit addressed the matter

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

A. Evaluating the reasonableness of the estimates used by management to estimate the expected

credit losses of accounts receivable and obtaining relevant supporting documents, including: forward-looking adjustments, accounting disputes, overdue status, post-account collections and indications that show that the customer cannot repay the loan as scheduled;

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

Valuation of inventory

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(3) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As of December 31, 2019, the Company's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$5,398,520 thousand and NT\$750,022 thousand, respectively.

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

How our audit addressed the matter

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

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

Emphasis of matter – Disposal of partial equity in Formosa Advanced Technologies Co., Ltd.

As stated in Note 6(6) of the consolidated financial statements, the Company's Board of Directors during its meeting on December 13, 2019 resolved to dispose its 16% equity interest in Formosa Advanced Technologies Co., Ltd. The equity transfer procedure was completed on December 16, 2019. After the disposal, the Company lost its control over Formosa Advanced Technologies Co., Ltd. Accordingly, the Company recognized gain on disposal of \$2,016,760 thousand in 2019. Our opinion is not modified in respect of this matter.

Other matter - audits of the other independent accountants

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\$7,709,785 thousand and NT\$7,464,179, constituting 10% and 9% of total assets as of December 31, 2019 and 2018, respectively, and comprehensive income was NT\$479,586 thousand and NT\$382,256 thousand, constituting (41)% and 22% of total comprehensive income for the years then ended, respectively. The financial statements of these investees were audited by other

independent accountants 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 accountants.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the 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 auditor’s 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 auditor’s 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 financial statements, including the disclosures, and whether the 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2020

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

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

Articles of Incorporation of Formosa Taffeta Co., Ltd.

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

Chapter 1 General Provisions

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

and foreign culture & art performances

11. Gas stations to sell gasoline, diesel kerosene, and small packages of petroleum commodities; selling of goods of automobiles/motorcycles, services of lubrication, simple repair & maintenance, car washing, periodic outsourced automobile inspections, setup of vending machines, and operations of convenient stores and parking lots

12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

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

Article 4: Public announcements of the Company shall be published in accordance with Article 28 of the Company Act.

The total investment amount of the Company may exceed forty percent of the paid-in capital. The Company may provide guarantees for related parties.

Chapter 2 Shares

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

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

Article 7: The shareholders shall submit their seal specimen to the Company for record. Afterward, the shareholders shall receive the dividend or exercise their rights in writing against the specimen kept by the Company. In the event that the seal specimen is lost or stolen, the shareholders shall fill out the application of lost seal with detailed share certificate numbers and shares and submit the same along with identity documents and copies, new seal specimen and share certificates to the Company for registration. The new seal card will be replaced upon approval and will be effective on

the next day of completed registration. When preceding replacement of seal specimen is entrusted to others or managed by communication, the individual shareholder shall also have the seal certificate issued by the Householder Registration Office enclosed; while the application shall be enclosed by the corporate shareholders.

Article 8: (deleted)

Article 9: (deleted)

Article 10: (deleted)

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

Chapter 3 Shareholders' Meeting

Article 12: The Company holds two types of shareholders' meetings. Regular meetings shall be convened by the Board of Directors within 6 months after the close of each fiscal year, and notices of those meetings shall be given to shareholders 30 days in advance.

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

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

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

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

Article 15: Each share of stock owned by shareholders shall be entitled

for one vote, except for those shares without voting rights as set forth in Article 179, paragraph 2 of the Company Act.

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

Article 17: 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. The 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-lot and government bonds if the fund is more than the planned 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 June 22, 2018

- 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, the dissolution, merger, or demerger of the corporation, or any matter under paragraph 1 of Article 185 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the causes to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written 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.

Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, 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, that a

majority of the Directors attend in person, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the Shareholders Meeting minutes. If a shareholders' meeting is convened by a party having the convening right but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

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

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

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

The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined

total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

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

Article 10: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. 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 call 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 holds a shareholders' meeting, it may allow the shareholders to exercise voting rights in writing or by way of electronic transmission. 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. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the

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

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

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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, 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.

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

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

- Article 1: Unless otherwise stipulated by the Company Act and this Company's charter, the election of this Company's directors shall be according to this Procedure.
- Article 2: The Company shall adopt a cumulative voting method where one share shall have the same voting rights as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates. The shareholder account number or attendance card numbers on the ballot may be used to replace the names of shareholders on the ballots.
- Article 3: When the election begins, the chairperson shall designate several vote readers and vote counters to perform their duties.
- Article 4: The number of directors will be as specified in the Company's Articles of Association. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5: Elections of directors of the Company shall be conducted in accordance with the candidate nomination system pursuant to the Company's Articles of Association. The shareholders shall elect the directors from among the nominees listed in the roster of candidates. Independent directors and non-Independent directors shall be elected together. Quota for the independent director and non-independent director shall be counted separately pursuant to Article 4. At least one independent director-elect shall be equipped with accounting or financial expertise. Methods, seats, and venue for nomination and other relevant matters for nomination of director candidates shall be announced

prior to the book closure period before convening a Shareholders' Meeting. The nomination period shall be no less than 10 days.

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

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

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

- (1) A shareholder recommends a nominee outside of the nomination period.
- (2) A shareholder who wishes to recommend a nominee does not own 1% or more of the Company's shares before book closure pursuant to Article 165-2 or 165-3 of the Company Act.
- (3) The number of nominees has exceeded the number of directors to be voted on.
- (4) Relevant certification documents have not been supplemented per regulation in the above Paragraph.

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

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

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

- (1) The elector fails to use the ballot provided in Article 6.
- (2) The elector writes down two or more individuals on the ballot.
- (3) Any words other than the items provided in Article 7 are written.
- (4) The elector fails to write down the items provided in Article 7 or writes down incomplete information.
- (5) The handwriting on the ballot is illegible.
- (6) The account name or the shareholder account number does not agree with that in the roster of shareholders if the person elected is a shareholder, or the name or ID Card number is not correct if the person elected is not a shareholder.

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

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

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

Formosa Taffeta Co., Ltd.
Current Shareholdings of Directors

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

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 40,431,952 shares. As of April 21, 2020, 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\$ 11,220,436
Employees’ stock compensation	NT\$ 0
Directors’ cash compensation	NT\$ 5,610,218
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 current Annual Shareholders’ Meeting:

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