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Formosa Plastics Corporation

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. Letter to Shareholders

1.1 Business Performance for 2022

The Company (Formosa Plastics Corporation) generated consolidated sales of NTD 251.64bn in 2022, reaching 91% of its target of NTD 277.06bn and was down by 8% from NTD 273.59bn generated in 2021. Consolidated pre-tax profit came in at NTD 43.79bn in 2022, reaching 64% of its target of NTD 68.11bn and declined by 49% from NTD 85.95bn generated in 2021.

It is a challenging year in 2022. In the first quarter, the outbreak of the war between Russia and Ukraine pushing up the price of crude oil, natural gas, coal and other energy prices drove up the price of petrochemical products. In the first half of the year, the consolidated sales and pre-tax profit of the Company reached a new historical high during the same period. However, in the second half the year, the inflation and the accelerated interest rate lifting in the US and Europe affected consumer purchasing power, and both of production and consumption were hindered by the recurrent waves of COVID-19 pandemic, which led to an economic slowdown. The petrochemical industry was not spared. The plummeting product prices on muted demand resulted in a sharp contrast between the industry's boom in the first half of the year and a slump in the latter half of the year. As a result, the Company's consolidated revenue in 2022 decreased by 8% from 2021 and operating profit of NTD 26.79bn was down by NTD 33.36bn from 2021 with a decrease of 55%, mainly due to the narrowed spreads from the most products as their average selling prices could not fully reflect the cost of raw material.

Even though the total cash dividend revenue in 2022 was NTD 8.44bn with an increase of NTD 5.44bn from 2021, the equity income from investees including Formosa Petrochemical Corp. and Formosa Plastics Corp., U.S.A.(FPC-USA) lowered by NTD 17.69bn from 2021 to NTD 5.44bn in 2022. The decrease has led the Company's pre-tax profit to decline significantly by 49% YoY.

Looking back at 2022, the war between Russia and Ukraine triggered financial sanctions on oil and gas, and boosted up energy and commodity prices that impacted the global supply chain and caused inflation surge. In an attempt to curb the soaring inflation, countries such as the US and Europe instituted a series of aggressive interest rate hikes and tightened their monetary policies, which has plunged the economy into severe contraction. In addition, the

escalation of the trade war between the US and China, COVID-19 policy and the property market situation in China, global climate change, recurrent waves of COVID-19 pandemic and other crisis also led to the economy further towards the trend of de-globalization and set back global trade developments. This appeared to impact Taiwan as its GDP growth of 2022 below 3%. Although Taiwan's economy has been performing well for quite long time, with GDP per capita reaching USD 30, 000, many problems have emerged along with its economic and industrial developments that need to be solved by the government and industry together.

Taiwan has an independent power grid system, and a stable power supply is the primary goal of the economic stability and development. Since 2016, Taiwan government has been promoting the energy policy of “Promote Green Energy, Increase Natural Gas, Reduce Coal-Fired Power, and Achieve Nuclear-free”, aiming to replace nuclear electricity with natural gas power and renewable energy. However, the energy shortage issue is still not solved under the situation of the lagged construction progress of renewable energy and the unstable power supply. Besides, Taiwan is highly dependent on imported natural gas. In the face of energy shortage and the delayed construction of gas receiving stations, the industry not only was forced to reduce production, but was also pressured to cooperate with some local governments in transitioning away from coal power, which are uncondusive to the long-term development of the industry.

The pursuit of net-zero carbon emission has been the internationally agreed upon goal to fight against global warming and climate change. The Company, as a global corporate citizen, has committed to achieving carbon neutrality by 2050. However, Taiwan authorities ruling out nuclear energy as an option to the road to net zero has plunged Taiwan into a power shortage crisis, and as aforementioned, making it more difficult for the industry to achieve carbon neutrality goals. Meanwhile in Europe, under the Carbon Border Adjustment Mechanism (CBAM), the importers of certain goods will be required to report on their emissions starting in 2023, while the obligation for importers to pay a levy will kick off in 2027. The counties around the world are expected to follow suit, and if Taiwan is not able to come up with a carbon pricing or carbon control mechanism soon to meet the international carbon reduction requirements, it will adversely affect Taiwan's global competitiveness.

Moreover, Taiwan has been excluded in both the “Comprehensive and Progressive Agreement for Trans-Pacific Partnership” (CPTPP), which has long

been in place, and the world's largest free trade deal "Regional Comprehensive Economic Partnership" (RCEP), which has entered into force in 2022. In the short term, the impact of long timeline of tariff reduction under RCEP and the not high rate of cut would be limited for Taiwan as already 70% of the exports to ASEAN region are duty-free and that some Taiwanese companies have set up manufacturing facilities in Southeast Asia. In the long term, however, it is expected to rise pressure on tariff as Taiwan's free trade agreement (FTA) coverage is standing at less than 10%. As an export-oriented country, this is casting out concerns over Taiwan's economic growth momentum, particularly in petrochemical, steel and textile industries, as RCEP would provide an access within Asia, Australia and New Zealand to link their resources and reshape APAC supply chain.

In the face of the crises and challenges mentioned above, the Company recommends the government to establish pragmatic energy transition policies, especially at a time when the war between Russia and Ukraine has plunged the European countries that are highly dependent on natural gas into a dilemma of high energy prices and shortage. The government should deploy diversified energy sources, carefully evaluate the extension of existing nuclear power plants under safe circumstances, and assess the feasibility of developing an advanced small modular reactors (SMR) to ensure stable energy supply. The authorities should construct carbon pricing policies and measures that are in line with international carbon market to minimize the gap with international rules, and provide the support to small and mid-size enterprises in reducing carbon footprint. In addition, they should actively participate in regional economic and trade integration with key trading partners to offset the negative impact that RCEP has brought on Taiwan. The Company hopes the Taiwan government would work with the industry to build a friendly and sustainable investment development environment.

In response to the depressed demand and supply bottlenecks in petrochemical industry amid global political and economic challenges, the Company adheres to the guidance of "Sustainable Operation, and Positive Contribution to Society" ruled by our two founders. By utilizing the advantages of our R&D technology and economies of scale for production capacity accumulated over many years in the industry, the Company and the downstream companies has jointly developed a functional fabric that is fully recyclable, lightweight, antibacterial and organic, aiming to enhance the value of the

products and sales volume while improving human's well-being and quality of life. It is used in apparel productions from industrial, medical, consumer to sports industries such as EVA foam footwear, carbon fiber work boots, 100% polypropylene clothing, etc.

The Company has deepened the development and application of artificial intelligence (AI) technology and digital transformation, and combined AR, VR, and digital twinning technology to realize the application of the Metaverse, and gradually developed AI modules for optimizing the entire factory and digitizing operations, moving towards intelligent factories to improve operational performance. In 2022, 188 out of 415 AI projects completed with an estimated annual benefit of NTD 600 million. Aside from this, in an effort to cultivate existing talents, the Company continues to provide business managers and outstanding talents the training courses from professional institution such as Taiwan Artificial Intelligence School. As of 2022, 88 employees have completed the training courses. In order to cultivate more cutting-edge talents, improve the development technology, accelerate process, and lay a solid foundation for digital transformation, the Company provided systemic training courses at all stages, interacted and cooperated with other companies, academic institutions, domestic and foreign experts, and established an AI exchange platform to hold competitions. Furthermore, an automatic machine learning and data lake platform will be built in 2023 in response to the needs of data integration and operation after AI models went online. This is to utilize automated processes in order to reduce the difficulty of maintaining AI models and ensure smooth operation. The Company established a dedicated team for information security in order to strengthen and implement information security measures from these three aspects of management, technology and training.

Furthermore, to achieve the digital transformation goal of customer-centricity and develop towards a smart production and marketing system, following the establishment of the "Formosa Plastics E-Commerce Platform" in 2021, the Company established a combat center in 2022 in order to integrate real-time information required for operation and management and to improve operational efficiency. The Company would conduct reviews on production, sales, R&D and effectiveness of market expansion on a regular basis, keep abreast of the industry trend, and form strategic alliance with customers as well as with the related industries to improve technology and develop new products

and applications. Jointly apply for patents to support market development and create a win-win situation with customers.

Meanwhile, in an attempt to develop circular economy, promote project improvements, reduce the consumption of water, energy, and the utility usage volume per unit, the Company accomplished 1,104 projects in 2022 with an annual benefit of NTD 680 million. By the means mentioned above, the Company is able to gradually pursue the rationalization, strengthen the business essence, and mitigate the impact of various operating challenges on the Company.

Moreover, the two founder's offices in the Kaohsiung plant, the birthplace of Formosa Plastics Group, were registered as monument by Kaohsiung City Government. The "Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park" was established in the 2.5 hectares' original site. The restoration was completed and opened to the public from April 2022. The Company, its China Ningbo and the US subsidiaries mainly produce plastics and chemical fiber raw materials. In 1H22, demand from downstream processors of PVC remained strong compared to the previous year, leading to the increase in the price and sales volume. However, the sales volume of PVC in 2022 declined by 3.5% to 1,610K MT from 2021, given (1) the demand in American or European housing and automotive market declined significantly in 2H22 due to accelerated interest lifting against the high inflation, and (2) orders from processing customers decreased sharply due to strict pandemic restrictions policy in China. In 1H22, the sales of caustic soda benefitted from favorable EDC prices, and the peers in Europe reduced production caused by rising energy prices due to the outbreak of the war between Russia and Ukraine, making the customers turn to Asia for procurement, and leading to increased productions and sales for caustic soda plants of the Company. However, the sales volume of caustic soda in 2022 declined by 4.3% to 1,460K MT from 2021, because the Company adjusted production rate during peak and off-peak time after considering the poor profit synergy for EDC and caustic soda, as the market reversed due to inflation and interest rate lifting in 2H22.

The sales volume of high density polyethylene (HDPE) in 2022 decreased by 24.1% to 360K MT from 2021, given (1) the weak global economic growth amid high inflation triggered by the war between Russia and Ukraine and interest rate lifting in the US, and (2) the falling demand under the strict pandemic restriction policy in China made the price overwhelmed by the variable cost. The

sales volume of polyethylene vinyl acetate (EVA) in 2022 decreased by 6.8% to 274K MT from 2021, because of the slowdown in the global economy and the decrease in demand in China, coupled with the reduced production due to the regular maintenance at Mailiao and Ningbo EVA plants. The sales volume of linear low density polyethylene (LLDPE) in 2022 decreased by 0.8% to 480K MT from 2021 as the same reasons abovementioned, which resulted in lower sales volume by 27.1% in Taiwan plants, but it was partially offset by the increasing productions and sales volume of HDPE plants from the US subsidiary, Formosa Industries Corp. The sales volume of acrylic esters (AE) in 2022 decreased by 7.2% to 532K MT from 2021, given (1) the weak demand for house coatings and packaging tapes due to high inflation and interest rate lifting in various counties depressed the demand of raw materials, and (2) the downstream customers gave priority to destocking existing inventory and purchasing based on immediate demand. The sales volume of carbon fiber in 2022 decreased by 9.5% to 6K MT from 2021 as the Company improved the sales mix through strategically increasing production of high-value-added products with better profitability and reducing the 48K large-tow carbon fiber with low margin. The Company's supply of N-butanol (NBA) is mainly for captive use by AE plants at Taiwan and Ningbo and sales volume in 2022 increased by 3.2% to 220K from 2021 MT, because the Company resumed normal operation in 2022 after the replacement of catalyst in 2021. The sales volume of super absorbent polymer (SAP) in 2022 increased by 14.1% to 192k MT from 2021 due to the order won from Middle East and Turkey market where the local player's productions were constraints by the shortage of raw materials, acrylic acid.

The sales volume of Polypropylene (PP) in 2022 decreased by 22.1% to 746K MT from 2021, given (1) the production in 1H22 decreased because of the upgrade of granulators at Linyuan PP plant, (2) the retailer focused on destocking due to the weakened customer purchasing power triggered by the severe situation of the war between Russia and Ukraine, and inflation, and (3) the weak demand in China because of the strict pandemic restrictions policy. The sales volume of AN in 2022 decreased by 28.2% to 201K MT from 2021, given (1) the shrinking terminal demand due to intensified inflation, (2) the peers in China added the new capacity, which resulted in the sharp decline in the demand for import, and (3) the peers aggressively exported to make the fierce competition. The sales volume of methyl methacrylate (MMA) in 2022 declined by 24.6% to 64K MT from 2021, due to a significant decline in demand for both

consumer and durable goods triggered by the slowdown in economic growth. On the other hand, as the supply and demand in the US and Europe have stabilized, Asian suppliers, who used to rely on exports to clear inventory, have been forced to compete within the region. This has resulted in a severe oversupply in the spot market. The sales volume of epichlorohydrin (ECH) in 2022 decreased by 9.4% to 87K MT from 2021 because of the weaker than expected downstream Epoxy demand during the downcycle in tech sector.

In terms of capacity expansion, in order to strengthen the competitiveness and enhance the product's added value, the Company aggressively expanded its capacities and conducted debottleneck projects. In Taiwan Complex, the debottleneck project of PP plant in Linyaun with new capacities by 10K MT to 484K MT per annum has been completed in 1H22. The debottleneck project of PVC plants in Renwu, Linyaun and Mailiao with new capacities by 100K MT to 1,415K MT per annum is expected to be completed in 2023. In addition, the Company has set up a medical material center in Renwu to produce medical-grade compound resin and natural antibacterial materials such as PVC, PE and PP. It is expected to be completed and commence in 2023. The expansion project of Renwu carbon fiber series A with an annual output of 1,600 MT is expected to be completed in 1H25.

In Ningbo Complex, the EVA debottleneck project with new capacity by 28K to 100K MT per annum has been completed and started production in 2022. The new PDH plant with annual capacity of 600K MT propylene is expected to be completed and commence production in 2H23. In the US Complex, the new Texas 1-hexene plant with annual capacity of 100K MT is planned to be completed at the end of 2025.

Furthermore, in Kaohsiung, the Company's storage tank in Qianzhen District will be moved to the Phase II intercontinental petrochemical zone in order to follow the local urban development plan. The Company has rent the land and dock from Kaohsiung Taiwan International Ports Corporation for petrochemical usage and will build 12 storage tanks and 1 salt warehouse, which are expected to be completed by 1H25. In addition, in order to increase the storage space of the Linyuan factory area and strengthen research and development, it is planned to build a new Linyuan joint shipping center and a R&D building, which are expected to be completed at the end of 2024.

In terms of equity investments, FPC-USA's (22.66% owned by the Company) pre-tax income of USD 726 million declined from 2021 due to the

war between Russia and Ukraine has led to a global surge in energy prices. In addition, the United States Federal Reserve accelerated interest rate hikes to curb the persistent inflationary pressure. The global supply and demand chain have become imbalanced due to factors such as China's mainland epidemic prevention and control policies. As a result, the prices of major products of the Company have dropped significantly since 3Q22, leading to a decrease in profits.

In addition, Fujian Fuxin Special Steel Co., Ltd. (29.16% owned by the Company) struggled and continued to operate at loss in 2022 as demand deteriorated amidst rising energy prices in Europe, China lockdowns, and global high inflation environment. Moreover, in order to ease the debt pressure in the real estate market, China announced various fiscal stimulus, but the effect was minimal, resulting in a significant reduction in steel demand. At the same time, Chinese government promoted carbon neutrality, implemented energy consumption dual control, and limited electricity production. It is expected that the pandemic prevention control in China will be gradually loosened, and stimulus policies to boost domestic demand will be rolled out, and the stainless steel market is expected to rebound in 2023.

In terms of research and development, the Company spent NTD 3bn on R&D in 2022, accounted for 1% of the Company's revenues. These R&D expenses were mainly spent on new formulation development, production process improvement, product quality upgrade, energy consumption saving, and human resources cultivation to increase added value and lower cost. In 2022, the Company completed 59 R&D projects with an annual benefit of NTD 150 million. Meanwhile, the Company conducted R&D on advanced production techniques and commercialize specialty products including micro-suspension paste PVC for low-temperature foaming application, cross-linked paste PVC for matte finish product, high efficiency baffle in the reactor, silica aerogel insulation paint, anti-fouling peritoneal dialysis silicone catheter, PERT-I type heat-resistant HDPE pipe, black HDPE compound for injection-molded pressure fittings, fully recyclable physical foaming EVA resin, modulus enhanced carbon fiber with dry jet wet spinning, intermediate modulus carbon fiber with dry jet wet spinning, high-end thermoplastic carbon fiber composite, biopropylene based SAP, biodegradable PP, post-consumer recycled resin(PCR), anti-adhesion PP paint bucket, high gloss random impact PP copolymer, which has achieved good results in increasing the added value of downstream products

In order to enhance the competitiveness, the Company actively invested in the key technology development and applied for both domestic and international patents. In 2022, the Company received approval on 40 patents, and had a total of 250 effective patents as of the end of 2022. In order to deepen the research and development foundation and continue to strengthen the connotation of industry-academia cooperation, the Company speeds up and widens the research ability, which help to shorten product development cycle by the quantum high-speed computing research resources from top domestic academic institutions. In addition, combined with the establishment of Mailiao high-end instrument center and virtual laboratories, the Company will develop forward-looking composite materials such as medical materials, energy, and green materials. Meanwhile, the Company also set up medical material center and continued to work with industry experts and academic areas to specialize ultra-high-performance PP melt-blown filter materials and zwitterionic anti-fouling compound resin, as well as natural anti-bacterial and beauty-related green products.

Regarding to the National Science and Technology Program, “Capture and Reuse of Flue Gas “, was qualified to receive the subsidy from Ministry of Economic Affairs in 2019. It was put into trial operation in December 2021 and review meeting was completed in September 2022 in Renwu Complex, which will help to promote ESG and carbon neutral development policies in the future.

On the operational safety and environmental protection front, the Company always puts emphasis on industry development and environmental protection equally. As of the end of 2022, the accumulated investments on operational safety, environmental protection, and firefighting reached NTD 28bn, which was mainly spent on controlling pollution, energy saving, waste and greenhouse gases reduction, and operational safety and firefighting improvement. The Company’s pollution treatment and emissions are better than national regulatory standards. In 2022, several business units of the Company were praised by local government on the good performance in operational safety and environmental protection front, such as, Mailiao ECH and Butanol plants praised by Yunlin government for strong performance on occupational safety and health. The Mailiao ECH factory won the Five-Star Award due to its good performance in the last three years. The Company also received the Green Procurement Excellent Unit awards separately from Department of Environmental Protection in Taipei and Kaohsiung.

In terms of greenhouse gas reduction, the Company sets short-term (20% reduction in 2025), medium-term (40% reduction in 2030) and long-term (carbon neutrality by 2050) reduction targets based on the benchmark of greenhouse gas (Scope 1 and 2) emissions in 2020 with 8.635 million MT. After a thorough test conducted by a third-party institution, the total greenhouse gas (Scope 1 and 2) emissions in 2021 was 8.604 million MT, a reduction of 31,000 MT compared with 2020, a decrease of 0.4%.

In terms of water and energy conservation and greenhouse emissions reduction, the Company accomplished 949 improvement projects in 2022. Total water saved amounted to 3,789 MT/day, while greenhouse gas emissions reduction reached 136K MT/year. Other ongoing 1,179 improvement projects were expected to further conserve water by 8,202 MT/day and reduce greenhouse gas emissions by 389K MT/year. According to the results announced by Carbon Disclosure Project (CDP) in 2022, the Company was rated as “A-” in climate change assessment and water resources assessment. Both achievements were among the top rankings within many well-known international chemical companies, which shows that the Company’s efforts in energy saving, emission reduction and circular economy in response to climate change have achieved considerable results.

Besides, in order to enhance operational safety, prevent occupational disasters, and ensure the safety and health of labors, the Company continued to conduct overall equipment inspection, implement Standard Operating Procedures (SOP), Management of Change (MOC) and Process Hazard Analysis (PHA) operations, and strengthen inspections of machinery and equipment for improvement. For the Company’s expansion projects, supervisors and contractors are required to manage themselves and mobile cameras are installed on site to strengthen the control of operation progress to supervise whether the safety regulations of operators are implemented, and to assist supervisors to better ensure industrial safety. Besides, the company developed “Image Recognition System for Construction Site Safety” through AI and image recognition technology to set up electronic fences. It can be applied to personnel control in suspension areas, helmet belt wearing, and high-risk area management which have been tested at the expansion construction site to fulfil the need to monitor construction site 24 hours a day, implement industrial safety management, prevent productions issues, and establish a happy, friendly and healthy workplace.

In response to increasingly stringent environmental regulations, all plants are required to implement measures such as reducing VOC sources, streamlining equipment components, and gradually eliminating low-leakage equipment components. The Company also strengthen autonomous inspections by the application of infrared detector (Gas Finder). Meanwhile, the Company enhance the management of various environmental indicators to continue promoting carbon neutrality and zero discharge of wasted water for a friendly environment.

The following is production and sales volume, and business performance in 2022:

1. Production and Sales volume in 2022 (including consolidated subsidiaries and inter-company internal turnover)

Product	Unit	Production volume	Sales volume
Polyvinyl chloride (PVC)	ton	1,606,843	1,611,785
Caustic Soda	ton	1,593,709	1,455,622
High density polyethylene (HDPE)	ton	363,587	359,569
Ethylene vinyl acetate copolymer (EVA)	ton	287,184	274,342
Linear low density polyethylene (LLDPE)	ton	454,637	480,051
Acrylonitrile (AN)	ton	197,613	200,913
Epichlorohydrin (ECH)	ton	85,822	86,984
Methyl tert-butyl ether (MTBE)	ton	131,163	132,536
Methyl methacrylate (MMA)	ton	62,007	64,193
Acrylic esters (AE)	ton	556,131	532,064
N-butanol (NBA)	ton	224,295	219,796
Super absorbent polymer (SAP)	ton	191,589	191,619
Polypropylene (PP)	ton	731,928	746,282

In 2022, total sales value was NTD 251.64bn. The domestic sales (in Taiwan) were NTD 73.85bn, accounted for 29% of total sales, and export sales was NTD 177.79bn, accounted for 71% of total sales.

2. Business performance:

The consolidated operating sales of NTD 251.64bn in 2022 decreased NTD 21.95bn from NTD 273.59bn in 2021. After deducting operating costs of NTD 209.08bn and operating expenses of NTD 15.75bn, the operating income was NTD 26.79bn, with an operating profit rate of 11%. Plus net non-operating revenues and expenses of NTD 16.99bn (including net gains and losses recognized by equity method for affiliated companies and joint ventures of NTD 5.76bn), the pre-tax net income of NTD 43.79bn in 2022 dropped by 49% from 2021.

1.2 A Summary of the Business Plan for 2023, the Company's Future Development Strategy, and the Effect of External Competition, the Legal Environment, and the Overall Business Environment

Looking ahead to 2023, due to the ongoing uncertainty from the war between Russia and Ukraine and the high interest rate in several major countries, global economy is faced with suppressed outlook. According to the forecast of the International Monetary Fund (IMF), the global economic growth rate will decline compared with 2022 and be the weakest in the near 90 years. However, the recent high inflation in the US and Europe seems to have reached the peak. The prices of energy, shipping and logistics costs, real estate and rents have fallen due to the expectation of slowing down of inflation and interest rate lifting. With increasing demand after the reopening in China, sign of recovering economy has emerged.

Nonetheless, there is still uncertainty ahead. The timing and magnitude of recovery may depend on when the war between Russia and Ukraine ends, the development of pandemic and the adjustment of pandemic prevention control policies in various countries, the interest rate hikes cycle and inflation status, and the impact of geopolitical risks on raw material prices.

The supply of petrochemical raw materials exceeded demand in the 2H22. According to the estimate of the international professional organization CMA (Chemical Market Analytics), the global annual ethylene production capacity will increase by 10.76 million MT in 2023. In terms of demand, based on the global ethylene demand growth of 0.9x of GDP growth, demand should only increase by 4.4 million MT in 2023. While propylene net capacity increase will be 12.08 million MT in 2023, the incremental propylene demand (based on 0.6x

of GDP growth) should only be 2 million MT in 2023. The supply of petrochemical products will continue to exceed demand.

After recording a historical strong performance in 2021, the war between Russia and Ukraine and deglobalization caused the rising price in food and energy in 2022, which pushed up the inflation. The Consumer Price Index (CPI) of the US and Europe hit the historical peak respectively after June 2022, which made Fed in the US and central bank in Europe lift the interest rate to depress the inflation. However, it resulted in the weak terminal demand, the declined product price, comprehensive inventory adjustment across the petrochemical and related industry chains and sharply decreased international trade logistics which could be evidenced by falling freight in 2022. The global economy depressed and the demand of Asia's petrochemical raw material sharply declined. As the CPI in various countries seems to have peaked at the end of 2022 and the prices of energy, raw materials and shipping logistics costs have fallen, the market expects inflation to decrease quarter by quarter. As the interest rate hikes cycle may normalize, and consumer confidence may also improve, the demand of petrochemical products is expected to gradually recover. Inventory destocking at retailers is expected to come to the end after three quarters of adjustment from the 2Q22.

Furthermore, China is the largest market for petrochemical products and the key factor of the market price. As the China government loosen the pandemic restrictions in December 2022 and cancelled lockdown in January 2023, it may face the period of economic pain intensified by the pandemic in the short term. In the long term, it is expected to achieve herd immunity early by coexisting with the virus. If the China government still promotes the economy stimulation policy and stabilize the real estate market after the meeting of the 20th National Congress of the Communist Party, it could be a positive on the demand of petrochemical products and shorten the stock adjustment cycle. Therefore, petrochemical industry is expected to rebound from the bottom in 2023.

However, several factors will lead to the regionalization of the industrial chain, including pandemic, extreme weather, geopolitical conflicts, deglobalization, and the war between Russia and Ukraine. In addition, the new capacity from peers will make the market more competitive and the Company's operation will be more challenging.

In order to achieve sustainable operation and minimize the impact of industry fluctuations, the Company strictly monitors capital expenditures,

reduces raw materials and finished product inventories, and thoroughly reviews various safety management regulations of petrochemical plants, and replaces old equipment. The Company also implements SOP, MOC, and PHA operations to eliminate potential safety hazards and allow the factory to maintain stable production with zero accidents. In terms of sales management, differentiated and high-quality products and timely services are provided to win the trust of customers. The Company will also accelerate digital transformation, use AI technology to optimize production and sales, and actively expand new customers and new markets through long-distance marketing to enhance competitiveness.

Meanwhile, to better support its future growth, the Company will continue to deepen AI development, strengthen industry- academia-research cooperation, and seek advanced technology transfer or cooperative development. To follow the success in the development of shoe materials, the Company will join with raw material suppliers, upstream and downstream supply chains through strategic alliances to enhance its technology capability and develop new products. The Company will also apply for patents for its new development to ensure its market monopoly and share future growth profits.

In addition, in the face of the global low-carbon transformation wave, and the trend of health care, technological innovation and new economic development in the post-pandemic era, the Company is committed to the research and development of environmentally-friendly and medical-grade products, such as fully recycled plastics, anti-adhesive composite rubber resins, biodegradable and green plastics, etc. The Company will also continue to promote product transformation, create product's multiple values, promote circular economy and energy conservation and carbon reduction transformation strategies, strengthen risk control of climate change, cooperate with upstream and downstream supply chains to promote ESG transformation, and move towards carbon neutrality by 2050. The Company looks forward to strengthening its business operations through innovative and adaptable strategies, in order to mitigate operation headwinds, maintain profitability in the downturn, and fully prepare for the next upcycle in petrochemical industry.

The expected sales volume of major product in 2023 is following:
(including consolidated subsidiaries and inter-company internal turnover)

Product	Unit	Sales volume
PVC	ton	1,681,226
Caustic Soda	ton	1,425,423
HDPE	ton	416,123
EVA	ton	325,784
LLDPE	ton	572,480
AN	ton	272,078
ECH	ton	93,140
MTBE	ton	84,800
MMA	ton	127,400
AE	ton	574,933
NBA	ton	229,542
SAP	ton	205,744
PP	ton	1,026,380

II. Company Profile

2.1 Date of Incorporation: November 5, 1954

2.2 Business Philosophy and Vision

The Company has undergone more than 60 years of development and has continuously expanded to maintain a global presence in Taiwan, China, the U.S., Vietnam and other regions. The Company's business involvement consists of such industries as petrochemical, plastics, textile, fibers, electron, energy, transportation and steel. The driving force behind FPC's constant expansion, growth and development is the founders, Mr. Wang Yung-Ching and Mr. Wang Yung-Tsai, who have always emphasized and demonstrated the spirit of "Diligence, Perseverance, Frugality and Trustworthiness; Aiming at the Sovereign Good; Perpetual Business Operation; Dedication to the Society".

In terms of business operations, the Company deeply understands that a good management is the base of steady operations. Therefore, for a long time, in the aspects of production and sale, human resource allocation or resource utilization, the Company keeps the two founders' spirit of tracking the root, seeking truth from fact and rationalization to reduce the cost and increase the benefits. This spirit has also been internalized as an important core of the company culture, but also the driving force for progress and sustainability. Moreover, the Company keeps the Company's meaning based on reaching a reasonable profit and a good contribution to society at the same time. Therefore, in addition to its business operations, the Company and the affiliated companies have also established a number of non-profit public welfare institutions, such as schools, hospitals and foundations, to invest in medical care, education and various social welfare, and continuously expands its scale to enhance efficiency and quality to fulfill the corporate social responsibility.

Moreover, as the impact of global extreme climate intensifies, the Company has set the carbon and greenhouse gas reduction target in the short, middle and long term, and also actively promotes the energy transition by low carbon, energy saving, circular economy and increased use of renewable energy to speed up the carbon reduction. The Company is also committed to the research and development of environmentally friendly products such as plastic recycling, biodegradable and green plastics, creating diversified values, and moving towards the goal of "2050 carbon neutrality", and hopes to create a zero-carbon environment in future with upstream and downstream supply chains producers.

The Company's vision for future development is in the various industrial fields in which it is engaged, not only to achieve world-class production capacity, but also to focus on the artificial intelligence and innovative R&D. In addition to accelerating the promotion of AI and digital transformation technologies, building a digital ecosystem for operation management, optimizing manufacturing processes, improving output and quality, reducing raw material and energy consumption, and improving industrial safety and environmental protection, it also enhances the international competitiveness of its strong products to achieve its goal of sustainable development by staying in the global leadership position of the industry. With satisfying the customers' needs and the creation of stockholders' value, the Company also keeps paying attention to ESG in order to fulfill corporate social responsibility, promote sustainable development with the environment, and reach the goal of sustainable operation.

2.3 Milestone

Formosa Plastics Corporation established in November 1954, with capitalization of NTD 5 million and constructed the first PVC plant in Kaohsiung City. The capital of the Company has built up to NTD 63.6 billion by the end of 2021. The primary businesses included the production and sale of plastics and fibers products, where the capacity of VCM is 1,644K tons and it will be up to 2,959K tons including the capacity of USA re-invested companies, which places the Company to the third rank VCM manufacturers in the world. In addition, the Company's capacity of PVC is 1,315K tons, which is the largest PVC manufacturers in Twain, and it will be up to 3,140K tons including the capacity of USA and China re-invested companies, which places the Company to the third rank PVC manufacturers in the world. The capacity of others such as the caustic soda, Acrylic acid(AA), n-butanol(NBA), super absorbent polymer(SAP), acrylonitrile(AN), Methyl methacrylate (MMA) and epichlorohydrin(ECH) also ranks among the top in the world.

The Company's business expansion roughly divided into the following stages:

- 1954 • Establishment of Formosa Plastics Corporation with capitalization of NTD 5 million. Constructed the first PVC plant in Kaohsiung City.
- 1957 • Started operations in April with a monthly PVC capacity of 120 metric tons.
- 1960 • Invested in Tungshan Calcium Carbide Corporation with a monthly capacity of 2,000 metric tons.
- 1963 • Expanded capacity of PVC plant in Kaohsiung to 2,100 MT/month.
- 1965 • The Caustic Soda plant in Chienchen came on stream (70 MT/day).
 - Merged Tung Shan Calcium Carbide Corporation and added an electric furnace to increase capacity to 4,000 MT/month.
- 1966 • The Caustic Soda plant in Chienchen set up a department to produce DOP.
- 1967 • The Tairyln plant was built in Chienchen to produce acrylic fiber, with a daily capacity of 4 metric tons.
- 1968 • Set up Kuandu plant to produce acrylic yarn and carpet.
 - Increased calcium carbide capacity to 8,500 MT/month.
 - Improved production technology to increase acrylic fiber capacity to 20 MT/day.
 - 20 tanks were added to Caustic Soda plant in Chienchen to raise capacity to 88 MT/day.

- 1969
 - Took over Chi Ho Fiber Co. and changed the name as Sanhsia plant.
 - Set up a Machinery plant.
- 1970
 - The Caustic Soda plant in Chienchen added a commutator to increase capacity to 100 MT/day.
- 1971
 - The Acrylic Fiber plant in Chienchen set two new units and raised capacity to 55 MT/day.
- 1972
 - The PVC plant in Renwu started operation with a monthly capacity of 2,400 MT.
 - Dyeing and knitting equipment in Kuandu plant were moved to Sanhsia plant.
 - Engineering Section was expanded and renamed as Engineering Division.
- 1973
 - Built a PVC plant in Puerto Rico with a monthly capacity of 6,000 MT.
 - Began construction of Caustic Soda and VCM plant in Renwu, with a capacity of 525 MT/day and 240,000 MT/year respectively.
 - Capacity of DOP plant was increased to 2,500 MT/month.
 - Machinery plant was expanded and moved to Renwu complex.
- 1974
 - Expanded capacity of 50 MT/day of Acrylic Fiber plant (A and B series) in Renwu.
- 1975
 - The capacity of PVC plant in Renwu was increased to 9,000 MT/month.
 - The Caustic Soda plant in Renwu completed construction and came on stream (525 MT/day).
 - The VCM plant (phase I) in Renwu completed construction and came on stream with an annual capacity of 240,000 MT.
 - The Utility plant with a 246 T/H boiler was added.
 - Machinery plant was restructured into Machinery Division.
 - Construction of Wharf#29 in Kaohsiung was completed.
- 1977
 - A 130M³ reactor of PVC plant in Renwu was completed and increased capacity to 18,000 MT/month.
 - The Plastics Division phased out the use of calcium carbide in its manufacture of VCM.
 - Test production of E-process Compound fiber (C series) began in Acrylic Fiber plant in Renwu.
- 1978
 - Began the construction of VCM plant (phase II) in Renwu, with capacity of 240,000 MT/Y.
 - The capacity of Caustic Soda plant in Chienchen was increased to 105 MT/day.

- Construction of the first phase PVC plant at Kaohsiung was completed, increasing production capacity of suspension PVC resin by 1,500 MT/month to a total of 9,000 MT/month.
- The Tairyln plant at Renwu successfully developed E-process Compound fiber (D series).
- Chienchen and Renwu plants totaled 165 MT/day.
- 1979 • Started planning investments in the United States.
- An expansion was added to PVC plant in Renwu to produce 100,000 MT/Y of Mass PVC resin.
- The Tairyln plant in Chienchen was shut down, and some equipments were transferred to Tairyln plant in Renwu.
- The Tairyln plant in Renwu expanded capacity by 30 MT/day (F series).
- Two 8,000 KW oil-fired generators were added.
- 1980 • The Puerto Rico plant was shut down.
- The VCM plant (phase II) in Renwu completed construction, increasing the total production capacity to 480,000 MT/Y.
- The Caustic Soda plant in Renwu added four tanks, increasing its capacity to 530 MT/month.
- The Tairyln plant in Renwu expanded its capacity by 30 MT/day.
- Installed a Benson boiler of 180 T/H, a steam generator of 23,500 KW, and an oxygen plant of 3,667 NM³/H.
- The Machinery Division entered into technical cooperation with Renk Corp in Germany.
- 1981 • Expanded PE plant (120,000 MT/Y), Utility plant (boiler 120T/H, co-generation 15,800 KW) and AE plant (28,500 MT/Y) in Linyuan.
- The DOP plant was shut down in November.
- Completed the expansion of phase II Dispersion PVC resin of PVC plant in Kaohsiung with a monthly capacity of 900 MT.
- Completed the 30 MT/day (G series) expansion of Tairyln plant in Renwu and increased capacity to 210 MT/day.
- Began the set-up calcium carbonate equipments with capacity of 10,800 MT/month in Calcium Carbide plant.
- 1982 • The expansion of 100,000 MT/Y Mass PVC resin of PVC plant in Renwu was completed and came on stream.
- FPC USA started operations.

- The A and B series of Tairylan plant in Renwu were converted to E-Type, resulting in an increase of production capacity to 240 MT/day.
- The Caustic Soda plant in Renwu added an IEM-1 ion-exchange system with capacity of 116 MT/day.
- 1983
 - Set up the PE processing section.
 - A Polyolefin Division was established.
 - Planned to expand Phase III of VCM plant in Linyuan with capacity of 240,000 MT/Y.
 - Succeeded in developing carbon fiber
- 1984
 - The AE plant in Linyuan came on stream with an annual capacity of 28,500 MT.
 - The Machinery Division signed a cooperative agreement with Murata Corp. of Japan to manufacture automatic warehousing system.
 - The 120,000 MT/Y HDPE plant in Linyuan came on stream.
- 1985
 - A carbon fiber plant with an annual capacity of 100 MT was constructed.
 - Completed the expansion project of 2EHA (2 Ethyl Hexyl Acrylate) with capacity 60 MT/day.
 - A chlorofluorocarbon plant with capacity of 23,040 MT/Y was constructed.
 - The VCM plant (phase III) in Linyuan came on stream; as a result, the total capacity of VCM was increased to 720,000 MT/Y.
 - The Caustic Soda plant using IEM-1 process in Renwu came on stream with capacity of 116 MT/day.
 - The Caustic Soda plant in Chienchen was shut down.
- 1986
 - Planned to invest in No.6 Naphtha Cracking Project.
 - Built the 300 MT/Y carbon precursor plant.
 - Built the 330 T/H coal boiler.
 - Set up Machinery plant in Lungteh.
 - Built a wax plant with an annual capacity of 1,440 MT.
 - The 100 MT/Y carbon fiber plant came on stream.
 - Built a MBS plant in Linyuan with capacity of 12,000 MT/Y.
 - Phase I of PVC plant in Linyuan with capacity of 140,000 MT/Y was completed.
 - Expansion of Chemical Wharf#28 in Kaohsiung was completed.
- 1987
 - Phase II of PVC plant in Linyuan with capacity of 70,000 MT/Y was completed.

- Added equipments for carpet tile production with a monthly capacity of 16,500 M².
 - The Taical plant came on stream with capacity of 400 MT/month.
 - The Carbon Precursor plant came on stream with capacity of 300 MT/Y.
 - The Carbon Precursor plant came on stream with capacity of 300 MT/Y.
 - Phase II of AE plant in Linyuan with capacity of 75,000 MT/Y was completed.
- 1988
- Installed the BCF-PP and flat fiber production line in Sanhsia plant.
 - Production of Caustic Soda plant in Renwu was shifted from mercury process to ion-exchange process, with capacity of 425 MT/day.
 - Phase II of Carbon Fiber plant with capacity of 130 MT/Y was completed.
 - Built the Plastic Precessing plant in Hsinkang, Chiayi to produce garbage bags (120 MT/month), shopping bags (140 MT/month) and deli bags (40 MT/month).
 - Finished special fiber construction of Tairyln plant with capacity of 30 MT/day and came on stream, increasing total capacity to 300 MT/day.
 - Utility plant in Linyuan added a 200 T/H boiler and 49,460 KW co-generator.
 - A 6,000 MT/month Maerz limestone kiln was installed.
 - Utility plant in Renwu added two boilers (350 T/H).
 - Expansion of second line of Taical production (600 MT/month).
- 1989
- The mercury process was shut down and IEM-2 started operation with capacity of 425 MT/day.
 - Phase I of PVC plant in Linyuan came on stream with capacity of 140,000 MT/Y.
 - The MBS plant in Linyuan came on stream with capacity of 12,000 MT/Y.
 - Invested US\$100 million to establish Formosa Plastics Corporation, America (FPCA), building IEM plant (caustic soda 633,000 MT/Y, chlorine 571,000 MT/Y) and EDC plant (600,000 MT/Y).
 - The second line of Taical production came on stream with capacity of 600 MT/month, having total capacity of 12,000 MT/Y.
- 1990
- Phase II of AE plant in Linyuan was completed, increasing total capacity to 75,000 MT/Y.
 - Phase II of Carbon Fiber plant was completed, increasing total capacity to 230 MT/Y.

- The Chlorofluorocarbon plant came on stream with capacity of 23,040 MT/Y.
 - Phase II of PVC plant in Linyuan was completed, with capacity of 70,000 MT/Y.
- 1991
- Constructed POM plant in Hsinkang, with an annual capacity of 20,000 MT.
 - Constructed SAP (Super Absorbent Polymer) plant in Hsinkang, with an annual capacity of 6,000 MT.
 - Completed PE Processing plant in Hsinkang.
 - Two sets of 350 T/H boilers and co-generators with 201,400 KW capacity come on stream in Renwu.
 - One 200 T/H boiler and co-generator with 49,460 KW capacity came on stream in Linyuan.
 - Formosa Heavy Industries Corporation was established.
 - Started production of distributed control system (DCS), with capacity of 18~24 sets per year.
 - Constructed NS-2500 calcium carbonate process with an annual capacity of 6,000 MT.
- 1992
- Transferred assets and personnel of Machinery Division to Formosa Heavy Industries Corporation.
 - Formosa Petrochemical Corporation (FPCC) was established. The personnel of Olefin Team I were transferred to FPCC.
 - Fiber Processing Division was closed.
 - Added one set of co-generator with 125,900 KW capacity in Renwu.
 - DCS installation and testing facilities went into operation.
 - Started pilot production for CFC substitutes HCFC-141b and 142b.
- 1993
- Commencement of work on No.6 Naphtha Cracking Project officially announced on July 5.
 - Super Absorbent Polymer plant in Hsinkang with capacity of 6,000 MT/Y was completed and went into operation.
 - POM Pilot plant in Hsinkang, with capacity of 1,000 MT/Y, went into operation.
 - Six electrolytic cells were added in Caustic Soda plant in Renwu, increasing an annual capacity of 35,300 MT.
 - Mailiao Harbor Administration Corporation was established.

- Constructed KS-50 calcium carbonate facilities with capacity of 7,500 MT/month.
- 1994 • Invested in Asia Pacific Investment Corporation.
- Processed with the expansion of PVC plant in Linyuan, including Processing Aids and Acrylic Modifiers (5,760 MT/Y for PA, 1,440 MT/Y for AM and 3,600 MT/Y for MBS).
- Successful developed CFC substitutes HCFC-141b and 142b came on stream.
- Processed with the second phase expansion of Super Absorbent Polymer plant (6,000 MT/Y).
- Added a MAERZ limestone Kiln (9,000 MT/Y) in Calcium Carbide plant.
- 1995 • Processed with the expansion of HDPE plant to raise annual capacity to 180,000 MT.
- Completed and started production of POM plant in Hsinkang (20,000 MT/Y).
- Completed the installation of one set co-generator with 500 T/H (125,900 KW) capacity in Renwu.
- Completed the second phase expansion of Super Absorbent Polymer plant (6,000 MT/Y).
- Invested NTD 432 million (24% shareholding) to establish Formosa Komatsu Silicon Corporation with Japan's Komatsu Electronic Metals Co., Ltd. and Asia Pacific Investment Corporation.
- Processed with the phase three expansion for carbon fiber with annual capacity of 500 MT.
- Addition of one precipitated calcium carbonate plant (3,000 MT/month) and one set of U-Cal facility (1,200 MT/month) in Calcium Carbide plant.
- 1996 • Mailiao Power Corporation was established.
- Formosa Mailiao Maintenance Corporation was established.
- Completed the expansion for processing aids and acrylic modifiers of PVC plant in Linyuan.
- Completed the expansion of HDPE plant in Linyuan to raise annual capacity to 180,000 MT.
- Completed the phase three expansion for carbon fiber.
- 1997 • Processed with the phase one expansion for Carbon Fiber plant in Mailiao with annual capacity of 2,000 MT.
- Chlorofluorocarbon plant renamed as Hydrochlorofluorocarbon plant.

- Precipitated calcium carbonate plant (3,000 MT/month) and U-Cal facility (1,200 MT/month) began production.
- 1998 • Completed and started production of AE plant in Mailiao (100,000 MT/Y).
- Completed and started production of HDPE plant in Mailiao (240,000 MT/Y).
- Completed and started production of PVC plant in Mailiao (420,000 MT/Y).
- Olefin Team-II renamed as Chemicals Division.
- Invested NTD 200 million (50% shareholding) to establish Formosa Asahi Spandex Co., Ltd. with Japan's Asahi Chemical Industry Co., Ltd.
- 1999 • Completed and started production of VCM plant in Mailiao (600,000 MT/Y).
- Completed and started production of Caustic Soda plant in Mailiao (phase I 1,000 MT/day).
- Processed with phase three expansion for Super Absorbent Polymer plant (12,000 MT/Y).
- Invested NTD 50 million (50% shareholding) to establish Formosa Daikin Advanced Chemicals Co., Ltd. with Japan's Daikin Industries, Ltd.
- Processed with PDP plant in Sanhsia (phase I 7,200 SETS/Y).
- 2000 • Completed and started production of Carbon Fiber plant in Mailiao (1,000 MT/Y).
- Completed and started production of EVA/LDPE plant in Mailiao (200,000 MT/Y).
- Completed and started production of AN plant in Mailiao (200,000 MT/Y).
- Completed and started production of C4 plant in Mailiao (MTBE 151,000 MT/Y and B-1 17,000 MT/Y).
- Completed and started production of Caustic Soda plant in Mailiao (phase II 500 MT/day).
- Completed and started production of phase three expansion for Super Absorbent Polymer plant (12,000 MT/Y).
- Formosa Plastics Marine Corporation was established.
- 2001 • Completed and started production for paste PVC of PVC plant in Mailiao (36,000 MT/Y).

- Completed and started production of LLDPE plant in Mailiao (240,000 MT/Y).
 - Completed and started production of MMA plant in Mailiao (70,000 MT/Y).
 - Completed and started production of ECH plant in Mailiao (80,000 MT/Y).
 - PDP plant (phase I 7,200 SETS/Y) in Sanhsia began production.
 - Formosa Teletek. Corporation (100% shareholding) was established.
 - Formosa Group Ocean Marine Investment Corporation (19% shareholding) was established.
 - SU-HUA Transport Corporation (25% shareholding) was established.
- 2002
- Completed the expansion project of AE plant in Mailiao (18,000 MT/Y).
 - Invested Gala Television Corporation (6.25% shareholding).
 - Signed the PDP MOU with Fujitsu Hitachi Plasma Display Corporation and AU Optronics Corporation.
 - Formosa Plasma Display Corporation was established (77.5% shareholding).
 - Acquired 49% and 0.46% share holdings of Yungchia Chemical Industries Corporation from Central Investment Corporation and China Petroleum Corporation respectively.
 - 100% owned subsidiary Formosa Industries (Ningbo) Co., Ltd. was established.
- 2003
- Completed and started production for phase three of HDPE plant in Mailiao (50,000 MT/Y).
 - Completed and started production for MAA of MMA plant in Mailiao (20,000 MT/Y).
 - Completed and started production for LiPF₆ of Hydrochlorofluorocarbon plant in Renwu (200 MT/Y).
 - Completed and started production for debottlenecking plan of Acrylic Fiber plant in Renwu (13,000 MT/Y).
 - Completed and started production for debottlenecking plan of PP plant in Linyuan (50,000 MT/Y).
 - Completed and started production for debottlenecking plan of POM plant in Hsinkang (5,000 MT/Y).
 - Processed with phase one of NF₃ plant in Renwu (100 MT/Y).

- Processed with the phase four expansion of No.6 Naphtha Cracking Project in Mailiao: 38,000 MT/Y for paste PVC phase two, 333,000 MT/Y for caustic soda phase four, 30,000 MT/Y for HDPE, 80,000 MT/Y for AN, 28,000 MT/Y for MMA, 20,000 MT/Y for ECH and 23,000 MT/Y for MTBE.
 - The Board Meeting dated March 6th decided to merge Yungchia Chemicals Industries Corporation (1.96 shares of Yungchia stock for 1 share of FPC stock).
 - Formosa Environmental Technology Corporation was established (24.34% shareholding).
 - FPC supplied 63,734,000 FPCC shares for FPCC IPO (NTD 43 per share).
 - 100% owned subsidiary Formosa Acrylic Esters (Ningbo) Co., Ltd. was established.
- 2004
- Completed and started production for phase one NF₃ in Renwu (100 MT/Y).
 - Completed and started production for debottlenecking plan of PP plant in Linyuan (25,000 MT/Y).
 - Completed and started production for debottlenecking plan of SAP plant in Hsinkang (6,500 MT/Y).
 - Completed and started production for phase three of Caustic Soda plant in Mailiao (167,000 MT/Y).
 - Completed and started production for phase three of VCM plant in Mailiao (80,000 MT/Y).
 - Completed and started production for debottlenecking plan of AE plant in Mailiao (13,500 MT/Y).
 - Completed and started production for debottlenecking plan of LLDPE plant in Mailiao (24,000 MT/Y).
 - Completed and started production for debottlenecking plan of AN plant in Mailiao (40,000 MT/Y).
 - Processed with phase two & three of NF₃ plant in Renwu (100 % 200 MT/Y), renewal the first set of co-generation in Renwu, expansion for Caustic Soda plant in Renwu (133,000 MT/Y for caustic soda-liquid and 100,000 MT/Y for caustic soda-pearls), expansion for MBS (4,100 MT/Y) and AM (17,800 MT/Y) in Linyuan, debottlenecking plan for LDPE/EVA plant in Mailiao (40,000 MT/Y) and phase two of Carbon Fiber plant in Mailiao (1,100 MT/Y).

- 100% owned subsidiary Formosa Polypropylene (Ningbo) Co., Ltd. was established.
 - 100% owned subsidiary Formosa Electronics (Ningbo) Co., Ltd. was established.
 - Issued foreign corporate bond of US\$ 250 million, exchangeable for FPCC's stock.
 - Facilities of PE Processing plant in Chienchen were moved to Hsinkang complex, and the carbide production was shut down.
- 2005
- Completed and started production of PVC plant in Ningbo, China.
 - The Board Meeting of 100% owned subsidiary Formosa Teletek Corporation decided to shut down its production of LTCC.
 - The production of chlorofluorocarbon in Hydrochlorofluorocarbon plant was shut down.
 - Completed and started production of 38,000 MT/Y for paste PVC phase two, 333,000 MT/Y for caustic soda phase four, 14,000 MT/Y for MMA, 23,000 MT/Y for MTBE and 40,000 MT/Y for LDPE/EVA in Mailiao.
 - Completed and started production for the first set renewal of co-generation, expansion of 100 MT/Y for NF₃ phase two in Renwu.
 - Processed with the debottlenecking plan of VCM plant in Mailiao (100,000 MT/Y) and SAP plant in Hsinkang (9,500 MT/Y).
 - 100% owned subsidiary Formosa Super Absorbent Polymer (Ningbo) Co., Ltd. was established.
 - The Board Meeting dated December 19th decided to exchange all FPC-America stocks for FPC-USA, and FPC holds 22.43% of FPC-USA from 6.04% after exchanging.
- 2006
- The Shareholders' Meeting of 93.37% owned subsidiary Formosa Plasma Display Corporation decided to dissolve.
 - The Shareholders' Meeting of 100% owned subsidiary Formosa Teletek Corporation decided dissolve.
 - FPC's foreign corporate bonds, exchangeable for FPCC's stock, were all exchanged.
 - Completed and started production of AE plant in Ningbo, China.
 - The Board members was reduced from 17 to 15, and Chairman Y.C. Wang & Executive Director Y.T. Wang retired.
 - Completed and started production of following debottlenecking plan in Mailiao: 40,000 MT/Y for AN, 20,000 MT/Y for ECH, 14,000 MT/Y for MMA, 30,000 MT/Y for HDPE.

- Completed and started production of following expansion plan in Renwu: 200 MT/Y for NF₃ phase three, 133,000 MT/Y for caustic soda-liquid and 100,000 MT/Y for caustic soda-pearls.
 - Completed and started production of 9,500 MT/Y for SAP expansion plan in Hsinkang.
 - Completed and started production of 4,100 MT/Y for MBS and 17,800 MT/Y for AM expansion plan in Linyuan.
 - Completed and started production of 25,000 MT/Y for PP debottlenecking plan in Linyuan.
 - Processed with the following expansion plan in Mailiao: 1,100 MT/Y for Carbon Fiber phase two, 2,200 MT/Y for Carbon Fiber phase three, 250,000 MT/Y for NBA and 30,000 MT/Y for SAP.
 - Processed with 700 MT/Y for Carbon Fiber debottlenecking plan in Mailiao.
 - Issued domestic unsecured corporate bond for NTD 10 billion.
- 2007
- Completed and started production of 1,100 MT/Y expansion for Carbon Fiber phase two and 700 MT/Y debottlenecking for Carbon Fiber in Mailiao.
 - The Board Meeting decided to invest Fujian FuXin Special Steel Corporation in China for 25% shareholding.
Formosa Industries (Hong Kong) Limited was established and adjusted the structure for investment in China.
- 2008
- Processed with 2,600 MT/Y expansion plan for Carbon Fiber phase four.
 - Completed and started production of SAP and PP plant in Ningbo, China.
 - Completed and started production of 2,200 MT/Y for Carbon Fiber phase three and 250,000 MT/Y for NBA.
 - The Board Meeting decided to invest Formosa Ha Tinh Steel Corporation in Vietnam for 25% shareholding.
 - Founder Mr. Y.C. Wang passed away.
 - Issued domestic unsecured corporate bond twice for NTD 6 billion each.
- 2009
- 3 Independent Director were elected.
 - Issued domestic unsecured corporate bond for NTD 6 billion.
 - The Shareholders' Meeting decided to increase capital of NTD 4,004,330,110 to set up a Silane plant in Mailiao.

- 2010
- Issued domestic unsecured corporate bond for NTD 6 billion.
 - Top Advisor Mr. C.S. Wang passed away.
 - Board of Directors decided to lower the shareholding ratio of Formosa Ha Tinh Steel Corporation to 21.25%.
 - Board of Directors approved the expansion of PVC of Formosa Industries (Ningbo) Co., Ltd. for 150,000 MT/Y, AA/AE of Formosa Acrylic Esters (Ningbo) Co., Ltd. for 160,000 /200,000 MT/Y, SAP of Formosa SAP (Ningbo) Co., Ltd. for 60,000 MT/Y, and also established Formosa Polyethylene (Ningbo) Co., Ltd. to produce EVA for 100,000 MT/Y for Phase I.
 - Processed the expansion of SAP for 60,000 MY/Y in Mailiao Plant.
 - Completed and started production of 1,300 MT/Y for Carbon Fiber Phase IV Line H expansion plan in Mailiao and of 20,000 MT/Y for POM debottlenecking plan in Hsinkang.
- 2011
- Board of Directors approved Formosa Industries (Ningbo) Co., Ltd. to build a new plant producing paste PVC for capacity of 70,000 MT/Y.
 - Issued domestic unsecured corporate bond twice for total NTD 10 billion.
 - Completed and started production of Carbon Fiber Phase IV expansion for 1,300 MT/Y.
 - Processed with debottlenecking plan for SAP of 10,000 MT/Y in Hsinkang plant.
 - Established Remuneration Committee.
- 2012
- Issued domestic unsecured bond three times for total NTD 21 billion.
 - Completed and started production: SAP debottlenecking plan for 10,000 MT/Y in Hsinkang plant and SAP expansion plan for 60,000 MT/Y in Mailiao plant.
 - Board of Directors agreed to have a joint venture, Formosa Mitsui Advanced Chemicals Co., Ltd., with Mitsui Chemicals Inc. for 50% shareholding each to produce electrolyte solution for lithium battery with capacity 5,000 MT/Y.
 - Board of Directors agreed to consolidate Formosa Industries (Ningbo) Co., Ltd, Formosa Acrylic Esters (Ningbo) Co., Ltd, Formosa Polypropylene (Ningbo) Co., Ltd, Formosa Electronics (Ningbo) Co., Ltd, Formosa SAP (Ningbo) Co., Ltd and Formosa Polyethylene (Ningbo) Co., Ltd into one company as Formosa Industries (Ningbo) Co., Ltd.

- Board of Directors agreed to invest Formosa Ha Tinh Steel Corporation for USD\$ 170 million.
- 2013
- Board of Directors approved to issue domestic unsecured bond for NTD 2 million.
 - Formosa Group (Cayman) Limited, located on British Cayman Islands, was established together by Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals & Fibre Corp. and Formosa Petrochemical Corp.
 - Formosa Resources Corporation was established together by Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals & Fibre Corp. and Formosa Petrochemical Corp., with capital of NTD 1 million and for 25% shareholding each.
 - Lowered shareholding ratio of Formosa Ha Tinh Steel Corporation from 21.25% to 14.75%.
 - Increased to invest Formosa Resources Corporation for NTD 2.99975 billion.
- 2014
- Disposed 49,348,000 shares of Formosa Petrochemical Corporation with lowering shareholding ratio from 29.31% to 28.79%.
 - Increased to invest Formosa Resources Corporation for NTD 1.1625 billion.
 - Kaohsiung plant was no longer operational, so our registration address was changed to No.100, Shuiguan Rd., Renwu Dist., Kaohsiung City 814, Taiwan (R.O.C.)
 - Board of Directors agreed to issue domestic unsecured bond for NTD 6 billion.
 - Established “Formosa Group Investment (Cayman) Limited” with Nanya Plastics Corp., Formosa Chemicals & Fibre Corp. and Formosa Petrochemical Corp. in the British Cayman Islands.
 - Founder, Y. T. Wang, passed away.
 - Board of Directors agreed to establish Formosa Industries Corporation in U.S. to invested in ethane cracker of 1.2 million MT/Y ethylene. and HDPE for capacity of 400,000 MT/Y.
 - Formosa Industries (Ningbo) Co., Ltd. completed and started production of paste PVC expansion for 70,000 MT/Y.
 - The machinery equipment and inventory of the plastic processing group were sold to Inteplast Taiwan Corp.

- 2015
- Formosa Acrylic Esters (Ningbo) Co., Ltd has expanded AA/AE for capacity of 160,000/170,000 MT/Y. Formosa SAP (Ningbo) Co., Ltd has expanded SAP for capacity of 60,000 MT/Y into completion.
 - Disposed 3,821,000 shares of Nanya Technology Corporation with lowering shareholding ratio from 15.48% to 15.32%.
 - Disposed 22,000,000 shares of Formosa Petrochemical Corporation with lowering shareholding ratio from 28.79% to 28.56%.
 - Board of Directors agreed to establish the Audit Committee instead of supervisors and Audit Committee's term of service is from June 25, 2015 to June 24, 2018.
 - The Chairman, C.T. Lee, changed to be as the top advisor of the Company.
 - Formosa Industries Corporation was established in Texas, U.S. to produce HDPE for capacity of 400,000 MT/Y and also invested in ethane cracker of 1.2 million MT/Y ethylene.
 - Lowered shareholding ratio of Formosa Ha Tinh Steel Corporation from 14.75% to 12.346%.
 - A joint venture, Shang Wei (Jiangsu) carbon fiber composite material Co. Ltd., with Swancor IND Co. Ltd. for 18% shareholding.
- 2016
- Formosa Polyethylene (Ningbo) Co., Ltd has expanded EVA for capacity of 72,000 MT/Y into completion.
 - Lowered shareholding ratio of Formosa Ha Tinh Steel Corporation from 12.346% to 11.432%.
 - Completed and started production of 34,000 MT/Y for PP debottlenecking plan in Linyuan Plant.
 - Board of Directors agreed to cease producing acrylic fiber in Renwu Plant.
 - Established "Lolita Packaging L.L.C" through a US subsidiary, "Formosa Industries Corporation", with an investment of USD 9.88 million for 38% shareholding.
 - Formosa Mitsui Advanced Chemicals Co., Ltd., the reinvested company, processed with phase two expansion for electrolyte solution for lithium battery with capacity 3,500 MT/Y.
- 2017
- A merger involving several Ningbo subsidiaries, including Formosa Industries (Ningbo) Co., Ltd., Formosa Acrylic Esters (Ningbo) Co., Ltd., Formosa Polyethylene (Ningbo) Co., Ltd., Formosa Polypropylene (Ningbo) Co., Ltd. and Formosa Super Absorbent Polymer (Ningbo) Co.,

Ltd. was completed and Formosa Industries (Ningbo) Co., Ltd. is the surviving company.

- Board of Directors agreed to cease producing NF₃ and NH₃ in Renwu Plant.
- Donation of NTD 125 million to establish Foundation of Y. C. Wang and Y. T. Wang Brothers Park in Kaohsiung.
- Increased to invest Formosa Resources Corporation for USD 55 million.
- Issue domestic unsecured bond for NTD 7 billion.
- Increased to invest Formosa Ha Tinh (Cayman) Limited for USD 114,321,668.
- Increased to invest Fujian Fuxin Special Steel Co., Ltd. for USD 145.8 million.
- Increased to invest Formosa Industries (Ningbo) Co., Ltd. for USD 267 million.
- Disposed 32,722,000 shares of Nanya Technology Corporation with lowering shareholding ratio from 13.37% to 11.30%.
- 2018 • Issue domestic unsecured bond for NTD 9.3 billion.
- Signed the Letter of Intent to establish Y. C. Wang and Y. T. Wang Brothers Park in Kaohsiung with Kaohsiung City Government.
- Board of Directors agreed to invest NTD 4.675 billion to purchase the “Taipei Industrial Park of Cooperation Headquarters “located at Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City with holding a quarter of buildings and land.
- Formosa Industries (Ningbo) Co., Ltd will construct a PDH plant for Propylene capacity of 600,000 MT/Y.
- Increased to invest Formosa Industries Corporation for USD 12,375 thousand to reinvest Formosa Olefins, L.L.C.
- 2019 • To invest Minima Technology Co., Ltd. for NTD 229,555 thousand with 7,405,000 stocks, equivalent to shareholding ratio 19.15%.
- Increased to invest Formosa Resources Corporation for USD 81.25 million.
- Increased to invest Formosa Industries Corporation for USD 100 million.
- 2020 • Issue domestic unsecured bond for NTD 8.35 billion.
- Adjust the investment structure of Formosa Ha Tinh Steel Corp.
- Increased to invest Formosa Industries Corporation for USD 185 million.
- Invest a joint venture, Formosa Tokuyama Advanced Chemicals Co., Ltd.

(50% shareholding), with Tokuyama Corp.

- Increased to invest Formosa Plastics Construction Corporation for NTD 500 million.
 - Board of Directors agreed to increase investment for USD 4,600,000 to Formosa Mitsui Advanced Chemicals Co., Ltd.
- 2021
- Formosa Industries (Ningbo) Co., Ltd completed and commenced production of 10,000 MT/Y for SAP debottlenecking plan.
 - “Electronic Special Project Department” was renamed “Electronic Materials Division”.
 - To invest Puriblood Medical Co., Ltd. for NTD 91,000 thousand with 1,300,000 stocks, equivalent to shareholding ratio 9.14%.
 - Donation of NTD 250 million to Executive Yuan for the use of bailouts.
 - Issue domestic unsecured bond for NTD 7.5 billion.
- 2022
- Board of Directors agreed to invest for NTD 1.75bn (25% shareholding) to set up “Formosa Smart Energy Tech Corp.” with Formosa Chemicals and Fibre Corp., Nanya Plastics Corp. and Formosa Petrochemical Corp.
 - Increased to invest Formosa Industries Corporation for USD 70million for setting up 1-hexne plant.
 - Set up “Sustainable Development Committee” under the Board of Directors.
- 2023
- Board of Directors approved to liquate the investee, Formosa Mitsui Advanced Chemicals Co., Ltd.

3.2 Directors and Management Team

3.2.1 Directors

1. Directors (I)

2023.4.1

Title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Positions at FPC & Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 5)		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation			
Chairman	R.O.C	Jason Lin	Male Over 71	Jul 29 2021	3	May 23 2003	0	0.00	0	0.00	0	0.00	0	0.00	Master in Environmental Sciences, Wageningen Agricultural University	Chairman of Formosa Sumco Technology Corporation, Chairman of Formosa Plastics Corporation, U.S.A.			None	None	Note 5	
Managing Director	R.O.C	Formosa Chemicals & Fibre Corp.	-	Jul 29 2021	3	Jun 5 2006	486,978,693	7.65	486,978,694	7.65	0	0.00	0	0.00	Master in Industrial Engineering and BS in Chemical Engineering, University of Houston	Chairman of Taiwan Textile Federation and Formosa Taffeta Co., Ltd., Managing Director of Formosa Chemicals & Fibre Corp., Nanya Plastics Corp. and Formosa Petrochemical Corp.			Managing Director, Director	Wilfred Wang, K. H. Wu in law	Brother, Brothers in law	
							45,151,509	0.71	45,151,509	0.71	1,168,100	0.02	0	0.00								

Title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Positions at FPC & Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Shares	%	Title	
Managing Director	R.O.C	Nanya Plastics Corp.	-	Jul 29 2021	3	Jun 5 2006	294,793,105	4.63	294,793,105	4.63	0	0.00	0	0.00	BBA in Economics, Barnard College, U.S.	Managing Director of Formosa Petrochemical Corporation	Director	Cher Wang	Sister	
	R.O.C	Susan Wang	Female 61-70				8,828,219	0.14	8,828,219	0.14	0	0.00	0	0.00						
Managing Director	R.O.C	Formosa Petrochemical Corp.	-	Jul 29 2021	3	Jun 5 2006	131,460,365	2.07	131,460,365	2.07	0	0.00	0	0.00	BA in Mechanical Engineering, University of London	Managing Director of Formosa Petrochemical Corporation	Managing Director, Director	William Wong, K. H. Wu	Brother, Brothers in law	
	R.O.C	Wilfred Wang	Male Over 71				12,066,840	0.19	12,066,840	0.19	32,800,000	0.52	0	0.00						
Managing Director (Independent Director)	R.O.C	C. L. Wei	Male Over 71	Jul 29 2021	3	Jun 5 2009	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D. in Economic, Paris of University	Chairman of IBF Financial Holdings Corporation	None	None	None	
Independent Director	R.O.C	C. J. Wu	Male Over 71	Jul 29 2021	3	Jun 19 2012	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D. in Education, National Taiwan Normal University	None	None	None	None	
Independent Director	R.O.C	Yen-Shiang Shih	Male Over 71	Jul 29 2021	3	Jun 20 2018	0	0.00	0	0.00	166,403	0.00	0	0.00	Ph.D. in Massachusetts Institute of Technology	Independent Director of CTCI Corporation	None	None	None	
Independent Director	R.O.C	Wen-Chyi Ong	Male 61-70	Jul 29 2021	3	JUL 29 2021	0	0.00	0	0.00	166,403	0.00	0	0.00	Master in Investment and Financial Risk Management, City, University of London	Independent Director of ASE Technology Holding Corporation	None	None	None	

Title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Positions at FPC & Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	C. T. Lee	Male Over 81	Jul 29 2021	3	Mar 20 1973	1,846,541	0.03	1,906,541	0.03	0	0.00	0	0.00	BS in Chemical Engineering, National Cheng Kung University	Top Advisor of FPC	None	None	None	
Director	R.O.C	Cher Wang	Female 61-70	Jul 29 2021	3	Jun 5 2009	7,369,380	0.12	7,369,380	0.12	0	0.00	0	0.00	BBA in Economics, University of California, Berkeley	Chairman of High Tech Computer Corporation	Managing Director	Susan Wang	Sister	
Director	R.O.C	K. H. Wu	Male Over 71	Jul 29 2021	3	Apr 26 1994	134,537	0.00	134,537	0.00	37,470,112	0.59	0	0.00	BS in Mechanical Engineering, Chung Yuan Christian University	Consultant of Formosa Heavy Industries Corporation	Managing Director, Managing Director	William Wong, Wilfred Wang	Brothers in law, Brothers in law	
Director	R.O.C	Ralph Ho	Male Over 71	Jul 29 2021	3	May 17 2000	27,824,363	0.44	27,824,363	0.44	0	0.00	0	0.00	BS in Industrial Administration , University of San Francisco	Chairman of Y F Chemical Corporation	None	None	None	
Director	R.O.C	Sang-Chi Lin	Male 61-70	Jul 29 2021	3	JUL 29 2021	0	0.00	0	0.00	0	0.00	0	0.00	BS in Electrical Engineering, Ming Chi Institute of Technology	Chairman of Formosa Plastics Construction Corp.	None	None	None	

Title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Positions at FPC & Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	
Director	R.O.C	Jerry Lin	Male 61-70	Jul 29 2021	3	Jun 20 2018	0	0.00	0	0.00	0	0.00	0	0.00	BBA in Business Administration , National Chengchi University	Senior Vice President of FPC	None	None	None
Director	R.O.C	Cheng-Chung Cheng	Male Over 71	Jul 29 2021	3	Jun 19 2012	0	0.00	0	0.00	0	0.00	0	0.00	BS in Chemistry, National Chung Hsing University	None	None	None	None

Note 1: In the case of institutional shareholders, the names and representatives should be indicated respectively (for representatives, the names of institutional shareholders they represent should be indicated) and filled in the table 1.

Note 2: Please list the actual age or express it in intervals, such as 41-50 years old or 51-60 years old.

Note 3: Any disruption in duty as a Director after the date of election should be included in a separate note.

Note 4: The work experiences of anyone above relating to their current roles, e.g. previous employment in the auditing CPA firm or employment in an affiliated company, must be addressed with detailed job titles and responsibilities.

Note 5: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed:

Due to the need of operating management and realizing the principle of separation between supervision and implementation to follow the spirit of corporate governance, the Board of Directors of the Company approved to promote Wen-Bee Kuo as Acting President from Senior Vice President, and discharge President, Jason Lin, on March 10, 2023, who was originally as Chairman and President at the same time, to enhance the independence of the Board of Directors.

Title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Positions at FPC & Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		Remark (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	
Director	R.O.C	Cheng-Chung Cheng	Male Over 71	Jul 29 2021	3	Jun 19 2012	0	0.00	0	0.00	0	0.00	0	0.00	BA of Chemistry, National Chung Hsing University	None	None	None	None

Note 1: In the case of institutional shareholders, the names and representatives should be indicated respectively (for representatives, the names of institutional shareholders they represent should be indicated) and filled in the table 1.

Note 2: Please list the actual age or express it in intervals, such as 41-50 years old or 51-60 years old.

Note 3: Any disruption in duty as a Director after the date of election should be included in a separate note.

Note 4: The work experiences of anyone above relating to their current roles, e.g. previous employment in the auditing CPA firm or employment in an affiliated company, must be addressed with detailed job titles and responsibilities.

Note 5: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed:

Due to the need of operating management and realizing the principle of separation between supervision and implementation to follow the spirit of corporate governance, the Board of Directors of the Company approved to promote Wen-Bee Kuo as Acting President from Senior Vice President, and discharge President, Jason Lin, on March 10, 2023, who was originally as Chairman and President at the same time, to enhance the independence of the Board of Directors.

Note 1: Directors acting as the representatives of institutional shareholders shall indicate the names of the institutional shareholders.

Note 2: The name of major shareholders of the institutional shareholders (top-10 in terms of shareholding percentage) and the holding percentage of each shall be noted. If any of those shareholders is an institutional shareholder should fill out the following table 2.

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people (referred to the announcement on Judicial Yuan) who contributed or donated the capital and the ratio of their contribution or donation. If the people had passed away, it shall be noted.

Table 2: Major shareholders of the Company's major institutional shareholders in Table 1

2023.4.1

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)	Shareholding (Donation) Ratio(Note 4)
Chang Gung Medical Foundation (Note 5)	Nanya Plastics Corp.	18.20%
	Formosa Chemicals & Fibre Corp.	14.01%
	Formosa Plastics Corp.	13.44%
	Yung-Tsai Wang (passed away)	11.38%
	Yung-Ching Wang (passed away)	7.44%
Chindwell International Investment Corp.	Everred Corporate, Inc.	100.00%
Vanson International Investment Co., Ltd.	Landmark Capital Holdings Inc.	100.00%
Fubon Life Assurance Co.,Ltd.	Fubon Financial Holding Co., Ltd.	100.00%
Consolidated Power Development Corp.	Cabo de Roca Corporation	100.00%
Standard Chartered Bank (Taiwan) Ltd. in custody for Genesis Equity Group Inc.	Investment account	-
HSBC Bank (Taiwan) Limited in custody for Consolidated Power Development Corp.	Investment account	-
Chang Gung University (Note 5)	Chang Gung Medical Foundation	56.91%
	Yung-Ching Wang (passed away)	13.15%
	Chindwell International Investment Corp.	3.89%
	Nanya Plastics Corp.	2.62%
	Formosa Plastics Corp.	2.32%
LGT Bank (Singapore) Ltd.	Investment account	-

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)	Shareholding (Donation) Ratio(Note 4)
Citibank Taiwan Limited in custody for Macro System Corp.	Investment account	-
Credit Suisse AG- Credit Suisse Singapore Branch	Investment account	-
Formosa Taffeta Co., Ltd.	Formosa Chemicals & Fibre Corp. Chang Gung Medical Foundation Yu Yuang Textile Co., Ltd. Min- Xiong Lai Chang Gung University Chang Gung University of Science and Technology Ming Chi University of Technology Taiwan Life Insurance Co., Ltd. Asia- Pacific Investment Corporation Chunghwa Post Co., Ltd.	37.40% 5.79% 2.55% 2.2% 2.20% 2.13% 1.87% 1.59% 1.43% 0.94%
HSBC Bank (Taiwan) Limited in custody for Power Unlimited Corporation	Investment account	-
Standard Chartered Bank (Taiwan) Ltd. in custody for Central Capital Management Inc.	Investment account	-
New Labor Pension Fund	Not applicable	-
HSBC Bank (Taiwan) Limited in custody for Pacific Light and Power Corporation	Investment account	-

Note 1: If any major shareholder listed in Table 1 is an institutional shareholder, it shall indicate the institutional shareholder's name.

Note 2: The major shareholders of the corporation (top-10 in terms of shareholding percentage) and the holding percentage of each shall be noted.

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people (referred to the announcement on Judicial Yuan) who contributed or donated the capital and the ratio of their contribution or donation. If the people had passed away, it shall be noted.

Note 4: Ratio of the contribution or donation is calculated by the cumulative amount of donations over the years and the amount of donated stocks is calculated based on the par value.

Note 5: Ratio of the donation of Chang Gung Medical Foundation is calculated by the cumulative amount of donation by December 31, 2022. Ratio of the donation of Chang Gung University is calculated by the cumulative amount of donation by the end of semester of 2021 (as July 31, 2022).

2. Directors (II)

(1) Directors' professional qualifications and independent directors' independence

Name	Criteria Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Jason Lin	<p>Jason Lin is provided with an abundant industrial knowledge and managerial experiences including the industry of plastic, textile, chemistry, gas and electricity, semiconductor, iron and steel, and shipping and transportation, etc. He is not only as a chairman or director of the companies in the above industries, but also as the chairman of Taiwan Synthetic Resins Manufactures Association, the managing director of Petrochemical Industry Association of Taiwan and the laureate of Industrial Technology Research Institute, also as the convener of sustainable development committee of the Company. With the profession in chemistry and environmental emerging, and the ability of leading, decision making, crisis and risk management, and international market perspective, he also manages the subsidiaries in China and the US, and invested companies. He actively promotes the Company's development toward ESG, artificial intelligence (AI), technology digital transformation, and high value added, healthy and medical care products.</p>	<p>His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.</p>	0
William Wong, Representative of Formosa Chemicals & Fibre Corp.	<p>William Wong is provided with an abundant industrial knowledge and managerial experiences including the industry of plastic, textile, chemistry, gas and electricity, semiconductor, iron and steel, and shipping and transportation, and biotechnology and medical care, etc. He was ever as a high-level manager of the companies in the above industries, and now as a chairman or a director in the related companies. With the ability of leading, decision making, crisis management and international market perspective, he is not only a leader of multinational enterprise, but also the chairman of</p>	<p>The among of 2 directors of the Company is his spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of Securities and Exchange Act.</p>	0

Name	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Criteria	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Susan Wang, Representative of Nanya Plastics Corp.	<p>Taiwan Textile Federation with the experience as the chairman of Chinese National Federation of Industries.</p> <p>With the profession in engineering technology and fully understating of artificial intelligence (AI), he leads the Company to implement energy saving, emission reduction, circular economy, AI simulation, and digital transformation.</p> <p>Susan Wang is provided with an abundant industrial knowledge and managerial experiences including the industry of plastic, gas and electricity, textile, chemistry, semiconductor, iron and steel, and shipping and transportation, and biotechnology and medical care, etc. She was ever as a high-level manager of the companies in the US, and now as a director in TWSE/TPEX listed or multinational companies in the above industries. With the ability of leading, decision making, strategic planning, crisis and risk management, international market perspective and insight, she focuses on and carries out Key Performance Indicators (KPI) management and supervises ESG implementation of the Company.</p>	The among of 1 director of the Company is her spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of Securities and Exchange Act.	0
Wilfred Wang, Representative of Formosa Petrochemical Corp.	<p>Wilfred Wang is provided with an abundant industrial knowledge and managerial experiences including the industry of gas and electricity, plastic, textile, chemistry, iron and steel, and shipping and transportation, and biotechnology and medical care, etc. He was ever as a high-level manager of the companies in the above industries, and now as a chairman in the company of shipping and transportation, optoelectronics, investment development, and as a director in the companies of the above industries.</p> <p>With the profession in mechanical engineering and the ability of leading, decision making, innovative strategy, crisis risk management, and international market perspective, he supervises the Company to expand and diversify the more business.</p>	The among of 2 directors of the Company is his spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of Securities and Exchange Act.	0

Name	Criteria	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
C. L. Wei	C. L. Wei is provided with an abundant industrial, political and academic experiences and professional knowledge, and was ever as the secretary-general in Executive Yuan, the chairman in Land Bank of Taiwan, and a director of the companies in the industry of finance and insurance, plastic, cement, computer, electronic parts and components, optoelectronics, and building material and construction, etc. Nowadays, he not only serves as the chairman in IBF Financial Holdings Corporation, the adjunct professor in National Taiwan University, an independent director in Inventec Corporation, and the director in National TWSE/TPEX listed companies, but also as the convener of audit, remuneration committee and the member of sustainable development committee of the Company.	All of independent directors, their spousal or a familial relationship within the second degree of kinship (or who is used by their names) do not hold any share of the Company's stock. They also do not have any condition of Article 3, paragraph 1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and are eligible for an independent director qualification. The Company also obtains their independence announcement.	1	
C. J. Wu	C. J. Wu is provided with an abundant academic knowledge about organization management, leading, decision making, and the plastic industry experiences, and was ever as a commissioner and a deputy mayor of Taipei City Government and a deputy director, an undersecretary and a minister of Ministry of Education. Nowadays, he not only serves as the president in Taiwan University of Education, the director in Chinese Culture University, Fooyin University and University of Kang Ning, the chair professor in National Pingtung University of Science and Technology, and the convener of China youth Corp., but also as the member of audit, remuneration and sustainable development committee of the Company.	With the profession in education personnel training and organization management, concentration in industry-academy cooperation and the ability of operating management		0

Criteria Name	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
	and international economic perspective, he fulfills his duty to supervise the Company's issues about internal control, financial information present fairly, manager remuneration, ESG, etc.		
Yen-Shiang Shih	Yen-Shiang Shih is provided with an abundant industrial, political academic experiences and professional knowledge, and was ever as the minister of Ministry Economic Affairs, the commissioner of Industrial Development Bureau, the chairman of CPC corporation, and the director in the companies in the industry of plastic and optoelectronics, etc. Nowadays, he not only serves as the consultant in Taiwan Electrical and Electronic Manufacturers' Association, the honorary chairman of Sustainable and Circular Economy Development Association, an adjunct chair professor in Chung Yuan Christian University, the independent director in CTCI Corporation, but also as the member of audit, remuneration and sustainable development committee of the Company. With the profession in chemistry and the ability of leading, operating management, and international economic perspective, he fulfills his duty to supervise the Company's issues about internal control, financial information present fairly, manager remuneration, ESG, etc.		1

Name	Criteria Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Wen-Chyi Ong	<p>Wen-Chyi Ong is provided with an abundant industrial, political and academic experiences and professional knowledge, and was ever as the reprehensive in India of Ministry of Foreign Affairs, the chairman of Chungwa Post Corporation and SinoPac Holdings. Nowadays, he not only serves as the part-time professor in National Chengchi University, and an independent director in ASE Technology Holding Co., Ltd., but also as the member of audit, remuneration and sustainable development committee of the Company.</p> <p>With the profession in banking, finance and accounting, and the ability of leading, decision making, operating and crisis management, and international economic perspective, he fulfills his duty to supervise the Company's issues about internal control, financial information present fairly, manager remuneration, ESG, etc.</p>		1
C. T. Lee	<p>C. T. Lee is provided with an abundant industrial knowledge and managerial experiences including the industry of plastic, semiconductor and chemistry, etc. He was ever not only as the director of the companies in the above industries, but also as a chairman and president of the Company. Nowadays, he serves as the top advisor of the Company.</p> <p>With the profession in chemistry and the ability of leading, decision making, crisis management, and international market perspective, he supervises the operation and investing decisions of the Company.</p>	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0
Cher Wang	<p>Cher Wang is provided with an abundant industrial knowledge and managerial experiences including the industry of plastic, communications and internet, and semiconductor, etc. She ever was the chairman of VIA Technologies, Inc., and LEO Systems, Inc. Nowadays, she serves as the chairman of HTC Corporation and a director of VIA Technologies, Inc. at the same time.</p> <p>With the profession in communications and internet, and economy, and the ability of leading, decision making, enterprise operating and international market perspective, she</p>	The among of 1 director of the Company is her spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of	0

Criteria Name	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
	supervises the Company's business performance, and provides the opinion about the digital transformation by her fully involved experience in augmented reality, virtual reality, artificial intelligence and Metaverse.	Securities and Exchange Act.	
K. H. Wu	K. H. Wu is provided with an abundant industrial knowledge and managerial experiences including plastic, iron and steel, cogeneration and mechanical engineering. He ever severed as the supervisor of the Company and the director or high-level manager in the companies in the above industries. With the profession in mechanics and the ability of leading, decision making, crisis management and international market perspective, he supervises the Company's operating performance.	The among of 2 directors of the Company is his spousal or a familial relationship within the second degree of kinship, which is not over the half of the total directors of the Company and in compliance with Article 26-3 of Securities and Exchange Act.	0
Ralph Ho	Ralph Ho is provided with an abundant chemical industry knowledge and managerial experiences. He was as the director of Sepracor Inc. in the US, the chairman of SinoPac Baxter Healthcare Corporation and the supervisor of the Company. Nowadays, he serves as the chairman and president of YF Chemical Corporation. With the profession in chemistry and the ability of leading, decision making, crisis management and international market perspective, he supervises the Company's operating performance.	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0
Sang-Chi Lin	Sang-Chi Lin is provided with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry, biotechnology and medical care, construction engineering, etc. He serves as the chairman of a construction development corporation, and the director or supervisor of the companies in the above industries. With the profession in industrial safety and environmental protection, he was ever as the top manager of the industrial safety and environmental center of FPC enterprise. He also has the ability of leading, decision making, commination and coordination, crisis and risk	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0

Name	Criteria	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Jerry Lin	management, to supervise the Company's industrial safety and environmental protection, procurement, information processing. Jerry Lin is provided with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry, iron and steel, cogeneration, mechanical engineering. He was ever as the special assistant, chief, and vice president in the president office. Nowadays, he serves as the spokesman, senior vice president and the member of sustainable development committee of the Company, and the director or supervisor of the companies in the above industries. With the profession in finance, accounting, and enterprise management, and the ability of leading, decision making, crisis and risk management, and international market perspective, he supervises the business operation, corporate governance, promotes ESG matters and artificial intelligence on digital transformation, and maintains the relationship between the Company and shareholders.	to supervise the Company's industrial safety and environmental protection, procurement, information processing. Jerry Lin is provided with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry, iron and steel, cogeneration, mechanical engineering. He was ever as the special assistant, chief, and vice president in the president office. Nowadays, he serves as the spokesman, senior vice president and the member of sustainable development committee of the Company, and the director or supervisor of the companies in the above industries. With the profession in finance, accounting, and enterprise management, and the ability of leading, decision making, crisis and risk management, and international market perspective, he supervises the business operation, corporate governance, promotes ESG matters and artificial intelligence on digital transformation, and maintains the relationship between the Company and shareholders.	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0
Cheng-Chung Cheng	Cheng-Chung Cheng is provides with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry. He was as the vice president of plastic division, and senior vice president and consultant in the president office to manage the group of plastic business division, and as the director of the companies in the above industries. With the profession in chemistry and the ability of leading, decision making, crisis management and international market perspective, he supervises the operating business and the development of product of the Company.	Cheng-Chung Cheng is provides with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry. He was as the vice president of plastic division, and senior vice president and consultant in the president office to manage the group of plastic business division, and as the director of the companies in the above industries. With the profession in chemistry and the ability of leading, decision making, crisis management and international market perspective, he supervises the operating business and the development of product of the Company.	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0

Note: All directors are without any condition of Article 30 of Company Act.

Criteria Name	Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Jerry Lin	<p>management, to supervise the Company's industrial safety and environmental protection, procurement, information processing.</p> <p>Jerry Lin is provided with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry, iron and steel, cogeneration, mechanical engineering. He was ever as the special assistant, chief, and vice president in the president office. Nowadays, he serves as the spokesman, senior vice president and the member of sustainable development committee of the Company, and the director or supervisor of the companies in the above industries.</p> <p>With the profession in finance, accounting, and enterprise management, and the ability of leading, decision making, crisis and risk management, and international market perspective, he supervises the business operation, corporate governance, promotes ESG matters and artificial intelligence on digital transformation, and maintains the relationship between the Company and shareholders.</p>	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0
Cheng-Chung Cheng	<p>Cheng-Chung Cheng is provides with an abundant chemical industry knowledge and managerial experiences including the industry of plastic, chemistry. He was as the vice president of plastic division, and senior vice president and consultant in the president office to manage the group of plastic business division, and as the director of the companies in the above industries.</p> <p>With the profession in chemistry and the ability of leading, decision making, crisis management and international market perspective, he supervises the operating business and the development of product of the Company.</p>	His spousal or a familial relationship within the second degree of kinship is not as the Company's director, which is in compliance with Article 26-3 of Securities and Exchange Act.	0

Note: All directors are without any condition of Article 30 of Company Act.

(2) Diversity and independence of board of directors

A. Diversity

- a. The Board of Directors of the Company includes 15 Directors and they are with diversified industry experience, business management background and, decision making ability. The related information of each Director is as follows:

		Basic Information					Industry Experience				Operation Management Background and Decision Management Ability								
Title	Name	Nationality	Gender	Also serves as an employee of the Company		Age		Term of office of Independent Director			Petrochemical	Finance	Technology	Education	Business Management	Leadership Decision	Industry Knowledge	International Perspective	Financial and Accounting Analysis
				61-70 years old	Over 71 years old	Less than 3 years	3-9 years	Over 9 years											
Chairman	Jason Lin	R.O.C	Male			✓					✓				✓	✓		✓	
Managing Director	William Wong, Representative of Formosa Chemicals & Fibre Corp.	R.O.C	Male			✓					✓				✓	✓		✓	
Managing Director	Susan Wang, Representative of Nanya Plastics Corp.	R.O.C	Female			✓					✓				✓	✓		✓	
Managing Director	Wilfred Wang, Representative of Formosa Petrochemical Corp.	R.O.C	Male			✓					✓				✓	✓		✓	
Managing Director (Independent Director)	C. L. Wei	R.O.C	Male												✓	✓		✓	

		Basic Information							Industry Experience				Operation Management Background and Decision Management Ability					
Title	Name	Nationality	Gender	Also serves as an employee of the Company	Age		Term of office of Independent Director			Petrochemical	Finance	Technology	Education	Business Management	Leadership Decision	Industry Knowledge	International Perspective	Financial and Accounting Analysis
					61-70 years old	Over 71 years old	Less than 3 years	3-9 years	Over 9 years									
Independent Director	C. J. Wu	R.O.C	Male			✓			✓	✓		✓	✓	✓	✓	✓	✓	
Independent Director	Yen-Shiang Shih	R.O.C	Male			✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Wen-Chyi Ong	R.O.C	Male		✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	
Director	C. T. Lee	R.O.C	Male	✓		✓				✓	✓	✓	✓	✓	✓	✓	✓	
Director	Cher Wang	R.O.C	Female		✓					✓	✓	✓	✓	✓	✓	✓	✓	
Director	K. H. Wu	R.O.C	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	
Director	Ralph Ho	U.S.A.	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	
Director	Sang-Chi Lin	R.O.C	Male		✓					✓	✓	✓	✓	✓	✓	✓	✓	
Director	Jerry Lin	R.O.C	Male	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	
Director	Cheng-Chung Cheng	R.O.C	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	

b. In order to reach gender equal in Board's numbers, the Company sets the target that at least 10% of Directors should be female. The Company includes 2 female Directors, accounted for 13% of the Board's numbers, which reached the goal we set.

B. Independence

a. The Board of Directors only has 5 members who are the familial relationship within the second degree of kinship, including William Wong, Susan Wang, Wilfred Wang, Cher Wang and K. H. Wu. The relationship of each other could be referred to "1. Directors (I)". It meets the Article 26-3 of Securities and Exchange Act which regulates not more than half of a company's directors among a spousal relationship or a familial relationship within the second degree of kinship.

- b. In order to enhance the supervision function of Board of Director, the Company sets the target that at least 25% of Directors should be as Independent Directors. The Company included 4 Independent Directors from 3 after the reelection approved by shareholders on July 29, 2021, accounted for 26.6% of the Board's numbers from 20%, which reached the goal we set.
- c. In order to enhance the independence of Board of Director, the Company sets the target that at least 50% of Independent Directors should not hold more than 3 consecutive terms (each term as 3 years). 2 Independent Directors of the Board of Directors do not hold more than 3 consecutive terms, accounted for 50% of the Board's numbers.

3.2.2 Management Team

2023.4.1

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Director's Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Current Position at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Acting President	R.O.C	Wen-Bee Kuo	Male	Mar.10, 2023	0	0.00	0	0.00	0	0.00	BA of Chemical Engineering, Tsing Hua University	None	-	-	-	
Senior Vice President	R.O.C	Jerry Lin	Male	Mar.23, 2017	0	0.00	0	0.00	0	0.00	BA of Business Administration, National Chengchi University	None	-	-	-	
Senior Vice President	R.O.C	Tony Liang	Male	Mar.17, 2021	0	0.00	0	0.00	0	0.00	BA of Mechanical Engineering, National Chiao Tung University	None	-	-	-	
Plastics Division Vice President	R.O.C	Ming-Hung Cheng	Male	Mar.17, 2021	6,268	0.00	0	0.00	0	0.00	BA of Chemical Engineering, National Cheng Kung University	None	-	-	-	
Polypropylene Division Vice President	R.O.C	Kwang-Ming Chen	Male	Jun 20, 2011	0	0.00	944	0.00	0	0.00	Master of Chemistry, National Taiwan University	None	-	-	-	
Polyolefin Division Vice President	R.O.C	Jen-Long Wu	Male	May 8, 2016	16,141	0.00	0	0.00	0	0.00	BA of Chemical Engineering, National Central University	None	-	-	-	
Tairylian Division Vice President	R.O.C	Han-Sheung Wang	Male	Mar.17, 2021	0	0.00	0	0.00	0	0.00	BA of Chemical Engineering, Chung Yuan Chtistian University	None	-	-	-	
Chemicals Division Vice President	R.O.C	Yeats Yeh	Male	Mar.17, 2021	3,000	0.00	0	0.00	0	0.00	BA of Chemical Engineering, National Central University	None	-	-	-	
Eng. & Const. Division Vice President	R.O.C	Chao-Jung Chen	Male	Mar.17, 2021	0	0.00	145	0.00	0	0.00	Taipei Institute of Technology	None	-	-	-	
Electronic Materials Division Vice President	R.O.C	Y.Y. Lee	Male	Mar.17, 2021	0	0.00	0	0.00	0	0.00	Ming Chi Institute of Technology	None	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Director's Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Current Position at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Financial Officer	R.O.C	Ray Lei	Male	Dec 26, 2011	0	0.00	0	0.00	0	0.00	Master of Business Administration, National Taiwan University	Financial Officer of Nanya Printed Circuit Board Corp.	-	-	-	
Accounting Officer	R.O.C	I-Yu Chiu	Male	Jan 1, 2023	0	0.00	0	0.00	0	0.00	BA of Public Finance, National Chengchi University	None	-	-	-	
Corporate Governance Officer	R.O.C	Chia-Hung Chien	Male	Jan 1, 2023	0	0.00	0	0.00	0	0.00	BA of Industrial Management, National Cheng Kung University	None	-	-	-	

Note 1: Include background information of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and anyone of equivalent authority to the above, regardless of their job titles.

Note 2: The work experiences of anyone above relating to their current roles, e.g. previous employment in the auditing CPA firm or employment in an affiliated company, must be addressed with detailed job titles and responsibilities.

Note 3: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed:

Please refer to "3.2.1 Directors, 1. Directors, Note 4".

Note 4: The above-mentioned disclosures are for those who manage affairs and have the right to sign on behalf of the Company.

3.2.3 Succession Plan of Board of Directors and the Middle and High-Level Management

1. The Company election of directors shall be conducted in accordance with the candidate nomination system and that shareholders shall elect directors from among those listed in the slate of director nominees. Now, the directors are nominated by major shareholders and elected by shareholders meeting. Each director has the professional ability such as operating management, industrial knowledge and international perspective, etc. The Company not only arranges 12 hours courses for newly directors, but also 6 hours courses per year for each director to assist them to equip various professional knowledge required to perform their duties.
2. In order to cultivate the persons who are managerial level to join into Board of Directors and make them familiar with the operation of Board of Directors, the President of the Enterprise Administration, Sang-Chi Lin, who was elected by shareholders on July 29, 2021, as Director, takes over the retired Director.
3. In needs of perpetual business operation and ensuring the development of major managing talents can successfully take over, the Company has set up Talent Development Rule. The rule specifies the criteria of development candidates, election principles, the way of development conduction and the review of promotion criteria. The amount of manager development candidates of each department shall at least by 2 for future optimum selection. To promote the excellent managers, the Board of Directors of the Company approved to promote Wen-Bee Kuo as Acting President from Senior Vice President on March 10, 2023.
4. If the development candidates are lack of experienced, the Company will increase his or her experiences by job rotation or increasing his or her responsible business scope. The annual working achievement of development candidates shall be included in periodic working assessment in accordance with “Assessment Rule” and the periodic working assessment shall be the base of year-end performance appraisal assessment. If the year-end performance appraisal of the development candidates were rated as excellent, it shall be the reference for optimum promotion.
5. The Company held training courses in 2022 for middle and high-level managers and the total participants were 612 people and total training hours were 1,504 hours. The training courses included 2022 economic situation and industry outlooks, the enterprise ESG development under the trend of net-zero carbon emission, digital transformation 4.0: the way of enterprises after the pandemic, the future key technology- metaverse and quantum, process optimization, the share of smart factory, etc.

3.3 Remuneration of Directors, President, and Vice Presidents

3.3.1 Remuneration of Directors and Independent Directors

Unit: NTD thousands ; 2022.12.31

Title	Name (Note 1)	Director's Remuneration				Total Remuneration and Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)				Relevant Remuneration Received by Directors Who are Also Employees				Total Remuneration and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or Parent Company (Note 11)				
		Base Compensation (A)		Severance Pay (B) (Note 2)		Directors Compensation (C) (Note 3)		Allowances (D)(Note 4)		Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)			Employee Compensation (G) (Note 6)			
		The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	Cash	Stock		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Chairman	Jason Lin																			
Managing Director	William Wong, Representative of Formosa Chemicals & Fibre Corp.																			
Managing Director	Susan Wang, Representative of Nanya Plastics Corp.																			
Managing Director	Wilfred Wang, Representative of Formosa Petrochemical Corp.	1,200	1,200	0	0	0	680	680	1,880 (0.0052)	1,880 (0.0052)	37,514	287	107	0	107	0	39,788 (0.1101)	39,788 (0.1101)	63,719	
Director	C. T. Lee																			
Director	Cher Wang																			
Director	K. H. Wu																			
Director	Ralph Ho																			
Director	Sang-Chi Lin																			
Director	Jerry Lin																			
Director	Cheng-Chung Cheng																			
Managing Director (Independent Director)	C. L. Wei																			
Independent Director	C. J. Wu	7,200	7,200	0	0	0	640	640	7,840 (0.0217)	7,840 (0.0217)	0	0	0	0	0	0	7,840 (0.0217)	7,840 (0.0217)	None	
Independent Director	Yen-Shiang Shih																			
Independent Director	Wen-Chyi Ong																			

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
- The Company does not provide directors' compensation. The independent directors' remuneration is based on a fixed payment. The main consideration is to maintain their independence and facilitate the supervision function. The Company paid the independent directors with NTD1.8 million remuneration and gave transportation allowance with NTD10,000 for each attendance of Board meeting. According to the Company's "Rules Governing the Scope of Powers of Independent Directors", the responsibilities and risks of independent directors include overseeing fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of CPAs, the effective implementation of the internal control system, compliance with relevant laws and regulations, management of the existing or potential risks, etc. The Company has insured directors' liability insurance for independent directors. The independent directors of the Company participate Board of Directors' meeting at least 4 times, audit committees meeting at least 2 times, remuneration committees at least 2 times, and sustainable development committees at least 1 time each year. To implement the integrity of the Company's business operations, the independent directors review the internal audit report every month, and regularly communicate with internal audit officer and CPAs against internal control and financial statements issues. The communication situation is detailed in "3.4.2 Audit Committee Meeting Status".
2. In addition to the above remuneration, director remuneration shall be disclosed about the directors' compensation for their services in the most recent year, such as a consultant of the parent company, companies in the consolidated financial statement or invested company: None.

Range of Remuneration

Range of Remuneration	Name of Directors				Compensation Paid to Directors from Parent Company and Invested Companies (Note 11) I
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)		
	The company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The company (Note 8)		
Under NTD1,000,000	Jason Lin, William Wong, Susan Wang, Wilfred Wang, C. T. Lee, Cher Wang, K. H. Wu, Sang-Chi Lin, Jerry Lin, Cheng-Chung Cheng, Formosa Chemicals & Fibre Corp., Nanya Plastics Corp., Formosa Petrochemical Corp.	Jason Lin, William Wong, Susan Wang, Wilfred Wang, C. T. Lee, Cher Wang, K. H. Wu, Sang-Chi Lin, Jerry Lin, Cheng-Chung Cheng, Formosa Chemicals & Fibre Corp., Nanya Plastics Corp., Formosa Petrochemical Corp.	William Wong, Susan Wang, Wilfred Wang, Cher Wang, K. H. Wu, Sang-Chi Lin, Formosa Chemicals & Fibre Corp., Nanya Plastics Corp., Formosa Petrochemical Corp.	Susan Wang, Cher Wang, Formosa Chemicals & Fibre Corp., Nanya Plastics Corp., Formosa Petrochemical Corp.	
NTD1,000,000 ~ NTD1,999,999	C. L. Wei, C. J. Wu, Yen-Shiang Shih, Wen-Chyi Ong, Ralph Ho	C. L. Wei, C. J. Wu, Yen-Shiang Shih, Wen-Chyi Ong, Ralph Ho	C. L. Wei, C. J. Wu, Yen-Shiang Shih, Wen-Chyi Ong, Ralph Ho	C. L. Wei, C. J. Wu, Yen-Shiang Shih, Wen-Chyi Ong, Ralph Ho	
NTD2,000,000 ~ NTD3,499,999	None	None	None	K. H. Wu	
NTD3,500,000 ~ NTD4,999,999	None	None	None	None	
NTD5,000,000 ~ NTD9,999,999	None	None	C. T. Lee, Jerry Lin, Cheng-Chung Cheng	C. T. Lee, Jerry Lin, Cheng-Chung Cheng	
NTD10,000,000 ~ NTD14,999,999	None	None	None	None	
NTD15,000,000 ~ NTD29,999,999	None	None	Jason Lin	Jason Lin, William Wong, Wilfred Wang, Sang-Chi Lin	
NTD30,000,000 ~ NTD49,999,999	None	None	None	None	
NTD50,000,000 ~ NTD99,999,999	None	None	None	None	
Over NTD100,000,000	None	None	None	None	
Total	18	18	18	18	

- Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately) into Directors and Independent Directors categories. The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this table and the following table must be filled out.
- Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).
- Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of Board of Directors.
- Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.). When a car, house and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.
- Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the directors who concurrently serve as employees (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.
- Note 6: It refers to the employee compensation (including stock and cash) received by the directors who concurrently serve as employees (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of Board of Directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. The following table shall be filled out as well.
- Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).
- Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company
- Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).
- Note 10: It refers to the net income in the parent company only financial reports or individual financial reports of the recent year.
- Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the subsidiaries or parent company. (If there is no, fill in "None".)
b. If the Company's director has received the relevant remuneration from the subsidiaries or parent company, the received amount should be included in Column I. In addition, the column title shall be revised as "Compensation Paid to Directors from Parent Company and Invested Companies".
c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's directors by the invested companies other than the subsidiaries or parent company and such directors concurrently serve as directors, supervisors, or managerial officers of the invested companies.
- Note 12: The Company opts to disclose aggregate remuneration information, with the names indicated for each remuneration range, because it is not any of the following applies to the Company.
(1) A company that has posted after-tax deficits in the financial reports within the two most recent fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits. A company adopted IFRS that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the two most recent fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits.
- (2) A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors.
- (3) A company that has had an average ratio of share pledging by directors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director having a ratio of pledged shares in excess of 50 percent for each such month.
- (4) If the total amount of remuneration received by all of the directors in their capacity as directors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director exceeds NT\$15 million, the company shall disclose the remuneration paid to that individual director.

* Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and cannot be used as the basis for taxation.

3.3.2 Remuneration of the President and Vice Presidents

Unit: NTD thousands ; 2022.12.31

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total compensation and Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary or Parent Company (Note 9)	
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	Cash	Stock	Cash	Stock		The company
President (Note 10)	Jason Lin														
Senior Vice President (Note 10)	Wen-Bee Kuo														
Senior Vice President	Jerry Lin														
Senior Vice President	Tony Liang	20,661	20,661	759	759	49,476	49,476	301	0	0	301	0	71,197 (0.1970)	71,197 (0.1970)	90
Vice President	Ming-Hung Cheng														
Vice President	Kwang-Ming Chen														
Vice President	Jen-Long Wu														
Vice President	Han-Sheung Wang														
Vice President	Yeats Yeh														
Vice President	Chao-Jung Chen														
Vice President	Y.Y. Lee														

Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company (Note 6)	Compensation Paid to Directors from Parent Company and Invested Companies (Note 7) E
Under NTD1,000,000	None	None
NTD1,000,000 ~ NTD1,999,999	None	None
NTD2,000,000 ~ NTD3,499,999	Han-Sheung Wang	Han-Sheung Wang
NTD3,500,000 ~ NTD4,999,999	Chao-Jung Chen	Chao-Jung Chen
NTD5,000,000 ~ NTD9,999,999	Jerry Lin, Wen-Bee Kuo, Tony Liang, Ming-Hung Cheng, Kwang-Ming Chen, Jen-Long Wu, Yeats Yeh, Y. Y. Lee	Jerry Lin, Wen-Bee Kuo, Tony Liang, Ming-Hung Cheng, Kwang-Ming Chen, Jen-Long Wu, Yeats Yeh, Y. Y. Lee
NTD10,000,000 ~ NTD14,999,999	None	None
NTD15,000,000 ~ NTD29,999,999	Jason Lin	Jason Lin
NTD30,000,000 ~ NTD49,999,999	None	None
NTD50,000,000 ~ NTD99,999,999	None	None
Over NTD100,000,000	None	None
Total	11	11

* It should include the information disclosure of the position equivalent to president, or vice president.

Note 1: Names of President and Vice President should be separately disclosed. The amount of remunerations should be disclosed in summary. If a director concurrently serves as the President or Vice President, this table and the above table must be filled out.

Note 2: It refers to the President's and Vice President's salary, special responsibility allowance, and severance pay.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the President and Vice President in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization

Note 4: It refers to the employee remuneration (including stock and cash) received by the President and Vice President that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. The following table shall be filled out as well.

Note 5: Disclose the total amount of remuneration paid to the President and Vice President by all the companies (including the Company) included in the consolidated financial statements.

Note 6: Disclose the name of the President and Vice President in the respective range of total remuneration received from all the Company.

Note 7: Disclose the total amount of remuneration paid to the President and Vice President by all the companies (including the Company) included in the consolidated financial statements. Disclose the name of the President and Vice President in the respective range of total remuneration received.

Note 8: It refers to the net income in the parent company only financial reports or individual financial reports of the recent year.

Note 9: a. Specify the amount of remuneration received by the president and vice presidents from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b. Where the Company's president and vice president received relevant remuneration from ventures other than subsidiaries or from the parent company, the remuneration received by the Company's president and vice president from ventures other than subsidiaries or from the parent company shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies".

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

Note 10: The Board of Directors of the Company approved to promote Wen-Bee Kuo as Acting President from Senior Vice President, and discharge President, Jason Lin, on March 10, 2023, who was originally as Chairman and President at the same time.

* Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and cannot be used as the basis for taxation.

3.3.3 Employee Compensation of Managers

Unit: NTD thousands ; 2022.12.31

Title (Note 1)	Name (Note 1)	Employee Compensation -in Stock	Employee Compensation in Cash	Total	Ratio of Total Amount to Net Income (%)
President (Note 5)	Jason Lin				
Senior Vice President (Note 5)	Wen-Bee Kuo				
Senior Vice President	Jerry Lin				
Senior Vice President	Tony Liang				
Vice President	Ming-Hung Cheng				
Vice President	Kwang-Ming Chen				
Vice President	Jen-Long Wu	0	301	301	0.0008
Vice President	Han-Sheung Wang				
Vice President	Yeats Yeh				
Vice President	Chao-Jung Chen				
Vice President	Y.Y. Lee				
Financial Officer	Ray Lei				
Accounting and Corporate Governance Officer (Note 6)	Chia-Tse Chang				

Note 1: Names and job title of each individual should be separately disclosed. The amount of remunerations can be disclosed in summary.

Note 2: It refers to the employee remuneration (including stock and cash) received by the managerial officers that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of Board of Directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the parent company only financial reports or individual financial reports of the recent year.

Note 3: The scope of application for managers is defined in accordance with the Tai-Tsai-Cheng-San No. 0920001301 Letter dated March 27, 2003 by the Securities and Future Commission as follows:

- (1) President and the equals
- (2) Vice President and the equals
- (3) Assistant managers and the equals
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

Note 4: If Directors, President, and Senior Vice President have collected employee remuneration (including stock and cash), in addition to filling out the above table, and it shall fill in this table too.

Note 5: The Board of Directors of the Company approved to promote Wen-Bee Kuo as Acting President from Senior Vice President, and discharge President, Jason Lin, on March 10, 2023, who was originally as Chairman and President at the same time.

Note 6: Chia-Tse Chang retired on December 31, 2022. The new accounting officer is I-Yu Chiu and the new corporate governance officer is Chia-Hung Chien from January 1, 2023.

3.3.4 Comparison of Remuneration for Directors, President and Vice Presidents in the Two Most Recent Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income. Unit: %

Year	2022	2021
Item		
Directors	0.1318	0.0760
President and Vice Presidents	0.1970	0.0952

Explanation:

- A. Remuneration of directors includes the Directors who are adjunct managers.
 - B. The ratios of total remuneration of Directors, President and Vice Presidents to the after-tax net income in 2022 are higher than which in 2021, because the after-tax net income was down by 49.35% from 2021 to 2022.
2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.
 - A. Remuneration of the Company's Directors and managers is submitted to Remuneration Committee and Board of Directors for approval.
 - B. Remuneration of Directors:
 - a. According to Article 28 of the Association of the Company, the Board of Directors are authorized to determine the remuneration amount based on a Director's involvement in the Company's operations and his/her contribution values and in comparison with payments in other business of the same industry. However, independent directors and director, Ralph Ho, receive a fixed monthly remuneration, as well as reimbursement for transportation expenses based on their actual attendance of the board meetings. Other directors only receive reimbursement for transportation expenses based on their actual attendance of the board meetings.
 - b. The Articles of Association of the Company do not regulate the compensation of directors.

C. Remuneration of President, Vice Presidents and Managers:

- a. According to Article 28 of the Association of the Company, the compensation includes fixed monthly salary, diligence bonus, year-end bonus, manager bonus, severance pay and other welfare. The fixed monthly salary is adjusted based on the standard of all employees' salary adjustment and the annually individual performance including the financial indicators and non-financial indicators assessed by Chairman and approved by Remuneration Committee.

Category		Item
Financial Indicators		Profit and loss, and EBITDA Operational target achievement rate Operational growth rate Profit contribution
Non-Financial Indicators	Environment Protection	Environmental sustainability engagement Energy and water saving performance Circular economic benefits Carbon reduction target achievement rate
	Social Responsibility	Work safety and occupational accidents Product R&D and innovation Friendship with neighbors and protest cases
	Corporate Governance	Operational management capability AI cases and benefits fraud cases

- b. According to Article 39 of the Association of the Company, if the Company gains any profits in any year, the Company shall retain 0.05% to 0.5% of the pre-tax profit as employee compensation before deducting the employee compensation of such year.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors' Meeting Status

A total of 6 (A) meetings of the Board of Directors were held in 2022. The attendance of director was as follows:

Title	Name (Note1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】 (Note2)	Remarks
Chairman	Jason Lin	5	1	83.33	
Managing Director	William Wong, Representative of Formosa Chemicals & Fibre Corp.	6	0	100.00	
Managing Director	Susan Wang, Representative of Nanya Plastics Corp.	6	0	100.00	
Managing Director	Wilfred Wang, Representative of Formosa Petrochemical Corp.	4	2	66.67	
Managing Director (Independent Director)	C. L. Wei	6	0	100.00	
Independent Director	C. J. Wu	6	0	100.00	
Independent Director	Yen-Shiang Shih	6	0	100.00	
Independent Director	Wen-Chyi Ong	6	0	100.00	
Director	C. T. Lee	6	0	100.00	
Director	Cher Wang	6	0	100.00	
Director	K. H. Wu	6	0	100.00	
Director	Ralph Ho	6	0	100.00	
Director	Sang-Chi Lin	6	0	100.00	
Director	Jerry Lin	6	0	100.00	
Director	Cheng-Chung Cheng	5	1	83.33	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company is not applied to Article 14-3 of the Securities and Exchange Act, because it had set up audit committee. The statements about Article 14-5 of the Securities and Exchange Act refer to "3.4.2 Audit Committee Meeting Status".

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Please refer to "3.4.12 Material resolutions of Shareholders Meeting or Board of Directors Meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report".

3. TWSE/TPEX Listed Companies shall disclose the evaluation cycles, evaluation periods, scope and method of evaluation, the evaluation content of self-evaluation or peer evaluation of the Board of Directors:

In order to implement corporate governance and enhance the function of the Board of Directors, the Company conducts the implementation evaluation of the Board of Directors as a whole, individual board members, and each functional committee annually, according to the rules of "Self-Evaluation of the Board of Directors". The results of evaluation of 2022 are good and were reported to the Board of Directors on December 16, 2022.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	2021.10.01-2022.09.30	Board of Directors	Self-evaluation of Directors	1. Participation level in the company's operations (30%) 2. Improvement of the quality of the board of directors' decision making (30%) 3. Composition and structure of the Board of Directors (18%) 4. Election of the directors and their continuing professional education (10%) 5. Internal control (12%)
Once annually	2021.10.01-2022.09.30	Directors	Self-evaluation of Directors	1. Control of the company's goal and mission (13%) 2. Acknowledge the duty of Directors (13%) 3. Participation level in the company's operations (32%)

				<p>4. Communication and relationship maintenance within the Board of Directors (14%)</p> <p>5. Director's profession and continuing professional education (14%)</p> <p>6. Internal control (14%)</p>
Once annually	2021.10.01-2022.09.30	Audit Committee	Self-evaluation of Directors	<p>1. Participation level in the company's operations (19%)</p> <p>2. Acknowledge the duty of Audit Committee (19%)</p> <p>3. Improvement of the quality of Audit Committee's decision making (34%)</p> <p>4. Composition and structure, and election of Audit Committee (14%)</p> <p>5. Internal control (14%)</p>
Once annually	2021.10.01-2022.09.30	Remuneration Committee	Self-evaluation of Directors	<p>1. Participation level in the company's operations (23%)</p> <p>2. Acknowledge the duty of Remuneration Committee (18%)</p> <p>3. Improvement of the quality of Remuneration Committee's decision making (41%)</p> <p>4. Composition and structure, and election of Remuneration Committee (18%)</p>
Once annually	2022.05.10-2022.09.30 (Note)	Sustainable Development Committee	Self-evaluation of Directors	<p>1. Participation level in the company's operations (22%)</p> <p>2. Acknowledge the duty of Sustainable Development Committee (28%)</p> <p>3. Improvement of the quality of Sustainable Development Committee's decision making (39%)</p> <p>4. Composition and structure, and election of Sustainable Development Committee (11%)</p>

Note : The Board of Directors of the Company approved to set up Sustainable Development Committee on May 10, 2022.

4. Measures taken to strengthen the functionality of the Board:

- (1) The operations of the Board of Directors of the Company are exercised in accordance with the provisions of the laws and regulations, the Articles of Association, and the resolutions of the

Shareholders' Meetings. All Directors, in addition to the professional knowledge and skills necessary to perform their duties, should strive for the best shareholder interests based on the principles of loyalty and integrity.

- (2) The Company keeps strengthen the board diversified structure, and demand each director to participate the training each year to make the Board of Directors have the ability to adapt to the competitive environment and business risk.
- (3) In order to establish a sound board governance system, and strengthen supervisory functions and management mechanisms, the Company set up the functional committees as follow:
 - A. The Board of Directors approved to set up Remuneration Committee on August 29, 2011, to review the remuneration policy and rules of directors and managers. The operating status of Remuneration Committee is referred to "3.4.4 Composition, Responsibilities and Operations of Remuneration Committee".
 - B. The Board of Directors approved to set up Audit Committee on June 25, 2015. In addition, the Shareholders' meeting reelect the all directors and increase by 4 independent directors from 3 persons to strengthen external supervisory. The operating status of Audit Committee is referred to "3.4.2 Audit Committee Meeting Status".
 - C. The Board of Directors approved to set up Sustainable Development Committee on May 10, 2022 to realize the sustainable development goals of environment protection, social responsibility and corporate governance. The operating status of Sustainable Development Committee is referred to "3.4.5 Composition, Responsibilities and Operations of the Sustainable Development Committee".
- (4) The Company reviews the operation of the Board of Directors annually, and the internal auditors make audit reports according to the review result. The monthly audit reports will be submitted to Independent Directors before the end of the next month.

Note 1: Directors acting as the representatives of institutional shareholders shall indicate the names of the institutional shareholders.

Note 2: (1) If there is a director leaving the company before the end of the year, the date of departure should be indicated in the remark's column. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors during the term of office and their actual attendance.

(2) Before the end of the year, if there are reelected directors, the new and outgoing directors should be filled in, and the remarks should indicate that the directors are new or outgoing, and reelection date. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors during the term of office and their actual attendance.

3.4.2 Audit Committee Meeting Status

1. Component of Audit Committee

The Audit Committee of the Company is constituted by four independent directors according to Article 14-4 of Securities and Exchange Act. Their term of office is from July 29, 2021 to July 28, 2024.

2. Duty and annual highlight of Audit Committee

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11) Any other material matter so required by the company or the Competent Authority.

3. The attendance of Audit Committee

A total of 5 (A) meetings of Audit Committee were held in 2022. The attendance of Independent Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note1&2)	Remarks
Independent Director (Convener)	C. L. Wei	5	0	100.00	
Independent Director	C. J. Wu	5	0	100.00	
Independent Director	Yen-Shiang Shih	5	0	100.00	
Independent Director	Wen-Chyi Ong	5	0	100.00	

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date and Session of Meeting	Contents and Handling of the Opinions
2022.03.10 (No.1 in 2022)	<p>1.Proposal:</p> <p>(1) To create 2021 financial statements.</p> <p>(2) To formulate the Company's internal control system statement.</p> <p>(3) To compile plan of lending funds for 2022 Q2.</p> <p>(4) To transact with related parties.</p> <p>(5) To issue a letter of support for credit facilities of Formosa Ha Tinh (Cayman) Ltd.</p> <p>(6) To purchase land of 5,333.99 ping and building of 4870.89 ping from Nanya Plastics Corp. with NTD 801,568,334.</p> <p>(7) To amend Procedures for Acquisition or Disposal of Assets of the Company.</p> <p>2.Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.</p> <p>3.Audit Committee Resolution: The all above proposals were approved by all attendants and submitted to Board of Directors for approval.</p> <p>4.The Company's handling of the opinions of the Audit Committee: Board of Directors approved all above proposals.</p>

<p>2022.05.10 (No.2 in 2022)</p>	<p>1.Proposal: (1)To compile plan of lending funds for 2022 Q3. (2) To transact with related parties. (3) To reinvest Formosa Industries Corp. with USD 70 million. (4) To invest Formosa Smart Energy Tech Corp.</p> <p>2.Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.</p> <p>3.Audit Committee Resolution: The all above proposals were approved by all attendants and submitted to Board of Directors for approval.</p> <p>4.The Company’s handling of the opinions of the Audit Committee: Board of Directors approved all above proposals.</p>
<p>2022.08.11 (No.3 in 2022)</p>	<p>1.Proposal: (1) To sell land to Formosa Sumco Technology Corp. (2) To compile plan of lending funds for 2022 Q4. (3) To transact with related parties. (4) To issue a letter of support for credit facilities of Formosa Steel IB Pty Ltd. (5) To amend “Internal Control Systems” and “Internal Audit Implementation Rules” of the Company.</p> <p>2.Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.</p> <p>3.Audit Committee Resolution: The all above proposals were approved by all attendants and submitted to Board of Directors for approval.</p> <p>4.The Company’s handling of the opinions of the Audit Committee: Board of Directors approved all above proposals.</p>
<p>2022.11.10 (No.4 in 2022)</p>	<p>1.Proposal: (1) To compile plan of lending funds for 2023 Q1. (2) To transact with related parties. (3) To donate NTD 3,780,948 to Chang Gung University.</p> <p>2.Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.</p> <p>3.Audit Committee Resolution: The all above proposals were approved by all attendants and submitted to Board of Directors for approval.</p> <p>4.The Company’s handling of the opinions of the Audit Committee: Board of Directors approved all above proposals.</p>

<p>2022.12.16 (No.5 in 2022)</p>	<p>1.Proposal: (1) To issue a letter of support for credit facilities of Formosa Steel IB Pty Ltd. (2) To appoint accounting officer and corporate governance officer.</p> <p>2.Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.</p> <p>3.Audit Committee Resolution: The all above proposals were approved by all attendants and submitted to Board of Directors for approval.</p> <p>4.The Company’s handling of the opinions of the Audit Committee: Board of Directors approved all above proposals.</p>
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(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the Company’s internal audit officer and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):

(1) Communication between Independent Directors and CPAs:

I.Audit Committee appoints CPAs to audit various reports and financial statements, which are prepared by the Board of Directors and delivered to shareholders, and to submit a review report.

II.Independent Directors supervise the process of financial report with the audit agenda and the key audit matter item which were provided by CPAs before the annual auditing.

III.CPAs are arranged to attend at least once a year to report to Independent Directors about their independence, the financial report and internal control audit results of the Company and the subsidiaries. They also fully communicate any influence on accounting resulted from the changes in regulations.

(2) Communication between Independent Directors and internal audit officer:

I.The internal auditing office of the Company submits the internal audit report issued by the Company to the Independent Director for review monthly.

II.Independent Directors and the internal audit officer communicate at least once quarterly on internal control operation status, the auditing results, the amendment of “Internal Control Systems” and “Internal Audit Implementation Rules”, the assessment of the effectiveness of internal control system, and the internal auditing plan. The Company will follow up the correction of defects and irregularities to make sure the related department to adopt the reliable improvement measures in time.

(3) Communication and status between Independent Directors, CAP and internal audit officer:

Date	Communication Member	Content	Result
2022.03.10 Before Audit Committee Meeting	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong CPA Hui-Chih Kou	To explain the auditing matters and results of 2021 financial report.	Well and approved by Audit Committee and Board of Directors
2022.03.10 Board of Directors	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Other attended Directors Auditor Officer Chin-Chuan Chuang Other attended Managers	To report the execution status of the Company's internal audit plan of the Nov. and Dec. of 2021.	Well and acknowledged
		To formulate "Internal Control System Statement" of the Company.	Well and approved by Board of Directors
2022.05.10 Board of Directors	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Other attended Directors Auditor Officer Chin-Chuan Chuang Other attended Managers	To report the execution status of the Company's internal audit plan of 2022 Q1.	Well and acknowledged
2022.06.09 Board of Directors	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Other attended Directors Acting Auditor Officer Chia-Tse Chang Other attended Managers	To report the status of correction of defects and irregularities of internal control systems for 2021.	Well and acknowledged
2022.08.11 Audit Committee	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Auditor Officer Chin-Chuan Chuang Other attended Managers	To amend "Internal Control Systems" and "Internal Audit Implementation Rules" of the Company.	Well and approved by Audit Committee and Board of Directors
2022.08.11 Board of Directors	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Other attended Directors Auditor Officer Chin-Chuan Chuang Other attended Managers	To report the execution status of the Company's internal audit plan of 2022 Q2.	Well and acknowledged

2022.11.10 Board of Directors	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Other attended Directors Auditor Officer Chin-Chuan Chuang Other attended Managers	To report the execution status of the Company's internal audit plan of 2022 Q3.	Well and acknowledged
2022.12.16 Before Board of Directors Meeting	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Auditor Officer Chin-Chuan Chuang	To formulate the Company's internal audit plan in 2022.	Well and approved by Board of Directors
2022.12.16 Board of Directors Meeting	Independent Director C. L. Wei Independent Director C. J. Wu Independent Director Yen-Shiang Shih Independent Director Wen-Chyi Ong Other attended Directors Auditor Officer Chin-Chuan Chuang Other attended Managers	To report the execution status of the Company's internal audit plan in October, 2022.	Well and acknowledged

Note 1: If there is an independent director leaving the company before the end of the year, the date of departure should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the audit committee during the term of office and their actual attendance.

Note 2: Before the end of the year, if there are reelected independent directors, the new and old directors should be filled in, and the remarks should indicate that the directors are new or outgoing, and reelection date. The actual attendance rate (%) is calculated based on the number of meetings of the audit committee during the term of office and their actual attendance.

3.4.3 Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
1. Did the Company establish and disclose the Corporate Governance Best Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V	<p>The Company passed the resolution of the Board of Directors on November 11, 2014 and set Principles of Corporate Governance, which was disclosed on the information reporting website designated by the securities authority and the Company’s website.</p>	<p>Consistent with Article 1 and Article 2 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The “Principles of Corporate Governance” established by the Company adheres to the principles of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” with minor amendments based on the Company’s actual practices.</p>

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
2. Shareholding structure and shareholders’ rights (1) Did the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V	(1) The Company has an internal operating procedure for handling shareholder matters and has set up a spokesperson to address shareholder suggestions or concerns at any time. In addition, each functional team in the President Office fully supported the above matters and have an in-depth understanding and review of the shareholders’ suggestions or concerns. After that, an oral or written reply to the satisfaction of the shareholders is proposed.	In compliance with Article 13 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V	(2) The Company shall pay attention to the situation of any increase, decrease or use as collateral in the shares of shareholders holding more than 5% of shares and holding Director or manager positions, and has disclosed the information of shareholders holding more than 5% of shares in the quarterly financial report. The Directors, managers and shareholders holding more than 10% of the shares are disclosed monthly by the information reporting website designated by the securities authority.	In compliance with Article 19 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Did the Company establish and execute the risk management and firewall systems with its affiliated businesses?	V	(3) a. Both the Company and its subsidiaries implement profit center management. Each company’s personnel, property management rights and responsibilities are clearly divided, and there are no irregular transactions.	In compliance with Article 14 to Article 17 of the Corporate Governance Best Practice Principles for

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(4) Did the Company establish internal rules that prohibit Company insiders from trading securities using undisclosed information?	V	<p>Summary</p> <p>b. The funds and loans of the Company and its related companies are calculated based on the accrued market interest rate. The amount of loan is reassessed every quarter based on business needs. Guaranteed coverage and limits have also been set for endorsement guarantees for other companies.</p> <p>c. To reduce losses, comprehensive risk assessment for banks, customers, and suppliers are performed. Each company credit authorization to the same customer and stop payment to the same supplier can be review through the computer system.</p> <p>d. The relationship between the Company and the related companies, such as transaction management, endorsement, loans, etc., are monitored. In accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, outlined by the Financial supervisory Commission, the Company has set up supervision and management operations to implement the risk control mechanism for its subsidiaries.</p> <p>(4) a. The Company has established “Personnel Management Rules”, and “Guidelines for Prevention of Insider Trading” to forbid using undisclosed information to buy and sell securities for illegal profits. In addition, to enhance the corporate governance and prevent the insider trading previously, “Principles of Corporate Governance” of</p>	<p>“Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons</p> <p>TWSE/TPEX Listed Companies.</p> <p>In compliance with Article 10-3 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>the Company regulates that it prohibits a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. The Company noticed the directors about the banned trading stock period of Q3 financial report through email to avoid the inside trading suspicion on October 13, 2022. The Company will notice each director about the banned trading stock period of each board meeting at the beginning of year.</p> <p>b. The Company conducts education and training on “Prevention of Insider Transactions”, “Internal Significant Information Handling Procedures” and related laws and regulations for directors, managers and employees to promote relevant information at least once yearly.</p> <p>c. The Company held online education and training for directors, managers and employees on November 17 and 30, 2022. The training courses include legislation basis, inside trading definition, standard object, material news category and penalty, with a total of 896 person involved in, and 448 training hours.</p>	
3. Composition and responsibilities of the Board of Directors: (1) Did the board of directors formulate and implement	V	(1) a. Article 20 of Principles of Corporate Governance of the Company states that diversified backgrounds of the Company's Directors	In compliance with Article 20 of the Corporate

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
diversified policies, specific management objectives?		<p>should be considered when forming the Board of Directors. Gender, race and nationality of the Board members shall not be limited, and the overall Board shall possess the following abilities: to make operational judgments, to perform accounting and financial analysis, to conduct management administration, to conduct crisis management, to possess knowledge of the industry and an international market perspective, as well as to have abilities to lead and to make policy decisions.</p> <p>b. The Board of Directors of the Company include 15 Directors including 4 Independent Directors and 2 female Directors. Please refer to Page 50-52 of this annual report for the Board members' information and diversification policy, target and implementation status.</p>	Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) In addition to establishing the Remuneration Committee and Audit Committee according to the regulations, has the Company voluntarily established other functional committees?	V	<p>(2) The Company's Board of Directors approved to set up a remuneration committee and an audit committee on August 29, 2011, and June 25, 2015 respectively. To enhance the supervision of the Board of Directors and to promote the goal of sustainable development, the Company's Board of Directors also approved to set up a sustainable development committee on May 10, 2022.</p>	In compliance with Article 28 and Article 28-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Article 28-2 has not been met, since the Company is able to

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(3) Did the Company establish a standard to measure the performance of the Board of Directors and implement it annually? Did the Company submit the results of performance assessments to the board of directors and use them as reference in determining remuneration for individual directors, their nomination, and additional office term?	V	(3) The Company has established the “Self-Evaluation Evaluation of the Board of Directors” approved by the Board of Directors on August 12, 2020. The performance evaluation results of 2022 have been submitted to the Board of Directors on December 16, 2022. The evaluation content and results could be referred to page 66-67 of this annual report. The preceding information could be as references in determining remunerations, nomination, and re-election of the Company Directors.	In compliance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(4) Did the Company regularly evaluate the independence of CPAs?	V	(4) The Company evaluates the independence and competence of CPAs at least once a year by making reference to the audit quality indicators (AQIs) to formulate the structural indicators of assessment on the competence, audit quality control, independence, external supervision	In compliance with Article 29 of the Corporate Governance Best Practice Principles

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Summary and innovation of CPAs. The CPA and the firm will be requested to fill out the assessment questionnaire, provide related information and certification for the President office and Accounting Department evaluation. The recent year assessment result has been reported to the Audit Committee and Board of Directors on March 10, 2023.	for TWSE/TPEX Listed Companies.
4. Did the TWSE/TPEX listed company have designated appropriate personnel to handle corporate governance tasks and set up a Chief Governance Officer as the most senior manager in charge of corporate governance-related tasks (including but not limited to providing information required for Director/Supervisor’s operations, convening board/shareholder meetings in compliance with the law, apply for/change Company registry and producing meeting minutes of board/shareholder meetings)?	V	(1) The Company has set up a Chief Governance Officer as the most senior manager in charge of corporate governance-related tasks on May 7, 2019. Appropriate personnel have also been designated to handle corporate governance tasks. (2) The officer supervises President Office, which is responsible for corporate governance-related matters and is assisted by the relevant departments such as the Legal Affairs Office of the General Administrative Office, which includes handling Board of Directors and shareholders meetings, taking minutes of such meetings, assisting Directors come to office and continue training, providing Directors relevant information for operations, assisting Directors compliance with law and regulations, and so on. (3) The training records of Corporate Governance Officer refers to Page 135 of this annual report.	In compliance with Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
5. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Has a stakeholders’ area been set up on the Company website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V	<p>(1) The Company instructs the President Office to communicate with stakeholders depending on the situation. A spokesperson and a deputy spokesperson have been appointed as the external communication channel.</p> <p>(2) The Company set up the stakeholder area on the Company website to provide detailed contact information for the dedicated personnel, including phone number and e-mail, as the channels for the stakeholders to communicate with the Company.</p> <p>(3) The Company responds to stakeholders’ issues of concern at the appropriate time through the following channels:</p> <p>a. Shareholders and investors: Shareholders’ meetings are held annually, and shareholders can fully exercise their voting rights through electronic means. In addition, the annual report of the shareholders’ meeting, the monthly revenue and the quarterly self-closing profit and loss are issued to facilitate shareholders’ understanding of the Company’s operating conditions.</p> <p>b. Employees: mainly concerned with workplace safety, employee welfare, human rights protection, labor and employment issues, etc. Communication with employees can be conducted through trade unions, factory (office) meetings, etc.</p> <p>c. Suppliers and contractors: The Company adheres to the principle of</p>	In compliance with Article 51 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>Summary</p> <p>sustainable management and fair trade and is committed to working with manufacturers that comply with environmental protection, safety, and human rights standards. Open tenders are held through the Formosa Plastics electronic trading platform, and regular briefings are held to strengthen two-way communication and advocacy. Also, suppliers can ask questions on the Formosa Plastics electronic trading platform, and the questions will be replied by personnel immediately, to achieve the goals with good communications.</p> <p>d. Customer: Issues including product quality and after-sales service that customers care about can be addressed through customer visits, participating in exhibitions, product briefings, customer satisfaction surveys, etc. The website also lists the sales service line and e-mail address. Customer complaints are handled through the “Customer Response Form” and the “Customer Complaint Handling Form”.</p> <p>(The status of stakeholder communication refers to 1.3 Stakeholder Identification and Communication of 2022 ESG Report)</p>	
6. Does the Company appoint a professional shareholder services agency to deal with shareholder affairs?		V	Although it does not meet the requirements of Article 7-1 of the Corporate Governance Best Practice

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
			Principles for TWSE/TPEX Listed Companies, it does not impair the operational efficiency of the shareholders' meeting.
			Taiwan Depository & Clearing Corporation, a designated institution by the FSC, since 2022. All of the Company's recent evaluation results comply with regulation and ensure the shareholders' meeting can be convened legally, validly and safely and therefore able to protect shareholders' right.
7. Information disclosure			
(1) Did the Company establish a website to disclose information on financial operations and corporate governance?	V		In compliance with Article 57 and Article 59 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Did the Company have other information disclosure channels (such as establishing an English language website, delegating a professional to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		In compliance with Article 55 paragraph 3 and Article 56 and Article 58 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(3) Does the Company publish and report its annual financial report within two months after the end of an accounting period, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	V	(3) In principle, the Company submits and announces operating revenue data from the previous month on the 6 th in every month and announces unaudited finance data from the previous quarter on the 10 th day in each quarter. The Company also submits and announces financial reports before the deadline in accordance with laws and regulations. Though the Company does not announce annual financial statements within two months after the end of fiscal year due to CPA's auditing work, the Company does announce the unaudited annual financial information in January to help investors to understand our operating status..	Although it does not meet the requirements of Article 55 paragraph 2 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company does announce our self-monitored financial information
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee wellness, investor relations, supplier relations, stakeholders' rights, Directors and Supervisors training records, implementation of risk management policies and measurement standards, implementation of	V	(1) Employees' rights: The Company strives to pursue a harmonious labor-management relationship and attaches importance to the right of employees to express their opinions. We have set up physical suggestion boxes at the places where employees have easy access to, as well as an online suggestion box in the Company information system. Each suggestion box is appointed to dedicated personnel for replying, in order to facilitate communication. An “inspection method” that establishes the internal whistle-blower channel and protection system has also been set up. In the meantime, board of supervisors and labor-management meetings are held by the unions regularly. The heads of relevant departments attend the meetings to fully communicate with the labor	In compliance with Articles 51 to Articles 54 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
customer policies and purchase of liability insurance for the Directors and Supervisors of the Company)?		<p>representatives. On major labor issues, the Company gives higher priority to the opinions of the unions, and the top leaders consult with the unions to reach a consensus and ensure the harmonious labor-management relationship as well as the sustainable development of the Company.</p> <p>(2) Employee wellness: In order to take care of employees’ physical and mental health, the Company has budgeted annual health checks at Chang Gung Memorial Hospital. In addition to the items required by the law, the Company has added cancer screening programs such as A-type fetal protein and cancer embryo antigen. The goal is to ensure the employees understand and improve their health status. In terms of the employees’ diet, the Company follows health regulations concerning food source, acceptance and storage, water safety and hygiene, food staff and kitchen cleaning operations, and food and tableware cleaning inspections to ensure the health and safety of employees’ diet. Besides, the Company has employed counseling personnel in charge of the interview with newcomers, helping them fit in the Company as soon as possible. The counseling personnel could also provide both advice and care when employees face difficulties with work or life. For the relevant welfare measures, please refer to page 211-216 of the annual report.</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>(3) Investor relations: The Company uses the President Office and the shareholding department as a bridge between the Company and its shareholders. In terms of corporate information transparency, the Company’s website has an “Investor Relations Section” to provide investors with relevant information. In order to maintain a good relationship with investors, the Company has set up a spokesperson system to provide a means of contact with shareholders and corporate investment institutions. In addition to participating in investment forums held by domestic and foreign brokerage firms, the Company holds 35 times meetings with both domestic and international investors on irregular basis.</p> <p>(4) Supplier relations: The Company’s procurement and contracting operations are mainly aimed at creating a level playing field by looking for good manufacturers that can provide suitable and appropriate equipment, materials or projects at reasonable prices to meet the needs of expansion or operation of various departments in a timely manner. a. Open and fair procurement and delivery mechanism: The Company uses the “open tender” method to purchase and distribute the contracting system through the Formosa Plastics electronic trading platform. It provides functions such as inquiry, quotation, bargaining, order, delivery, payment progress inquiry, etc.</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p style="text-align: center;">Summary</p> <p>All information is encrypted by electronic voucher and firewall control to ensure the security of all incoming and outgoing data. Vendors can access the inquiry case and make quotations anytime and anywhere through the Internet without time and space restrictions, which greatly improves the efficiency of operations, saves time and money, and reduces operating costs to increase profits. After all the inquiry cases have been launched electronically, the manufacturers with the lowest quotation, fastest delivery time, and best quality are chosen so that both the buyer and the seller can reasonably achieve the goals in a harmonious atmosphere.</p> <p>b. Sound vendor management:</p> <p>In order to stabilize the quality and delivery of materials and ensure the quality and progress of construction, the Company has conducted evaluation and ranking of all manufacturers through the sound management and evaluation of the manufacturers. In the case of overdue delivery of the products (engineering), poor quality, or violation of the safety regulations, the event will be automatically included in the assessment record in order to replace unqualified manufacturers, and cultivate excellent manufacturers to achieve good relations as well as long-term cooperation between the two sides.</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>Summary</p> <p>c. Electronic trading for a win-win situation: The Company combines the comprehensive ERP computer management system and the digital, open, and transparent online procurement and delivery mechanism to build a high-quality, safe, convenient and fast electronic trading environment. The Company has further extended the same system vertically and horizontally to the rest of the industry, sharing the e-generation “Formosa Plastic experience” with all enterprises. At present, combined with the Company’s upstream and downstream supply chain systems, with more than 10,000 suppliers and third-party suppliers, this electronic trading platform shares the business opportunities and economic benefits brought about by open trading.</p> <p>(5) Stakeholders’ rights: In addition to continuing to improve in the industry, the Company pursues good business performance and strives to achieve the mission of “caring for the employees, serving the customers, and rewarding the shareholders.” Therefore, it is committed to caring for the shareholders, customers, suppliers, employees, and society. In addition to complying with laws and business ethics, the Company is in line with international standards in enhancing competitiveness, create shareholders’ benefits, as well as providing supplies of stable, high-quality and low-cost products. With industrial and environmental protection as a priority, the</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																				
	Yes	No																																					
		<p>Summary</p> <p>Company will develop towards eco-industrial areas and promote green building and green energy conservation, raw materials procurement, actively planting forests, paying attention to various social issues, investing in community and social welfare undertakings suitable for enterprises to contribute to the society.</p> <p>(6) Director Training Records:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date of Training</th> <th>Organization</th> <th>Course</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Jason Lin</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>William Wong,</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Managing Director</td> <td>Susan Wang, Wilfred Wang</td> <td>2022/11/17</td> <td>1. Securities and Futures Institute</td> <td>1. Outlooks of Economic and the Trend of Industries in 2023</td> <td>3</td> </tr> <tr> <td>Independent Director</td> <td>C. J. Wu</td> <td>2022/11/17</td> <td>2. Taiwan Corporate Governance Association</td> <td>2. Real Value Created by the Circulation and the Low-carbon Innovations— Understanding Circular Economy and Governance</td> <td>3</td> </tr> <tr> <td></td> <td>C. T. Lee, Sang-Chi Lin, Jerry Lin, Cheng-Chung Cheng</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Title	Name	Date of Training	Organization	Course	Hours	Chairman	Jason Lin						William Wong,					Managing Director	Susan Wang, Wilfred Wang	2022/11/17	1. Securities and Futures Institute	1. Outlooks of Economic and the Trend of Industries in 2023	3	Independent Director	C. J. Wu	2022/11/17	2. Taiwan Corporate Governance Association	2. Real Value Created by the Circulation and the Low-carbon Innovations— Understanding Circular Economy and Governance	3		C. T. Lee, Sang-Chi Lin, Jerry Lin, Cheng-Chung Cheng					In compliance with Article 40 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
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Chairman	Jason Lin																																						
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Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			In compliance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
		<p>(7) The situation in which the Company purchased liability insurance for the Directors: The Company has purchased liability insurance for all Directors, and the insured amount is US\$30 million. The above insurance period is from August 1, 2013 to today.</p> <p>(8) Implementation and policies of risk management: The Company established risk management policies to identify, evaluate, supervise and control risk from every aspect, enhance the sense of awareness of employees and make sure all potential risks that might happen are endurable, thus, can the Company execute the optimal strategy to rationalize the balance between profits and risks, please refer to page 242~253 of the annual report for further disclosure of risk management policies of the Company.</p> <p>(9) Implementation of customer policy: Customers are the cornerstone of the Company’s existence. The goal is to quickly supply the requested products and achieve stable and adequate supply so that customers can continue operate.</p> <p>a. Creating a stable supply and demand</p> <p>The Company and its customers have an important relationship of interdependence, coexistence, and co-prosperity. Therefore, building a stable supply and demand relationship is an issue that every sustainable company must pay attention to. Focusing on the long-term development of the industries in Taiwan, the Company actively</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>invests in the production of chemicals, plastic, and Fibre raw materials to provide customers with a stable source of materials and lay a solid foundation for related industries. The solid long-term cooperation has allowed the customers to show steady growth.</p> <p>b. Improving raw material self-sufficiency rate</p> <p>The completion of the sixth naphtha cracker has greatly eased the problem of long-term raw material shortage in Taiwan and reduced the degree of dependence on foreign countries. Current self-efficiency rate of Ethylene in Taiwan reaches above 90 percent, therefore, greatly mitigating the dependence of Ethylene import and enhancing the competitiveness of the overall industry.</p> <p>c. Enhancing the competitiveness of midstream and downstream manufacturers</p> <p>In order to improve the management capabilities of the middle and lower suppliers of the plastic industry, the founders set up a series of management courses at the early stage, and actively shared the Company’s system and experience with the industry. The Company has received positive feedback while strengthening the competitiveness of customers. So far, if other companies come visit, we are willing to share. From a management point of view, the Company has always believed that by taking customer interests into account, the Company will also benefit from it. In addition, in order</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		<p>Summary</p> <p>to cooperate with customers to expand the market, the Company also actively supports customers and provides after-sales service.</p> <p>d. E-commerce saves costs and improves efficiency</p> <p>In order to improve the efficiency of the transaction process with the customer, the customer can get instant information and respond quickly when placing orders, order progress inquiries, receipts and payments, the Company officially established the Formosa Plastics E-Commerce Center in January 2001. This B2B online trading portal imports the e-commerce trading system, coordinates the management of internal resources and strengths, and integrates upstream and downstream supply chain systems and customer business relationships. Due to the remote marketing demand, the Company established “FPC E-commerce Platform” which integrates automatic sales and production function, AI arranging production schedule technology and delivery information base on ERP system. The platform provides the customers to make orders from online system and inform the latest orders information to customers, which increases the shipment efficiency, and it started from September 2020.</p>	

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
	Summary		
<p>9. Please specify the Company’s measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange’s Corporate Governance Center and the improvement plans for items yet to be completed.</p> <p>The Company has ranked among the top 20 percentile of all listed companies that participated in the 9th Corporate Governance Evaluation in 2022. The following is a description on improvements the Company has undertaken based on governance evaluation indicators:</p>			
Category	Evaluation Indicator	Improvement Status	
Items Improved	(1) Are the Company’s interim financial reports approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	All of the Company’s interim financial reports were approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution since 2022.	
	(2) Has the Company set up functional committees other than those required by the law, comprising no less than three members each, with more than half the members being Independent Directors, as well as disclosed the composition, duties, and operations of these committees?	In order to facilitate the promotion of ESG, the Company has set up a sustainable development committee under the board of directors on May 10, 2022.	
Improvement Set as a Priority	(1) Does the Company convene the shareholders’ meeting by the end of May?	The Company will hold 2023 Annual Shareholders’ Meeting on May 30.	
	(2) Does the Company record the important questions raised by shareholders and the Company’s responses in the minutes of the annual shareholders’ meeting?	The Company will record the questions raised by shareholders and the Company’s responses in the minutes of 2023 Annual Shareholders’ Meeting Minutes.	
	(3) Has the Company uploaded the changes in the shareholdings of insiders of the previous month to the MOPS website by the (10th included) day of each month?	The Company will review the feasibility of uploading the shareholding movements of insiders of the previous month to the MOPS by the 10th of each month in 2023.	

Note: Provide a brief description in the appropriate column regardless of whether “yes” or “no” is selected.

3.4.4 Composition, Responsibilities and Operations of Remuneration Committee

1. Professional qualifications and independence of Remuneration Committee members

2023.4.1

Title	Name	Criteria Professional Qualification and Work Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent Director (Convener)	C. L. Wei	C. L. Wei serves as the member of remuneration committee of the Company, Sinbon Electronics Company Ltd., Chia Hsin Cement Corp. and Inventec Corp., from August, October, December 2011 and June 2021, respectively, to now. He also experienced as the member of remuneration committee of many TWSE/TPEX listed companies, such as Compal Electronics, Inc., Inventec Besta Co., Ltd. and Innolux Corp., etc. He is familiar with and experienced in the remuneration issues and operations. Please refer to chapter of 3.2.1 Directors-2. Directors (II) about his qualification.	Please refer to chapter of 3.2.1	3
Independent Director	C. J. Wu	C. J. Wu serves as the member of remuneration committee of the Company from June 2012 to now, and is familiar with the operations and his duty in the committee. Please refer to chapter of 3.2.1 Directors-2. Directors (II) about his qualification.	Directors-2. Directors (II) about their independence status.	0
Independent Director	Yen-Shiang Shih	Yen-Shiang Shih serves as the member of remuneration committee of CTCI Corp. and the Company from June 2017 and June 2018, respectively, to now. He has an abundant experience in the TWSE listed companies, such as AU Optronics Corp. He is familiar with the operations and the duty of the committee. Please refer to chapter of 3.2.1 Directors-2. Directors (II) about his qualification.		1

Title	Name	Criteria	Independence Status	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent Director	Wen-Chyi Ong	Professional Qualification and Work Experience Wen-Chyi Ong serves as the member of remuneration committee of ASE Technology Holding Co., Ltd. and the Company from July 2021 to now. He is familiar with the remuneration issues and has many experiences in the communication with independent directors during the time as the chairman of Sinopac Financial Holdings Company Limited. Please refer to chapter of 3.2.1 Directors-2. Directors (II) about his qualification.		1

2. Remuneration Committee Meeting Status

(1) Component of Remuneration Committee

The Remuneration Committee of the Company is constituted by four directors. Their term of office is from July 29, 2021 to July 28, 2024.

(2) Duty of Remuneration Committee

I. Periodically reviewing remuneration committee charter and making recommendations for amendments.

II. Establishing and periodically reviewing performance goals for the directors and managers of the Company and the policies, systems, standards, and structure for their compensation.

III. Periodically assessing and setting the types and amounts of the directors and managers compensation of the Company.

(3) The attendance of Remuneration Committee

A total of 2 (A) meetings of Remuneration Committee were held in 2022.

The attendance of Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)(Note)	Remarks
Independent Director (Convener)	C. L. Wei	2	0	100.00	
Independent Director	C. J. Wu	2	0	100.00	
Independent Director	Yen-Shiang Shih	2	0	100.00	
Independent Director	Wen-Chyi Ong	2	0	100.00	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration approved by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

3. The dates of meetings, contents of motion, resolutions of the Remuneration Committee during the most recent fiscal year and the Company's response to the Remuneration Committee's opinion:

Date and Session of Meeting	Contents and Handling of the Opinions
2022.01.14 (No.1 in 2022)	1.Proposal: To report the 2021 year-end bonus distribution standard of managers who are appointed by Board of Directors. 2. Remuneration Committee Resolution: acknowledged. 3.The Company's handling of the opinions of the Remuneration Committee: The year-end bonus of the appointed managers had been calculated according to the "Principle of Year-End Bonus and Reward Distribution" and the Board of Directors approved to distribute accordingly.
2022.08.11 (No.2 in 2022)	1.Proposal: (1) The 2022 annual salary of the managers adjusts in line with the all employees' compensation. (2) To adjust the transportation allowance principle of directors. 2. Remuneration Committee Resolution: The all above proposals were approved by all attendants and submitted to Board of Directors for approval. 3.The Company's handling of the opinions of the Remuneration Committee: Board of Directors approved all above proposals.

Note 1: If there is a remuneration committee member leaving the company before the end of the year, the date of departure should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee during the term of office and their actual attendance.

Note 2: Before the end of the year, if there are reelected remuneration committee member, the new and outgoing members should be filled in, and the remarks should indicate that the members are new or outgoing, and reelection date. The actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee during the term of office and their actual attendance.

3.4.5 Composition, Responsibilities and Operations of the Sustainable Development Committee

1. Component and professional ability of Sustainable Development Committee

The Sustainable Development Committee of the Company is constituted by six directors. Their term of office is from May 10, 2022 to July 28, 2024. The each member of this Committee with the related professional background and experience is as below table:

Title	Name	Professional Background and Experience								
		Industrial Safety	Environment Protection	Circular Economy	Social Participation	Corporate Governance	Legal Compliance	Risk Management	Green finance	R&D and Innovations
Chairman (Convener)	Jason Lin	V	V	V	V	V	V	V	V	V
Director	Jerry Lin	V	V	V	V	V	V	V	V	V
Independent Director	C. L. Wei				V	V	V	V	V	V
Independent Director	C. J. Wu				V	V	V	V		V
Independent Director	Yen-Shiang Shih		V	V	V	V	V	V	V	V
Independent Director	Wen-Chyi Ong				V	V	V	V	V	V

2. Sustainable Development Committee Meeting Status

(1) Duty of Sustainable Development Committee

- I. Reviewing the sustainable development policies, strategies, and managerial rules of the Company.
- II. Supervising the matters of sustainable development promotion and implementation cases.
- III. Reviewing the material sustainable development information including ESG report and reporting to the board of directors.
- IV. Supervising the greenhouse gas inventory and verification plans.
- V. Supervising the Company to care the material issues concerned by stockholders, employees, customers, community, and government.
- VI. Other matters instructed by the resolution of the board of directors.

(2) The attendance of Sustainable Development Committee

A total of 2 (A) meetings of Sustainable Development Committee were held in 2022. The attendance of Sustainable Development Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)(Note)	Remarks
Chairman (Convener)	Jason Lin	2	0	100.00	
Director	Jerry Lin	2	0	100.00	
Independent Director	C. L. Wei	2	0	100.00	
Independent Director	C. J. Wu	2	0	100.00	
Independent Director	Yen-Shiang Shih	2	0	100.00	
Independent Director	Wen-Chyi Ong	2	0	100.00	

The dates of meetings, contents of motion, resolutions of the Sustainable Development Committee during the most recent fiscal year and the Company's response to the Sustainable Development Committee's opinion:

Date and Session of Meeting	Contents and Handling of the Opinions
2022.06.07 (No.1 in 2022)	<p>1.Proposal: To formulate ESG report of the Company of 2021.</p> <p>2. Sustainable Development Committee Resolution: The above proposal was approved by all attendants and submitted to the Board of Directors for report.</p> <p>3.The Company's handling of the opinions of the Sustainable Development Committee: Acknowledged.</p>
2022.12.16 (No.2 in 2022)	<p>1.Proposal: To report the result of greenhouse gas verification in 2021.</p> <p>2. Sustainable Development Committee Resolution: Acknowledged and submitted to the Board of Directors for report.</p> <p>3.The Company's handling of the opinions of the Sustainable Development Committee: Acknowledged.</p>

Note 1: If there is a sustainable development committee member leaving the company before the end of the year, the date of departure should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the sustainable development committee during the term of office and their actual attendance.

Note 2: Before the end of the year, if there are reelected sustainable development committee member, the new and outgoing members should be filled in, and the remarks should indicate that the members are new or outgoing, and reelection date. The actual attendance rate (%) is

calculated based on the number of meetings of the sustainable development committee during the term of office and their actual attendance.

3.4.6 Fulfillment of Sustainability and Deviations from the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
1. Does the Company establish a governance structure to promote sustainable development as well as an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of sustainable development and to report the implementation status to the Board of Directors?	V	<p>To promote Corporate Sustainability, the Chairman-Jason Lin has been appointed as the general convener and the Acting President-Wen-Bee Kuo and the Senior Vice President-Jerry Lin as Vice convener. President Office, safety and health department, accounting department, Mailiao and Kaohsiung management department and other units form “The Sustainable Development Team” which is dedicated to the implementation of corporate sustainability. (For details of the structure of the sustainable development team, please refer to 2.2.2 Sustainable Development Promotion of 2022 ESG Report.) The sustainable development team holds regular meetings, as well as reviews and reports all work matters to the Company's directors through internal official documents. They report at least once a year to the Board of Directors regarding the Company's implementation status of sustainable developments, including sustainable development policies, goals and management policies, risk management, climate change risks and opportunities, and greenhouse gas and energy management, etc.</p> <p>In addition, the Company established the Sustainable Development Committee under the Board of Directors on May 10, 2022, to strengthen the Company's implementation of the supervision mechanism for promoting sustainable development.</p>	In compliance with the Article 9 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
2. Does the Company conduct risk assessment in regards to environmental, social, and governance topics related to company operations in accordance with the materiality principle, and establish relevant risk management policy or strategy?(Note 2)	V	<p>The Company's President Office and each department assess the risks to the Company from environmental, social and governance issues based on the levels of influence to stakeholders, and establish risk policies that enable effective identification, measurement and evaluation, supervision, and control to lower influences from relevant risks. The related scope of risk management refers to FPC website. (http://csr.fpc.com.tw/FPC_CSR/corporate_governance/operation_risk.aspx)</p> <p>The Company will identify the main stakeholders with electronic questionnaire to care the issues who focus on. The Company will review the issue impact to our Company. (For details of the structure of the sustainable development team, please refer to 1.4 Identification of Material Topic of 2022 ESG Report.)</p>	In compliance with the Article 3 paragraph 2 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
3. Environmental issues (1) Has the Company referred to the nature of its industry to establish a suitable environment management system (EMS)?	V	<p>(1) The Company formulated the administrative standards for security and health management, management information systems, office automation systems in accordance with the environmental protection laws and regulations formulated by the Environmental Protection Administration (such as the Air Pollution Control Act, the Water Pollution Control Law, the Waste Disposal Act and the Toxic and Concerned Chemical Substances Control Act, etc.), and strengthened the management of the security zone in the plants area through the improvement of the system. In addition, the Company applies</p>	In compliance with Article 13 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(2) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?		<p>environmental accounting systems by collecting environmental expenditure information, environmental expenditure benefits, and informing stakeholders of environmental protection measures. (For details of the environmental management system based on industrial characteristics, please refer to 3.1 Environmental Management Strategies of 2022 ESG Report)</p> <p>All complex of the Company have achieved the environmental management system (ISO-14001) certification. The Company also asks SGS Taiwan Limited to assess the system to maintain the effectiveness each time per 3years. The result of ISO certification of the Company refers to FPC website as follow. (https://fpcweb.fpcetg.com.tw/fpcw/index.php?op=res&id=10&c=8)</p> <p>(2) The Company continues to promote energy conservation, emission reduction and circular economy, and integrates energy and resources across factories to improve energy efficiency. In recent years, AI and simulation technologies have been used to carry out industrial safety management and process optimization to improve production efficiency and maximize energy utilization.</p> <p>The Company reviews the recycling method for industrial waste and exhaust, and continues to develop recycled products with industrial waste recycling PIR aimed at 100% recycling, such as anti-bacterial oyster shell powder plastic products, etc.</p>	In compliance with Article 12 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
		<p>Summary (Note2)</p> <p>From raw material procurement to product sales, the Company attaches great importance to the health and safety of its customers. Therefore, the production process is continuously improved upon. To follow market trends and meet customer's needs, the Company has shifted its focus to producing non-toxic and environmentally friendly products with improved production processes as well as green energy products. (For details of the specific practices and products that are environmentally friendly, please refer to 2.3.2 Product Development Innovation of 2022 ESG Report)</p>	
(3) Does the Company assess potential risks and opportunities arising from climate change, and establish relevant risk management policy or state?	V	<p>(3) The Company continued to assess potential risks and opportunities arising from climate change in aspects of finance, reputation, global economy, energy cost volatility, and environmental compliance costs, set energy conservation targets and measures, and develop eco-friendly products to keep the business operations stable and competitive. The Company signs up to support the Climate-related Financial Disclosures (TCFD) and disclose information on the Company's governance, strategy, risk management, indicator and targets for climate-related risks and opportunities in accordance to the TCFD. (Please refer to 2022 TCFD and 3.2 Climate Change Management of 2022 ESG Report.)</p>	In compliance with Article 17, paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
(4) Does the company monitor its greenhouse gas (GHG) emissions, water	V	<p>(4) To meet our corporate social responsibility and future requirements for GHG reductions, the Company has set up and maintained a systematic inventory of GHG emissions since 2016 in accordance with ISO 14064-</p>	In compliance with Article 17, paragraph 2~3 of the Sustainable Development Best

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
consumption, and waste volume for the past two years, and establish policies for energy conservation, carbon and GHG reduction, water consumption reduction, waste volume reduction accordingly?		<p>1. The Company also regularly commissions BSI (British Standards Association) and SGS (SGS Taiwan Limited) to conduct greenhouse gas inventory. For energy conservation and carbon reduction, the Company will set a specific reduction target each year. (For further details and statistic data, please refer to chapter 3.3~3.6 of 2022 ESG Report)</p>	Practice Principles for TWSE/GTSM Listed Companies.
<p>4. Social issues</p> <p>(1) Has the Company referred to relevant laws and international human rights instruments to establish relevant management policies and procedures?</p>	V	<p>(1) a. (1) In order to guarantee the human right of employees, customers and stakeholders of the Company, the Company complies with relevant employment relations acts such as the Labor Standard Act, UN Universal Declaration of human Rights, and UN Guiding Principles on Business & Human Rights, International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, etc. The Company also complies relevant labor laws to formulate personnel rules and regulations to protect employees' rights and interests. It also provides stable and excellent treatment, complete education and training, promotion and development system, and a safe and healthy working environment to enhance the professional</p>	In compliance with Article 18 Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
		<p>Summary (Note2)</p> <p>competence of employees. The Chairman of the Company, Jason Lin, officially signed the human rights policy of the new version in August, 2019, which aims at preventing child and forced labor, respecting employees' privacy and freedom of association, and providing employees with diverse communication channels. For details, please refer to the official website of the Company. (http://csr.fpc.com.tw/FPC_CSR_talent/policy.aspx)</p> <p>b. Principle of Diversity, Inclusion and Equal Employment: Comply with the Employment Service Act to provide open, fair and equitable employment opportunities, and establish the Diversity and Inclusion Policy.</p> <p>c. Gender friendliness: In addition to the formulation of the "Measures on Prevention, Complaint and Punishment of Sexual Harassment at Workplace" to ensure equal gender work rights, the Company also attaches great importance to gender equality in the workplace. Although due to the nature of the industry, the proportion of male employees is higher than female employees, promotion channels have been structured and the performance of female employees are highly valued. Therefore, the number and proportion of female supervisor above employees constantly increase year on year, which is a demonstration of the Company's effort in gender equality. Please refer to the Company's 2022 ESG Report 4.1.2 Talent Recruitment.</p>	

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(2) Did the company establish and implement reasonable employee benefits (including compensations, holidays, and other benefits), and appropriately reflect its business performance and results on its employee compensations?	V	<p>d. Local recruitment: In recruiting new employees, priority is given to local residents. Local quality supervisors are cultivated. Over the years, a high proportion of local residents have been employed, as detailed in the Company's 2022 ESG Report 4.1.2 Talent Recruitment</p> <p>(2) a. The Company has clear regulations on employee promotion, assessment, training, rewards, and punishments. The salary for new recruits is based on the qualifications required for the job. Female and male employees of the same position and rank receive equal pay for equal work. Employee performance is reviewed regularly in order for raise and promotion to be given accordingly.</p> <p>b. The Company's fixed holidays are 2 days off, national holidays, and other holidays as stipulated by the central competent authority. Annual leaves are also given to employees pursuant to the Labor Standards Act. For more details on other employee benefits, please refer to page 203~208 of the annual report.</p> <p>c. Article 39 of the Articles of Incorporation of the Company states that 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 employee's compensation as compensation of employees. In addition, the Company provide year-end bonus and formulate the degree of salary increase each year according to operation performance of the Company.</p>	In compliance with Article 21, paragraph 2 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(3) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	V	<p>(3) a. The Company produces “i Medical Health Network” and “iHealth Podcast” in the form of video and audio streaming to provide employees with health education information. In order to enhance the employees' awareness of safety and hygiene, the “Work Hazard Reminder Card” and “Safety and Hygiene Handbook” are distributed, and employees are reminded of work safety through education and training and safety observation (for various practices related to improving employee and workplace safety, please refer to section 4.3 Workplace Safety Management of 2022 ESG Report)</p> <p>b. The ISO 45001 Occupational Safety and Health Management System and the Taiwan Occupational Safety and Health Management System (TOSHMS) certifications have been obtained by all plants of the Company.</p> <p>c. In 2022, 2 number of employee occupational accident cases (excluding traffic occupational accident) occurred in the Company, 2 people were injured and no people died, accounted for 0.03% of the total employees. In addition, the subsidiary of the Company in China and the US did not occur any employee occupational accident cases. The Company immediately formed an “incident investigation team” after the accident to collectively review and clarify the cause of the accident with relevant departments. Substantive improvement measure was proposed, and all departments are requested to inspect and review the</p>	In compliance with Article 20 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(4) Has the Company established an effective competency development career training program for employees?	V	<p>adequacy of protective measures in place. Those with inadequate protection are requested to make improvement, while education and training has also been reinforced across all departments. All employees are requested to comply with the Company's rules to avoid any future recurrence.</p> <p>(4) The Company's entry-level personnel have successively received training courses such as pre-employment training, shift training, basic and professional training on the job, and CiNet after arriving on the job. Besides the basic and professional training, the Company also held the management training for the candidates of the first-level and second-level supervisor. In addition, in response to the rapid development of AI and big data application technology, the Company has dispatched employees to participate in the technical leadership training classes and executive programs at the Taiwan AI Academy every year since 2018. (For specific training practices, please refer to 4.2.2 Employee Training and Performance Management of 2022 ESG Report.)</p>	In compliance with Article 21, paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
(5) Does the company follow relevant laws, regulations and international guidelines in terms of customer health, safety, and privacy, as well as when marketing	V	<p>(5) a. Since most of the products produced by the Company are not directly sold to general consumers, there are fewer marketing activities such as media advertisements and campaigns. If there are promotion activities involving regulations, all units will first consult the legal office to avoid violation. To protect customer privacy, the Company has established the "Personal Data Management Procedures" to</p>	In compliance with Article 24 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
or labeling its products and services and has the company established relevant consumer protection policies and grievance procedures?		<p>strictly limit the use and control on any queries into personal data.</p> <p>b. Customer relationship management is an important part of the Company's sustainable operation. In order to understand the valuable opinions of customers, the Company has clearly defined the customer complaints pipeline as well as return and compensation application procedures so that customers can express relevant appeals through the Response Form. Product complaints are handled by the salesperson filling out the Customer Complaint Handling Form for all returns and exchanges. The process is also monitored by the computer system. Another method for customers to make inquiries or comments is to contact the telephone number or e-mail address listed on the official website. Comments and suggestions are prioritized according to the level of importance and timeliness. They are then forwarded to the relevant departments to ensure that the Company meets all customers' needs.</p>	
(6) Has the company established supplier management policy and require suppliers to comply with relevant standards on environmental protection, occupational safety and	V	<p>(6) During procurement, the Company has always required upstream suppliers to meet RoHS, ISO, and related national industrial safety standards, where all goods must be suitably labeled according to the nature of the products, i.e. warning labels. Suppliers should also adopt appropriate recycling procedures for used containers or delivery vehicles. Products manufactured by the disadvantaged and products with non-radioactive labels are prioritized for procurement. The "Price</p>	In compliance with Article 26 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
health, or labor and human rights issues?		<p>Inquiries” and “Orders” include requirements for suppliers that they comply with the regulations and fair trade principles. The Company commits itself to ensuring that the partners meet environment protection, industrial safety, and human rights requirements. Non-compliant manufacturers will be rejected and placed under manufacturer evaluation. When purchasing materials, parts or products containing metal components, suppliers are required to investigate whether they meet the “conflict-free metal” to ensure that the purchased raw materials are obtained through legal channels. (For further details, please refer to 4.4 Supply Chain Management of 2022 ESG Report.)</p>	
5. Does the company refer to guidelines for the preparation of internationally accepted reports and prepare ESG Reports and other reports that disclose the company’s non-financial information? Has the aforementioned statement received any validation or guarantee from third-party accreditation/attestation organization?	V	<p>The content structure of the Company’s 2021 ESG Report is based on the Global Resiliency Reporting Association’s GRI standards guidelines, written in accordance with the guidelines and framework, and exposes the Company’s main sustainability issues, strategies, goals and objectives, as well as measures. Verified by the French Standards Association- AFNOR Asia Ltd., an impartial third-party unit, and is presented in international common indicators.</p>	<p>In compliance with Article 29 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>6. Where the Company has established its own Best Practices on sustainable development according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any differences between the prescribed best practices and actual implementations taken by the Company:</p> <p>Note: The Board of Directors of the Company approved to set the “Principles of Corporate Social Responsibility Code” on August 11, 2015, and the Company reviews the principles annually. The latest version is on May 10, 2022, to revise “Principles of Corporate Social Responsibility Code” to “Principles of Sustainable Development” with the approval of the Board of Directors. Although the Company’s principles have been slightly revised according to the Company’s practice, it still complies with the spirit of “the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies”.</p> <p>For the operation of the Company’s sustainable development, please refer to the 2022 ESG Report and website.</p>		Summary (Note2)	
<p>7. Other important and helpful information in understanding sustainable development operation :</p> <p>(Explanation 1) Relevant systems and structures</p> <p>The Company established the “ESG Promotion Organization” in 2021. The business content includes three aspects: environmental protection (E), social responsibility (S), and corporate governance (G). Among them, the environmental protection (E) aspect is subdivided into 8 important topics:</p> <p>1. Climate-related financial disclosure 2. Circular economy- energy (resource) efficiency improvement 3. Circular economy- plastic recycling 4. Integration of international carbon reduction initiatives 5. Safety and green procurement (including transportation and packaging) 6. Degradable plastic 7. Renewable energy and green energy 8. Green product research and development and promotion of the green industry.</p> <p>The Chairman-Jason Lin serves as the general convener and the Senior Vice President-Jerry Lin serves as Vic convener to be responsible for strategy formulation, goal planning, performance monitoring and management policy about the Company’s ESG. President Office, safety and health department, accounting department, Mailiao and Kaohsiung management department and other units form “The ESG Unit to be responsible for corporate governance, work safety and environmental sustainability, water and energy saving, product and customer service, supplier and contractor management, happy workplace, good neighbors and other related work. The Company convenes each business unit to review the implementation of various ESG businesses every quarter to meet the goal of energy consuming reduction and the ecological balance, and realize the sustainable value of the Company of environment, sociality and corporate governance.</p>			

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>(Explanation 2) Social welfare engagement of the enterprise</p> <p>1. The system, measures, and performance of environmental protection, safety, and health :</p> <p>Since its establishment, the Company has always adhered to the philosophy of “industrial development and environmental protection,” and pursues social responsibility and sustainable business. Therefore, it attaches great importance to the work of environmental protection.</p> <p>Following this concept, the Company adopts the latest international technology for production processes and environmental protection equipment. For example, when building a power plant more than a decade ago, the Company was the first in the country to insist on the use of closed coal bunkers. Coal dust no longer polluted the air, and BACT is used to make pollution emissions far below domestic and international standards. Although the construction cost increased, the intangible environmental improvement and the reduction of resource waste and cost reduction can be obtained. In addition to selecting the best production processes and environmental protection equipment at the beginning of the planning period, the Company also took into consideration of the integration of upstream, middle, and downstream processes, and recycles the by-products and wastes of the upstream process as raw materials and fuels for the middle and downstream processes by fully integrating and reusing waste gas, waste heat and low-level energy between the plants, make the best use of resources and energy, reduce energy and waste resources, we pursue the goal of achieving an eco-industrial park. For example, the power and steam consumption per unit of product in 2022 years has decreased by 17% and 19% respectively compared with the completion of the Phase 4 expansion in 2007. Future reduction targets will continue to be promoted. The spirit of the Company is to always find out the root cause of any problem, continue to improve, consists in stopping in perfect goodness. Through continuous improvement, the Company will continue to improve the efficiency of equipment operation to reduce energy and resource use, and strengthen the competitiveness of sustainable operation.</p> <p>Taking water conservation as an example, from 1999 years to 2022 the sixth naphtha cracker has invested 9.55 billion dollars to complete 2,742 improvement cases, saving 303,400 tons of water per day. The 225 ongoing cases will receive 1.67 billion dollars of investment to achieve the target of saving 12,000 tons of water per day. The total investment is 11.22 billion dollars. After the completion, the annual benefit will be approximately 1.42 billion dollars. In terms of energy conservation and carbon reduction, the sixth naphtha cracker has also invested 28.97 billion dollars 10,211 improvement cases have been completed, reducing about 13.005 million tons of CO₂. 1,380 ongoing cases will receive 1.63 billion</p>		Summary (Note2)	

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
		Summary (Note2)	<p>dollars. It is estimated that an additional 2.11 million tons of CO₂ will be reduced, with a total investment of 45.31 billion dollars. The end benefits will be about 41.96 billion dollars per year.</p> <p>The above-mentioned results can be affirmed by the Company awards from 59 business units and commendations from the competent authorities of the Ministry of Economic Affairs, the Water Resources Department, the Industrial Bureau, the Energy Bureau, and the Environmental Protection Agency during the 10 last years during 2013 to 2022.</p> <p>In addition to adopting the best international production process, doing environmental protection work such as pollution prevention, clean production, energy conservation, carbon reduction, and water conservation to reach the goal of becoming ecological industrial parks, the Company also follows the trend of the times and pays attention to global warming. In recent years, the Company has promoted tree planting in the factory area. The Company have actively promoted the greening of various factories. At present, the Company have planted nearly 2 million trees and 390,000 square meters of shrubs, which can absorb about 15,000 tons of CO₂ per year. Providing a green aerobic environment for employees and nearby residents, and taking into account the best of both industrial development and environmental protection. Traditional factories give the impression that there are few green spaces and trees, and even chimneys emit black smoke from time to time, causing air pollution. The direction of the Company's various factories is to change the minds of people to create a green landscape just like the park, and to turn air pollution into a natural landscape.</p> <p>At the same time, the Company also responded to the government's afforestation and carbon reduction plan and cooperated with the Yunlin County Government to promote flatland afforestation and carbon reduction activities. In 2011, the Company started to receive a 10-year afforestation and carbon reduction subsidy. The Company has received the flatland afforestation award in Yunlin County, with an application area of 1,094 hectares, and about 1.422 billion in subsidies have been provided to the afforestation applicants, contributing to the afforestation and carbon reduction. However, the Council of Agriculture considers that the conversion of fertile land into forest land may lead to food shortages, and it is easy to attract snakes, rats and birds, which will affect the harvest of adjacent farmlands. According to government policy, the Company will no longer provide reciprocal subsidies.</p> <p>The Company also fully cooperates with the Environmental Protection Agency to promote green procurement of private enterprises to</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
		Summary (Note2)	
			<p>implement the energy-saving and carbon-reduction green consumption policy. The statistical green procurement amount of the Company in 2022 is 801 million dollars.</p> <p>In the future, the Company will continue to take into account the concept of environmental protection and economic development, and implement various measures such as water conservation, energy conservation and carbon reduction, sustainable use of resources and friendly environment in order to fulfill social responsibilities.</p> <p>In addition, providing a healthy and safe working environment is the responsibility of the Company to employees and their dependents. Therefore, "Safety First" is an important principle for us to cherish our employees. In addition to establishing a reward system, employees and contractors are encouraged to raise issues with unsatisfactory behaviors and false alarms. Departments with zero occupational disasters are also rewarded, encouraging all units to report potential hazards, and report abnormalities, and unsafe behaviors. Quarterly reviews are conducted to eliminate potential hazards, and an annual safety culture performance commendation conference is held to improve employees' participation and sense of honor through cross-company competitions and performance appraisals across the enterprise.</p> <p>2. Community participation :</p> <p>The Company is deeply rooted in Taiwan. Factories are distributed all over Taiwan. We strive to become a "good neighbor" with the surrounding residents by setting up a dedicated group in each factory to communicate with residents and provide all kinds of assistance. In addition, we continue to mobilize our staff to clean up neighborhood streets and beaches, continually invest in local public welfare activities, and assist in caring for families and disadvantaged groups, so that our employees and community residents can be integrated. Employees have also spontaneously formed a charity group, responding to the feedback to the neighborhood, and by long-term and continuous attention, gradually expand human care and love to every corner of the society to jointly establish a peaceful society. Please refer to 5.1 Local Community Development and Devotion of 2022 ESG Report.</p> <p>3. Supporting domestic cultural development:</p> <p>Promoting the development of Taiwan's unique culture: sponsoring the Ming Hwa Yuan Art & Cultural Group", "I Wan Jan Puppet Theater", "If kids Theatre", "Apple Theatre" to go on tours in the countryside. (Performances were suspended in 2022 due to COVID pandemic).</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
		Summary (Note2)	
		<p>Due to the lack of library and room for the cultural exhibition, the Formosa Group donated NTD 480 million to Mailiao Township Office to build Mailiao Social Education Park which combined the area of library, social education and leisure aesthetics.</p> <p>The Kaohsiung Complex is the birthplace of Formosa Plastics Group and it has 13 memorial buildings including the office of two founders, Wang Yung-Ching and Wang Yung-Tsai. On December 5, 2018, it was officially registered as a cultural asset by the Kaohsiung City Government and “Formosa Wang Brothers Park” was established on its original site. The Company with Nanya Plastics Corp., Formosa Chemicals and Fibre Corp. and Formosa Petrochemical Corp. established “Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park” which is responsible for the building restoration and the park planning and design, and also launches the related culture and art activities, and donated NTD 490 million together as of the end of 2022. The foundation held the cultural heritage party with Bureau of Cultural Affairs, Kaohsiung City Government in April 2023 to respond International Day For Monuments and Sites.</p> <p>4. Social contribution, social services, social welfare, and other social responsibility activities :</p> <p>Based on the spirit of “Take from society, give back to society”, the Company is committed to the sustainable operation and continues to give back to the society and fulfill its social responsibilities with the management policy of “quality, reputation, service, and environmental protection.” Our results in social responsibility are also recorded in the “ESG Report”.</p> <p>In addition to dedicating to business operations, we also invest in medical care, education, and various social welfare undertakings to fulfill Corporate Social Responsibility:</p> <p>(1) Medical treatment: Chang Gung Memorial Hospital was established in 1976. It is committed to “improving medical standards and creating social well-being” and has the courage to challenge the status quo. It not only drives the reform and progress of the medical community but also won the trust of the general public. Now, in Taiwan, there are four major sectors, the North Sector (including Keelung, Lover Lake, Taipei, Linkou, Taoyuan, Tucheng, and other nursing homes), Chiayi Sector, Yunlin Sector, and Kaohsiung Sector (Kaohsiung and Fengshan Hospital). In services, it is also the largest and most complete medical institution in Asia, from emergency medical treatment to rehabilitation, health care, and senior care. Chang Gung Memorial Hospital also donated 1,141 sets of artificial electronic ears for the benefit of hearing-impaired children, and set up a social service fund to subsidize poor patients for long-term treatment. As of the end of 2022, it has spent 10.346 billion dollars and continues to provide the medical assistance needed in remote and undeveloped countries.</p>	

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
	Summary (Note2)		
(2) Education: In the 1960s, various industries in Taiwan flourished. In view of the shortage of industrial talents, the Company founded Mingzhi Institute of Technology (now Mingzhi University of Science and Technology) to provide the students from poor families a chance to study and work at the same time. Later, Chang Gung Medical College (now Chang Gung University) and Chang Gung College (now Chang Gung University of Science and Technology) were established to cultivate students' diligence and simplicity by combining theory and practice, and to cultivate excellent industrial middle cadres and medical staff. Since the beginning of the 1995, the Company started funding for Aboriginal youth education and employment opportunities. The total donation amount is about 1.675 billion dollars, and the number of assisted people reached 5,500.			
(3) Disaster relief: assisting in the 921 earthquake (1999), Morakot wind disaster (2009), Kaohsiung gas explosion incident (2014), Tainan earthquake (2016), Nibble wind disaster (2016), Hualien earthquake (2018) and other disaster relief in reconstruction and the rehabilitation of schools in the disaster areas. So far, 76 primary and secondary schools have been fully sponsored by the Company.			
(4) Other social welfare: In addition to medical and education, the founders of Formosa Plastics have set up seven foundations and charitable social welfare funds. Through the operation of the foundations and the active participation of companies within the corporation, they continue to promote and donate to various social welfare undertakings, such as: A. Since 2007, the Company has cooperated with the government to promote the national free vaccination program for the elderly over 75 years old to improve their health and quality of life. Up until 2010 when the government budgeted and promoted on its own, a total of nearly 1.16 million doses of the Pneumococcal Conjugate Vaccines were donated. B. Continue to promote the "Professional Service of Early Treatment Effectiveness Improvement Program". Assist developmentally retarded children to receive high-quality treatment as soon as possible in order form them to return to the general education system and integrate with society, thereby reducing the burden of family and social care. This project is based on empirical research and guided by the fusion of concepts, family-centered and community-based promotion principles, with the main focus to improve the quality of institutions, personnel capabilities, and parental awareness. From 2006 to 2022, NT\$ 950 million were invested, 30 thousand people and 92 units were benefited. C. Support the inmates: donated to the Yunlin Second Prison, Kaohsiung Prison, and Taipei Prison to handle the Wang Jhan-Yang Foundation Rainbow			

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
	Summary (Note2)		
	<p>Project (drug-addicted HIV inmates), with three courses of physiological education, psychological counseling, and vocational training the project assists drug-addicted prisoners with HIV to cultivate life skills, repair family relationships and reintegrate into society. Cooperation with Yunlin Second Prison and Kaohsiung Prison to handle the Wang Jhan-Yang charitable trust fund Xiangyang project (drug inmates) to assist inmates in returning to the society is also conducted. Collaboration with the Correctional Affairs Department of the Ministry of Justice in 2017 to expand the Xiangyang Project in three prisons including Hualien Prison, Tainan Prison, and Kaohsiung Women's Prison. In consideration of the widespread dental defects among AIDS prisoners that result in poor chewing functions and poor health, Wang Jhan-Yang charitable trust fund donated denture installation fund for the underprivileged AIDS prisoners in Yilan, Taipei, Tainan, Kaohsiung, and Kaohsiung Women's Prison in the hope of assisting prisoners' nutrition digestion and health improvement.</p> <p>D. Promote various scholarships and work-study programs: such as the Children's Education Assistance Program, Assistance to Teenagers/Young Adults who Recently Graduated from Children's Homes, Disadvantaged Student Scholarship, and the Student Financial Aid Program in Remote Areas, to help the economically disadvantaged or disabled children and young students to be able to receive education unhindered. The Excellent Talents Development Program provides long-term scholarships for outstanding students from disadvantaged backgrounds to assist them in academic and moral development. In addition, we will promote semester and summer work-study programs, match students to work in social welfare institutions, cultivate the service spirit of students contributing to society, and reduce institutional operating costs and expenditures to serve more vulnerable people.</p> <p>E. Women and Children's Welfare: a. Promote the nutritional breakfast subsidy for the vulnerable children in the neighboring 7 Township for Mailiao Factory, b. Promote the economic assistance program for victims of domestic abuse, c. Promote the medical treatment and economic assistance of patients with rare diseases, d. Donation to Taitung and Hualien English Assistance Program, an introduction of outstanding American college students to primary schools in remote areas for English teaching, e. Promote the nutritional breakfast subsidy for the vulnerable Junior High School students of Pingtung County, f. Donation the nutritional lunch subsidy for all public elementary and junior high school students of Yunlin County, g. Donation Scholarship for Orphan, h. Donation living expenses for Preschool children from disadvantaged families. i. Donation the HPV 9-valent vaccine for the girls in the first year of junior high school of Yunlin County, j. Donation the 'Childminder Management and Subsidy Programme' of Yunlin County k. Set up a used toy recycling center.</p>		

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
	Summary (Note2)		
F. Elderly welfare: a. promote the elderly housing improvement and appliance donation plan, b. Mailiao and Taixi Township meal delivery plan for elderly living alone, c. promote the “Active Aging Center” corporately in Taiwan. Members in this center would participate in five major classes (of the elderly) through package-based individual planning courses, including health management, brain training, vitality, physical training and social participation, to maintain their health, preventing disability, and effectiveness of helping healthy elderly people improve, d. Donate to the elderly daycare center shuttle bus and dream plan, e. Elderly welfare institution lighting improvements plan, f. Donation daycare and health promotion for elder in Remote Areas. h. Donation the “Evergreen Canteen” of Yunlin County. h. Donation the “Evergreen Canteen” of Yunlin County, i. Donations were made to elderly people aged 65-69 in Yunlin County as Double Ninth Festival gift money.			
G. Vulnerable group support: a. Donation to social welfare institutions daily necessities and rice, b. The low-income households near Mailiao factory receive gifts and bonus for the three most important Chinese holidays c. Emergency Allowances plan, d. Donation of daily necessities to the Christian Relief Association food bank, e. Promoting Homeless Assistance Program, including the establishment of supportive housing and the subsidy of kitchen facilities, to support the homeless to live as independently as possible within their community., f. Promote “The design and implementation of intelligent support system in long term care” and “Love Health Volunteer Promotion Program”, g. Promote lighting improvement projects, donate lighting equipment to improve the lighting equipment in social welfare institutions in order to provide good care of the environment and save electricity bills, h. In response to the COVID-19 pandemic, rapid screening test kits and personal protective materials were donated to hospitals, social welfare organizations, and the Department of Public Health in New Taipei City and Taoyuan City. We also donated vitamin B supplement to the medical staff.			
H. Promote the Wang Jhan-Yang charitable trust fund “Burning Star Project” to cultivate outstanding sports talents, “Future Star Project “ sports talents abroad training programs and sports player medical protection programs to help domestic sports talents improve their performance. Wang Chang Gung charitable trust has implemented the “Caretaker for Athletes Program” since 2019.			
I. Institutional support: a. Donation of social welfare institutions to purchase facilities and equipment and construction and repair (17 social welfare institutions), b. Donate funds for vulnerable groups to help plan(Kaohsiung City Government, Taoyuan City Government, Keelung City Government, ChiaYi County Government) ,c. donation of mooncakes to social welfare institutions.			

Note 1: If Implementation Status is specified “Yes”, please explain the key policies, strategies and measures taken and the current progress. If Implementation Status is specified “No”, please refer to “Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons” section to explain the situation and reasons for the discrepancies, as well as explain any policy, strategy and measure planned for the future. However, in relation to the implementation of Items 1 and 2, listed and OTC companies should specify the governance and supervision framework for sustainable development, including but not limited to management approach, strategy and goal setting, review measures, etc. It also describes the Company’s risk management policies or strategies on operational-related environmental, social and corporate governance issues and their assessment.

Note 2: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

Note 3: For the disclosure method, please refer to the template on the Taiwan Stock Exchange Rules & Regulations Directory website.

3.4.7 Fulfillment of Ethical Corporate Management and Measures

Fulfillment of Ethical Corporate Management Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
<p>1. Stipulating policies and plans for ethical corporate management</p> <p>(1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors, and clearly stipulated regulations and policies for ethical business conduct and relevant guidelines in company articles and external documents?</p> <p>Does the Company’s Directors and management team actively fulfill their commitment to corporate policies?</p> <p>(2) Has the company established a risk assessment mechanism</p>	V	<p>(1) In addition to following Company Act, Securities and Exchange Act, and other related regulations, the Company keeps the “Diligence, Perseverance, Frugality and Trustworthiness” enterprise spirit to comply with the law and ethical standards. With the business philosophy of honesty, integrity, fairness, and transparency, self-discipline, and responsibility, the Company has established Principles of Ethical Corporation Management approved by the Board of Directors. With the Company’s President Office as the driving unit to formulate and implement various ethical policies, and establish a good corporate governance and risk control mechanism, the Company is to pursue sustainable development. The Board of Directors and management also promise to carry out and supervise the implementation of the integrity management policy actively.</p> <p>(2) a. The Company has established strict rules of conduct and ethics such as the “Personnel Management Rules” and “Working Rules”, and has</p>	<p>Complying with the regulations specified in</p>

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
<p>against unethical conduct, regularly analyzed business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does the company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>		<p>specified the relevant reward and punishment regulations. Directors, managers, servants of the Company, or those who have substantial control capabilities are prohibited from providing, pledge, requesting or accepting any illegitimate interests directly or indirectly, or making other violations of good faith, illegality, or breach of fiduciary duty to prevent malpractice, misappropriation of public funds, acceptance of bribes, disclosure or lies, and other acts of dishonesty.</p> <p>b. The Company analyzes and assesses periodically business activities within their business scope which are at a higher risk of being involved in unethical conduct. For those who engage in business activities with a high risk of dishonest behavior, the Company has clearly established “Personnel Management Rules” and “Working Rules” which state that positions of interest for business, procurement, contracting, supervision, and budgeting, as well as contact with other manufacturers shall not accept business dinners or other entertainment activities invited by the manufacturer, nor accept the property or other interests of gifts. The offenders shall be excused from office and their Supervisors shall be jointly and severally punished. Besides, related duties have comprehensively promoted regular rotation operations to prevent the occurrence of any corruption.</p>	<p>Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” the Company has specified and enacted regulations designed to prevent unethical conduct in multiple rules and systems. Nevertheless, specific “Procedures for Ethical Management and Guidelines for Conduct” has yet to be formulated.</p>

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
(3) Has the Company established action plans to prevent unethical conduct? Has the Company clearly prescribed procedures, code of conduct, punitive measures for violations and appeal systems within the said plan? Did the action plans be implemented accordingly?	V	(3) The Company has clearly stipulated regulations and policies for ethical business conduct and relevant guidelines, code of conduct, whistleblowing, punitive measures for violations, and grievances in company articles and systems, including the "Personnel Management Rules", "Principles of Ethical Corporation Management", "Guidelines for Prevention of Insider Trading", "Whistleblowing Procedures" and "Guidelines to Employee Grievances". The Company has established "Code of Ethical Conduct" for the Directors and Managers of the Company to adhere to (please refer to page 132 of the annual report.). The adequacy and effectiveness of regulations and policies for ethical business conduct were reviewed on a regular basis.	In compliance with Article 6, paragraph 1 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
2. Implementing ethical corporate management (1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	V	(1) The contract signed by the Company for commercial activities is subject to the terms of good faith. In addition, the Company conduct inquiries such as honesty investigations for customers, suppliers, and other stakeholders to avoid the occurrence of dishonest behavior and damage of the Company's rights and interests.	In compliance with Article 9 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
(2) Has the Company designated an exclusively (or concurrently) dedicated unit reports its ethical business management policy, action plans to prevent unethical conduct, and implementation status of supervisory measures to the Board of Directors?	V	(2) The President Office of the Company and the general management office of the whole enterprise are in charge of promoting ethical business. They promote regulations and policies for ethical business conduct .In addition, they handles and verifies whistleblowing cases based on the Company's Whistleblowing Procedure. The department in charge of promoting ethical business reports its ethical business management policy, and action plans to prevent unethical conduct to the Board of Directors at least once per year. The most recent report dated is on December 21, 2021. They mainly report the ethical corporate management policies, measures, implementation status of supervisory measures and commitments of the board of directors and management to implement business policies actively. Additionally, the internal audit report is submitted to the Independent Director monthly and the internal audit result is reported to the board of directors regularly.	In compliance with Article 17 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(3) Has the Company established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	V	(3) a. The Company's standards for the Board of Directors meetings has clearly states that if Directors or the juridical persons they represented have a personal interest, they shall state the key aspects of the interest in the meeting. If their interest may prejudice the interests of the Company, the persons concerned shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. Also, they shall not stand proxy for other Directors to exercise the voting right on those items.	In compliance with Article 19 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Did internal auditors establish relevant audit plan to verify the status of compliance with unethical conduct prevention action plans based on the result of risk assessment on unethical conduct? Did the Company entrust audits to a CPA ?	V	<p>b. The Company has stated in its “Personnel Management Rules” that employees should strictly abide by the code of conduct for avoidance of interests and proactively report ethical concerns such as conflicts of interest, and have provisions prohibiting competition to prevent conflicts of interest.</p> <p>c. The Company has provisions for “Guidelines to Employee Grievances” and “Whistleblowing Procedures”, etc., and provides specific reporting channels for reporting any illegal or improper behavior.</p> <p>(4) The Company has established an effective and improved accounting system and internal control mechanism, and fully implemented computerization of operations. The six management functions of personnel, finance, business, production, materials, and engineering are connected by computers, layer by layer, and executed for management of any abnormalities. In addition, the Company also established a professional and independent internal audit structure. The structure is divided into three levels. The first level is carried out by the Auditing Office attached to the Company’s Board of Directors. The internal auditors will establish annual audit plan to verify the level of compliance with established regulations to lower the risk from unethical conduct. The second level is routine and project-based independent auditing carried out by the general administration office. Moreover, since internal</p>	In compliance with Article 20 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
(5) Does the Company regularly organize internal and external training for ethical corporate management?	V	<p>auditing is the duty of all employees, the third level of auditing is to require all departments to conduct voluntary operation inspections (on a monthly, quarterly, semi-annual, or annual basis) to extend the concept internal control to all levels of the Company.</p> <p>(5) Through regular corporate publications as well as various occasions, the Company promotes the corporate culture of “Diligence, Perseverance, Frugality and Trustworthiness,” as well as cultivating work ethics based on integrity, fairness and transparency, self-discipline, and a sense of responsibility. All new recruits receive corporate culture training. In addition, training courses about regulations, anti-fraud, and anti-corruption are held every year to strengthen the employees’ commitment to complying with management rules based on good faith. In 2022, the Company held internal and external education training related to the issue of integrity management (including legal compliance, corporate ethics, risk management, enterprise sustainable development, stakeholder’s right maintenance and corporate governance) strengthening, with a total of 27,674 person involved in, and the 248,668 training hours.</p>	In compliance with Article 22, paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
<p>3. Status for enforcing whistle-blowing systems in the Company</p> <p>(1) Has the Company established concrete whistle-blowing and reward systems as well as accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?</p> <p>(2) Has the Company established standard operating procedures (SOP) for whistle-blowing cases, follow-up measures and relevant systems of confidentiality after the investigation?</p> <p>(3) Has the Company adopted protection measures against inappropriate disciplinary actions for the whistle-blower?</p>	V	<p>The Company has a “Guidelines to Employee Grievances” and “Whistleblowing Procedures” to provide a specific reporting and reward system:</p> <p>(1) Providing multiple reporting channels such as actual mailboxes, e-mail boxes, and fax lines. Visible notices are placed around the main entrances to be used by informants.</p> <p>(2) After a case is filed, the relevant team members of President Office shall be responsible for the procedures of case review, filing, and follow-up investigation.</p> <p>(3) The principle of confidentiality: During and after an investigation, it is strictly forbidden to disclose any information to unrelated parties. Supervisors at all levels must also keep information confidential. All relevant information must be processed and archived according to the confidential document procedures to ensure the informant does not experience any unjust setback.</p> <p>(4) Where the occurrence of illegal or improper act has been found to be true, punitive actions will be taken based on the “Personnel Management Rules”. Judicial or prosecuting institutions will be alerted when necessary.</p>	In compliance with Article 23 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”

Evaluation Item	Implementation Status (Note)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
4. Improvement of information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V	Information on integrity management and ethical behavior has been disclosed on both Chinese and English website of the Company.	In compliance with Article 25 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
5. If the Company has established the Code of Ethics and Business Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any deviations between the Code of Ethics and Business Conduct and their implementations: The Board of Directors of the Company approved to set the "Principles of Ethical Corporation Management" on November 11, 2014 which was amended by the Board of Directors on June 25, 2015, and the Company reviews the principles annually. Although the Company's principles have been slightly revised according to the Company's practice, it still complies with the spirit of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".			
6. Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its principles of integrity) The Company schedules corporate governance courses for Directors and managers regularly to emphasize the importance of governance, which is to strengthen the effectiveness of governance and put ethical management into practice.			

Note: Provide a brief description in the appropriate column, regardless of whether "yes" or "no" is selected.

3.4.8 The Searching Way of Principles of Corporate Governance and Related Bylaws the Company Adopted:

The Principles of Corporate Governance and related bylaws the Company adopted are available on the Company's website.

3.4.9 Other Significant Information Provides a Better Understanding of the State of the Company's Implementation of Corporate Governance:

1. In line with Letter No. 0930005101 issued by the provisions of the Securities and Futures Bureau of the Executive Yuan Financial Supervisory Commission on October 28, 2004, and Letter No. 0930028186 issued by Taiwan Stock Exchange Cooperation on November 11, 2004, Principles of Ethical Corporate Management established by the Company is as follows:

Formosa Plastics Corporation

Code of Ethical Conduct for Directors and Managers

Chapter 1 General Principles

Article 1: The Code of Ethical Conduct (the "Code") of Formosa Plastics Corporation (the "Company") is established to stipulate rules for Directors and managers (including President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Chief Financial Officer, Chief Accounting Officer, and other persons authorized to manage affairs and sign documents on behalf of the Company) to abide by in terms of ethical conduct when engaging in business activities within the scope of their authority, to prevent unethical conduct or any conduct that may damage the interest of the Company and its shareholders.

Chapter 2 Content of the Code

Article 2: Directors and managers shall conduct corporate affairs on the basis of integrity, faithfulness, compliance with laws, fairness and righteousness and with an ethical, self-disciplined attitude.

Article 3: Directors and managers shall avoid any conflicts of interest arising when their personal interest intervenes, or is likely to intervene in the overall interest of the Company, including but not limited to unable to perform their duties in an objective and efficient manner, or taking advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. To prevent conflicts of interest, any matters pertaining to lending funds, providing guarantees, and major asset transactions between the Company and the above-mentioned persons or their affiliated enterprise thereof shall be submitted to the Board of Directors for its approval in advance. The corresponding purchase (or sale) of goods shall be dealt with the best interest of the Company.

Article 4: When the Company has an opportunity for profit, the Directors and managers have the

responsibility to conserve the reasonable and lawful benefits that can be obtained by the Company.

The Directors and managers shall not obtain personal gain by using the Company property or information or taking advantage of their positions. Unless otherwise stipulated in the Company Act or Articles of Association, they shall not engage in activities that compete with the business of the Company.

Article 5: The Directors and managers shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 6: The Directors and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7: The Directors and managers shall have the responsibility to safeguard the Company's assets, to use the assets for official business purpose properly, and to avoid any impact on the Company's profitability resulting from theft, negligence in care or waste of the assets.

Article 8: The Directors and managers shall comply with applicable laws and the Company's regulations.

Article 9: When a director or manager is found by employee to have committed a violation of a law, regulation or the Code, the employee shall report to the Audit Committee, their direct managers, president office personnel, internal audit officer, or other appropriate personnel with sufficient evidence. Once the misconduct is confirmed, the Company will reward the above-mentioned employee in accordance with the Company's rules for employment management.

The Company shall handle the above-mentioned report properly and confidentially. The Company also shall use its best efforts to ensure the safety of the conscientious reporter and protect him/her from all kinds of reprisals.

Article 10: Where a director or manager is verified to have violated the Code, in addition to being subject to punishment under the Company's rules for employment management, the Company shall report the violation to the Board of Directors. The person involved in the violation shall be liable for civil, criminal or administrative responsibilities required by law and the Company shall disclose the violation on the Market Observation Post System ("MOPS") immediately, including: the date of the violation, description of the violation, the provisions of the Code violated, and the disciplinary actions taken.

Chapter 3 Procedures for Exemption

Article 11: Where a Director or manager is to be exempted from the Code due to special circumstances, such exemption shall be approved by an majority vote at a meeting of the Board of Directors attended by over two-third of the Directors in person or through representation. The Company shall immediately disclose on the MOPS, including: date of exemption granted by the Board of

Directors, any opposing or qualified opinion expressed by the independent directors, and the period of, reasons for, and the provisions of the Code behind the application of the exemption for shareholders to evaluate the appropriateness and to safeguard the interests of the Company.

Chapter 4 Method of Information Disclosure

Article 12: The Company shall disclose the Code on the Company's website, annual reports, prospectuses, and the MOPS. Any amendment is subject to the same procedure.

Chapter 5 Additional Provision

Article 13: The Code shall be implemented after approval by the Board of Directors and shall be reported to a shareholders meeting. Any amendment is subject to the same procedure.

2. The Company's managers attend continuing education and training relevant to corporate governance each year, and all equip professional knowledge. Their training status is as follows:

Title	Name	Date of Training	Organization	Course	Hours
President	Jason Lin	2022.11.17	Securities and Futures Institute	Outlooks of Economic and the Trend of Industries in 2023	3
Senior Vice President	Jerry Lin	2022.11.17	Taiwan Corporate Governance Association	Real Value Created by the Circulation and the Low-carbon Innovations-Understanding Circular Economy and Governance	3
Financial Officer	Ray Lei	2022.11.23	Taiwan Corporate Governance Association	International Order Variables and Corporate Governance Responses	3
		2022.11.23	Taiwan Corporate Governance Association	Carbon Management Trends and Responses towards Net-Zero	3
Accounting and Corporate Governance Officer	Chia-Tse Chang	2022.11.17	Securities and Futures Institute	Outlooks of Economic and the Trend of Industries in 2023	3
		2022.11.17	Taiwan Corporate Governance Association	Real Value Created by the Circulation and the Low-carbon Innovations-Understanding Circular Economy and Governance	3
		2022.11.23	Taiwan Corporate Governance Association	International Order Variables and Corporate Governance Responses	3
		2022.11.23	Taiwan Corporate Governance Association	Carbon Management Trends and Responses towards Net-Zero	3

3. Certification of employees whose jobs are related to the release of the Company's financial information:
- (1) Accounting department: 9 employees with Certified Public Accountant of Republic of China (Taiwan) Certification, 1 employee with Certified Internal Auditor(CIA) Certification and 1 employee with Certified Securities Analyst of Republic of China (Taiwan) Certification
 - (2) Finance department: None.
 - (3) Audit department: 4 employees with Certified Internal Auditor (CIA) Certification, 7 employees with Certified Public Accountant of Republic of China (Taiwan) Certification and 1 employees with Chinese Institute of Certified Public Accountants.
4. Company Procedures for Handling Material Inside Information:
- (1) "Diligence, Perseverance, Frugality and Trustworthiness" is the core enterprise spirit. The Company therefore set up a strict ethical policy hoping employees to obey every behavioral standard and principle of moral, and take full responsibility either for working or daily routine. Thus, employees disclose confidential information, tell a lie, indulge in malpractices, or spread rumors is strictly prohibited.
 - (2) The Company has established the "Operating Procedures for Handling Material Inside Information" to specify the scope of material inside information, to require the Directors, managers and employees to keep the inside material information confidential, and to establish the confidentiality mechanism for material inside information and the provision of penalties for non-compliance. Internal evaluation and approval shall be obtained before public disclosure of material information and the Company's spokesperson or acting spokesperson shall speak on behalf of the Company in principle. In addition, the internal material information processing procedures are incorporated into the internal control and internal audit system, and training is provided on a timely basis.
 - (3) The Company has set up and clearly stated the "Personnel Management Rules". Without written permission issued by the Company, employees should not release any inside information or information has not been announced. Besides, the use of inside information for personal or business unrelated purposes are also strictly forbidden.

(4) The Company has set up “Spokesperson Procedure” for information announcement and the procedures for critical factory events. Besides the Company’s spokesperson, none of the staff can reveal corporate policies or business related information in order to prevent insider trading.

3.4.10 Implementation Status of the Internal Control System

1. Internal control system statement

Formosa Plastics Corporation Internal Control System Statement

Date: 2023.3.10

The Company states the following with regard to its internal control system in 2022, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment 2. Risk assessment 3. Control activities 4. Information and communications 5. Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on 2022.12.31 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance of reporting, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement has been passed by the Board of Directors Meeting of the Company held on 2023.3.10, where all of 15 attending directors affirmed the content of this Statement.

Formosa Plastics Corporation
Chairman: Jason Lin
President: Jason Lin

2. Where a CPA is commissioned to conduct a review on the internal control system, disclose the CPA's audit report: None

3.4.11 If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.12 Material resolutions of Shareholders Meeting or Board of Directors Meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Shareholders' Meeting on June 9, 2022

Directors attending the Shareholders' Meeting: 8 people including Jason Lin, Sang-Chi Lin, Jerry Lin, Cheng-Chung Cheng(above as Directors), C. L. Wei, C. J. Wu, Yen-Shiang Shih, Wen-Chyi Ong(above as Independent Directors), which is over the half of the number of the Board of Directors.

(1) Ratification items

Proposal 1

Proposal: For approval of the 2021 Business Report and Financial Statements as required by the Company Act. (Proposed by the Board of Directors)

Resolution: Total voting rights represented by the attending shareholders are 5,081,157,005 votes for this proposal. Voting results show adoption of 4,831,552,893 votes (of which votes through electronic means account for 3,998,736,415), representing 95.1 % of the total voting rights. Dissent voting rights are 2,831,728 votes (of which votes through electronic means account for 2,831,728 votes), and invalid voting rights are 0 votes. Forfeit and rights not exercised are 246,772,384 votes (of which votes through electronic means account for 235,693,911 votes). The rights of adoption have exceeded the required number. The proposal has been adopted.

Implementation: Recognized by the resolution of the shareholders meeting.

Proposal 2

Proposal: For approval of the proposal for distribution of 2021 Profits as required by the Company Act. (Proposed by the Board of Directors)

Resolution: Total voting rights represented by the attending shareholders are 5,081,157,005 votes for this proposal. Voting results show adoption of 4,836,095,007 votes (of which votes through electronic means account for 4,003,278,529), representing 95.2 % of the total voting rights. Dissent voting rights are 154,014 votes (of which votes through electronic means account for 154,014 votes), and invalid voting rights are 0 votes. Forfeit and rights not exercised are 244,907,984 votes (of which votes through electronic means account for 233,829,511 votes). The rights of adoption have exceeded the required number. The proposal has been adopted.

Implementation: The 2022 Shareholders' Meeting resolved cash dividends of NTD8.2 per share. On June 9, 2021, the Board of Directors set the date of July 11, 2022 as the base for the distribution of cash dividends. The actual distribution date was on August 5, 2022.

(2) Discussion items

Proposal 1

Proposal: Amendment to the Articles of Incorporation of the Company. (Proposed by the Board of Directors)

Resolution: Total voting rights represented by the attending shareholders are 5,081,157,005 votes for this proposal. Voting results show adoption of 4,109,668,089 votes (of which votes through electronic means account for 3,276,851,611), representing 80.9 % of the total voting rights. Dissent voting rights are 645,610,313 votes (of which votes through electronic means account for 645,610,313 votes), and invalid voting rights are 0 votes. Forfeit and rights not exercised are 325,878,603 votes (of which votes through electronic means account for 314,800,130 votes). The rights of adoption have exceeded the required number. The proposal has been adopted.

Implementation: According to approval of shareholders' meeting, the Company revised the registration and disclosed the amended the Articles of Incorporation on the Company's website.

Proposal 2

Proposal: Amendment to Procedures for Acquisition or Disposal of Assets of the Company. (Proposed by the Board of Directors)

Resolution: Total voting rights represented by the attending shareholders are 5,081,157,005 votes for this proposal. Voting results show adoption of 4,760,591,114 votes (of which votes through electronic means account for 3,927,774,636), representing 93.7% of the total voting rights. Dissent voting rights are 183,634 votes (of which votes through electronic means account for 183,634 votes), and invalid voting rights are 0 votes. Forfeit and rights not exercised are 320,382,257 votes (of which votes through electronic means account for 309,303,784 votes). The rights of adoption have exceeded the required number. The proposal has been adopted.

Implementation: According to approval of shareholders' meeting, the Company implemented the amended rules and disclosed it on the MOPS and the Company's website.

(3) Extraordinary Motions

(The shareholder of No.0930243, Mr. Ke Cian Yong, recommended the Company disclosed how to response to the risk of climate change and decline the carbon emission clearly. The chairperson designated the director, Jerry Lin, to respond the answer.)

(The shareholder of No. 0757700, Ms. Lin Ren Huei, recommended the Company as the shareholder of Formosa Ha Tinh Steel Corp. shall evaluate its effect of environment and human right. The chairperson responded the answer.)

2. Board of Directors Meeting on March 10, 2022

Proposal 1

Proposal: Employee compensation of 2021.

Resolution: All attendants approved the proposal, and it was submitted to report on the 2022 Shareholders' Meeting.

Proposal 2

Proposal: Creation of the 2021 business report and financial statements and the 2022 operating plans.

(The secretariat reported that the appendix of this proposal has been submitted to the

Audit Committee for approval, and the manager reported the 2021 operating status and the 2022 annual operating plans.)

Resolution: All attendants approved the proposal.

Proposal 3

Proposal: Distribution of 2021 profits.

Resolution: All attendants approved the proposal.

Proposal 4

Proposal: Calling of the 2022 Shareholders' Meeting to take place on June 9, 2022.

Resolution: All attendants approved the proposal.

Proposal 5

Proposal: To amend the Articles of Incorporation of the Company.

Resolution: All attendants approved the proposal, and it was submitted to 2022 Shareholders' Meeting for approval.

Proposal 6

Proposal: To amend Procedures for Acquisition or Disposal of Assets of the Company. (Proposed by the Audit Committee)

Resolution: All attendants approved the proposal, and it was submitted to 2022 Shareholders' Meeting for approval.

Proposal 7

Proposal: To formulate the Company's internal control system statement.

(Proposed by the Audit Committee)

Resolution: All attendants approved the proposal.

Proposal 8

Proposal: To compile plan of lending funds for 2022 Q2.

(Proposed by the Audit Committee)

(The attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the borrowing company, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 9

Proposal: Transaction with related parties. (Proposed by the Audit Committee)
(The attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the company of equipment transaction, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 10

Proposal: To issue a letter of support for credit facilities of Formosa Ha Tinh (Cayman) Ltd. (Proposed by the Audit Committee)
(The attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman or Director of Formosa Ha Tinh (Cayman) Ltd., or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 11

Proposal: To purchase the land of 5,333.99 ping and the building of 4,870.89 ping with NTD 801,568,334 from Naya Plastics Corp.

(Proposed by the Audit Committee)
(The attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Managing Director of Naya Plastics Corp., or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

3. Board of Directors Meeting on May 10, 2022

Proposal 1

Proposal: Creation of the 2022 Q1 financial statements.

(Proposed by the Audit Committee)

(The manager of the president office reported the 2022 Q1 operating status.)

Resolution: All attendants approved the proposal.

Proposal 2

Proposal: To amend Corporate Social Responsibility Principles of the Company

Resolution: All attendants approved the proposal.

Proposal 3

Proposal: To set up the Sustainable Development Committee under the Board of Directors, and formulate the Sustainable Development Committee Charter.

Resolution: All attendants approved the proposal.

Proposal 4

Proposal: To assign Chairman, Jason Lin, Director, Jerry Lin, and Independent Directors, C. L. Wei, C. J. Wu, Yen-Shiang Shih, and Wen-Chyi Ong as the member of Sustainable Development Committee.

(The Chairman, attending Director, Jerry Lin, and Independent Directors, C. L. Wei, C. J. Wu, Yen-Shiang Shih, and Wen-Chyi Ong, were the related parties in this proposal and recused from the discussion and voting. The Managing Director, William Wong, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 5

Proposal: To compile plan of lending funds for 2022 Q3.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the borrowing company, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was

designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 6

Proposal: Transaction with related parties. (Proposed by the Audit Committee)
(The Chairman and attending Managing Directors, William Wong, Susan Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the company of equipment transaction, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 7

Proposal: To increase investment of Formosa Industries Corp. with USD 70 million.
(Proposed by the Audit Committee)

(The Chairman and attending Directors, C. T. Lee, serve as Director or Chairman of Formosa Industries Corp. were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 8

Proposal: To invest Formosa Smart Energy Tech Corp.
(Proposed by the Audit Committee)

Resolution: All attendants approved the proposal.

4. Board of Directors Meeting on June 9, 2022

Proposal 1

Proposal: To set the base date and distribution date of the Company's 2021 allocation of cash dividend.

Resolution: All attendants approved the proposal.

Proposal 2

Proposal: In order to meet operational needs, the Company plans to update the credit facilities negotiated with financial institutions.

Resolution: All attendants approved the proposal.

5. Board of Directors Meeting on August 11, 2022

Proposal 1

Proposal: Creation of the 2022 Q2 financial statements.

(Proposed by the Audit Committee)

(The manager of the president office reported the 2022 Q2 operating status.)

Resolution: All attendants approved the proposal.

Proposal 2

Proposal: To sell the idle land to Formosa Sumco Technology Corp.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Director, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 3

Proposal: To compile plan of lending funds for 2022 Q4.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the borrowing company, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 4

Proposal: Transaction with related parties.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the company of equipment transaction, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 5

Proposal: To issue a letter of support for credit facilities of Formosa Steel IB Pty Ltd.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong and Wilfred Wang, serve as Director or Chairman of Formosa Resources Corp. or FSIB, were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 6

Proposal: To amend “Internal Control Systems” and “Internal Audit Implementation Rules” of the Company.

(Proposed by the Audit Committee)

Resolution: All attendants approved the proposal.

Proposal 7

Proposal: The salary raise of managers of 2022 was the same as the all employees.

(Proposed by the Remuneration Committee)

Resolution: All attendants approved the proposal.

Proposal 8

Proposal: To adjust the payment principle of transportation allowance.

(Proposed by the Remuneration Committee)

Resolution: All attendants approved the proposal.

6. Board of Directors Meeting on November 10, 2022

Proposal 1

Proposal: Creation of the 2022 Q3 financial statements.

(Proposed by the Audit Committee)

(The manager of the president office reported the 2022 Q3 operating status.)

Resolution: All attendants approved the proposal.

Proposal 2

Proposal: To compile plan of lending funds for 2023 Q1.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the borrowing company, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 3

Proposal: Transaction with related parties.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the company of equipment transaction, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 4

Proposal: To donate NTD 4,853,307 to Chang Gung University.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, serve as Director or Chairman of Chang Gung University, were recused from the discussion and

voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 5

Proposal: To amend “Principles of Corporate Governance” of the Company.

Resolution: All attendants approved the proposal.

Proposal 6

Proposal: To amend “Rules of Procedure for Board of Directors Meetings” of the Company.

Resolution: All attendants approved the proposal.

Proposal 7

Proposal: To formulate “Procedures for Handling Material Inside Information” of the Company.

Resolution: All attendants approved the proposal.

Proposal 8

Proposal: Issuance of domestic unsecured ordinary corporate bonds within NTD 14 billion to raise long-term funds to invest in domestic or overseas business, to build and expand current plant, to replace current plant and equipment, to pay off loans, and to fund the working capital during 2022 to 2023.

Resolution: All attendants approved the proposal.

7. Board of Directors Meeting on December 16, 2022

Proposal 1

Proposal: Preparation of 2023 internal audit plan.

Resolution: All attendants approved the proposal.

Proposal 2

Proposal: To issue a letter of support for credit facilities of Formosa Steel IB Pty Ltd.
(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong and Wilfred

Wang, serve as Director or Chairman of Formosa Resources Corp. or FSIB, were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 3

Proposal: To change the accounting officer and corporate governance officer of the Company.

(The secretary additionally reported that the accounting officer change had approved by the Audit Committee)

Resolution: All attendants approved the proposal.

Proposal 4

Proposal: In order to meet operational needs, the Company plans to get the credit line negotiated with financial institutions.

Resolution: All attendants approved the proposal.

8. Board of Directors Meeting on March 10, 2023

Proposal 1

Proposal: Employee compensation of 2022.

Resolution: All attendants approved, and it will be submitted to report on the 2023 Shareholders' Meeting.

Proposal 2

Proposal: Creation of the 2022 business report and financial statements and the 2023 operating plans.

(The Secretariat reported that the appendix of this proposal has been submitted to the Audit Committee for approval, and the manager reported the 2022 operating status and the 20223 annual operating target.)

Resolution: All attendants approved the proposal.

Proposal 3

Proposal: Distribution of 2022 profits.

Resolution: 1. All attendants approved the cash dividends distribution with total amount of NTD 26,736,111,280, NTD 4.2 per share, which will be submitted to report on the 2023 Shareholders' Meeting.

2. All attendants approved to submit the distribution of 2022 profits for approval on the 2022 Shareholders' Meeting

Proposal 4

Proposal: Calling of the 2023 Shareholders' Meeting to take place on May 30, 2023.

Resolution: All attendants approved the proposal.

Proposal 5

Proposal: To formulate Internal Control System Statement of the Company.

(Proposed by the Audit Committee)

Resolution: All attendants approved the proposal.

Proposal 6

Proposal: To compile plan of lending funds for 2023 Q2.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the borrowing company, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 7

Proposal: Transaction with related parties.

(Proposed by the Audit Committee)

(The Chairman and attending Managing Directors, William Wong, Susan Wang, Wilfred Wang, and Director, Cher Wang, serve as Chairman, Managing Director, Director or representative of the institutional shareholders of the company of equipment transaction, or as a relative party within the second degree of kinship of a managing director were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 8

Proposal: To donate NTD 90,382,426 to Kaohsiung Cultural Foundation of Brothers Wang Yung-ching and Wang Yung-tsai Park.

(Proposed by the Audit Committee)

(The Chairman and attending Directors, Sang-Chi Lin, serve as Chairman or Director of Kaohsiung Cultural Foundation of Brothers Wang Yung-ching and Wang Yung-tsai Park, were recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for the above-mentioned Directors who had to recuse themselves from voting due to conflict of interest, the rest approved the proposal.

Proposal 9

Proposal: To liquate the investee, Formosa Mitsui Advanced Chemicals Co., Ltd.

(Proposed by the Audit Committee)

(The Chairman, serve as Chairman of Formosa Mitsui Advanced Chemicals Co., Ltd., was recused from the discussion and voting. The Managing Director, C. L. Wei, was designated as temporary chairperson of the meeting.)

Resolution: Except for Chairman who had to recuse himself from voting due to conflict of interest, the rest approved the proposal.

Proposal 10

Proposal: To formulate the policy of non-assurance services provided by audit CPA.

(Proposed by the Audit Committee)

Resolution: All attendants approved the proposal.

Proposal 11

Proposal: To exchange the finance report audit CPAs.

(Proposed by the Audit Committee)

Resolution: All attendants approved the proposal.

Proposal 12

Proposal: To promote the manager of the Company.

(The attending manager, Wen-Bee Kuo, who the person will be promote was recused from the discussion.)

Resolution: All attendants approved the proposal.

3.4.13 During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution approved by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3.4.14 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

2023.3.31

Title	Name	Date of Appointment	Date of Termination	Reasons of Resignation or Dismissal
President	Jason Lin	2015.08.11	2023.03.10	Duty adjustment based on the need of operating management
Accounting officer	Chia-Tse Chang	2015.12.25	2022.12.31	Retirement
Corporate governance officer		2019.05.07		

3.5 Information Regarding the Company's Audit Fee

3.5.1 Audit fee Range Table

Unite: NTD thousand

Name of accounting firm	Name of CPA	Audit period	Audit Fee	Non-audit Fee	Total Fee	Remarks
KPMG Certified Public Accountants Firm	Hui-Chih Kou	2022.01.01~2022.12.31	5,915	2,022	7,937	Note 2
	Chi-Lung Yu	2022.01.01~2022.12.31				

Note:

1. If the Company has changed CPA or accounting firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason. Non-audit service content shall be disclosed at the column of remarks.
2. Non-audit fee includes the profit-seeking enterprise income tax auditing with NTD 1,200 thousand, the transfer pricing documentation with NTD 440 thousand, master file of NTD 157 thousand, country- by-country report of NTD 105 thousand and sales tax direct deduction method of NTD 120 thousand.

3.5.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

3.5.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 % or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefor shall be disclosed: Not applicable.

3.6 Replacement of CPA : If the company has replaced its CPA within the last two fiscal years or any subsequent interim period, it shall disclose the following information.

3.6.1 Regarding the former CPA

Replacement Date	Approved the appointment by the Board of Directors on March 10, 2023		
Replacement reasons and explanations	The CPAs, Hui-Chih Kou, and Chi-Lung Yu, audited the financial report of the Company originally. According accounting firm internal job adjustment, the CPAs, Hsin-Yi Kuo, and Hui-Chih Kou will responsible to audit the financial report of the Company from 2023 Q1.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties Status	CPA	Appointer
	Take the initiative to terminate the appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
The disagreement opinion with the issuer or not	Yes		Accounting principles or practices
			Disclosure of financial reports
			Check the scope or step
			Other
	None	√	
Description			

Other disclosed items (Items which should be disclosed according to item 6-1-4~6-1-7 , article 10 of the criteria	<ol style="list-style-type: none"> 1. The former CPA had informed the Company that there was a lack of sound internal control system leading to its financial report not be trusted: None. 2. The former CPA has informed the Company that he/she is unable to rely on the Company's statement or is unwilling to have any connection with the Company's financial report: None. 3. The former CPA has informed the Company that it is necessary to expand the scope of the audit, or the information indicates that if the scope of the audit is expanded, the credibility of the previously issued or about to be issued financial report may be impaired. However, due to the replacement of CPA or other reasons, the former CPA did not expanded the scope: None. 4. The former CAP has informed the Company that the credibility of the financial report that has been issued or is about to be issued may be impaired based on the information collected. However, due to replacement of CPA or other reasons, the former CPA did not deal with this matter: None.
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3.6.2 Regarding the successor CPA

Name of accounting firm	KPMG Certified Public Accountants Firm
Name of CPA	Hsin-Yi Kuo, Hui-Chih Kou
Date of appointment	Approved the appointment by the Board of Directors on March 10, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.6.3 Reply of former CPA to item 6-1 and item 6-2-3, article 10 of the criteria : None.

3.7 The Company's Chairman, President, or Any Manager Involved in Financial or Accounting Affairs Being Employed by the Auditor's Firm or Any of its Affiliated Company within the Last Year: None.

3.8 Changes in Shareholding Transfer or Shareholding Pledge by Directors, or Managers, and Major Shareholders Who Holds 10% of the Company Shares or More during the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report.

3.8.1 Changes in Shareholding of Directors, Managers and Major Shareholders

Title (Note 1)	Name	2022		As of April 11, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Jason Lin	0	0	0	0
Managing Director	Formosa Chemicals & Fibre Corp.	1	0	0	0
	William Wong	0	0	0	0
Managing Director	Nanya Plastics Corp.	0	0	0	0
	Susan Wang	0	0	0	0
Managing Director	Formosa Petrochemical Corp.	0	0	0	0
	Wilfred Wang	0	0	0	0
Managing Director (Independent Director)	C. L. Wei	0	0	0	0
Independent Director	C. J. Wu	0	0	0	0
Independent Director	Yen-Shiang Shih	0	0	0	0
Independent Director	Wen-Chyi Ong	0	0	0	0
Director	C. T. Lee	0	0	0	0
Director	Cher Wang	0	0	0	0
Director	K. H. Wu	0	0	0	0
Director	Ralph Ho	0	0	0	0
Director	Sang-Chi Lin	0	0	0	0
Director (Senior Vice President)	Jerry Lin	0	0	0	0
Director	Cheng-Chung Cheng	0	0	0	0

Title (Note 1)	Name	2022		As of April 11, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Acting President (Note 3)	Wen-Bee Kuo	0	0	0	0
Senior Vice President	Tony Liang	0	0	0	0
Vice President	Ming-Hung Cheng	0	0	0	0
Vice President	Kwang-Ming Chen	0	0	0	0
Vice President	Jen-Long Wu	-141	0	0	0
Vice President	Han-Sheung Wang	0	0	0	0
Vice President	Yeats Yeh	2,000	0	0	0
Vice President	Chao-Jung Chen	0	0	0	0
Vice President	Y.Y. Lee	0	0	0	0
Financial Officer	Ray Lei	0	0	0	0
Accounting and Corporate Governance Officer (Note 4)	Chia-Tse Chang	0	0	-	-
Accounting Officer (Note 4)	I-Yu Chiu	-	-	0	0
Corporate Governance Officer (Note 4)	Chia-Hung Chien	-	-	0	0

Note 1: Shareholders holding greater than a 10 percent stake in the Company should be remark as major shareholders.

Note 2: If the transferees of shareholding transfer or shareholding pledge are related party, it should fill in the following table.

Note 3: The Board of Directors of the Company approved to promote Wen-Bee Kuo as Acting President from Senior Vice President, and discharge President, Jason Lin, on March 10, 2023, who was originally as Chairman and President at the same time.

Note 4: Chia-Tse Chang retired on December 31, 2022. The new accounting officer is I-Yu Chiu and the new corporate governance officer is Chia-Hung Chien from January 1, 2023.

3.8.2 Information of Shareholding Transfer: None.

3.8.3 Information of Shareholding Pledge: None.

3.9 The Relationship of the 10 Largest Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another

2023.4.1

Name (Note1)	Own shareholding		Spouse's/minor's Shareholding		Shareholding by nominee arrangement		The relationship of the 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chang Gung Medical Foundation Representative: Ruey-Huei Wang	601,011,035	9.44%	-	-	-	-	Ming Chi University of Technology	The representative of Ming Chi University of Technology is Chang Gung Medical Foundation's Director.	
Formosa Chemicals & Fibre Corp. Representative: Fu-Yuan Hong	486,978,694	7.65%	-	-	-	-	-	-	
							Nanya Plastics Corp.	Nanya Plastics Corp. is the director of Formosa Chemicals & Fibre Corp.	
Credit Suisse AG-Singapore Branch	398,731,554	6.26%	-	-	-	-	Formosa Petrochemical Corp.	1. Formosa Chemicals & Fibre Corp. invests in Formosa Petrochemical Corp. under equity method	
							Chindwell International Investment Corp.	2. Formosa Petrochemical Corp. is director of Formosa Chemicals & Fibre Corp.	
							Vanson International Investment Co., Ltd.	Those two have the same key management personnel.	
								Those two have the same key management personnel.	

Name (Note 1)	Own shareholding		Spouse's/minor's Shareholding		Shareholding by nominee arrangement		The relationship of the 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Nanya Plastics Corp. Representative: Chia-Chau Wu	294,793,105	4.63%	-	-	-	-	Formosa Chemicals & Fibre Corp.	Formosa Chemicals & Fibre Corp. is the one of Nanya Plastics Corp.'s Directors.	
Chindwell International Investment Corp. Representative: Everred Corporate, Inc.	264,692,768	4.16%	-	-	-	-	Formosa Petrochemical Corp. Credit Suisse AG- Credit Suisse Singapore Branch Vanson International Investment Co., Ltd.	1.Nanya Plastics Corp. invests in Formosa Petrochemical Corp. under equity method. 2.Formosa Petrochemical Corp. is the director of Nanya Plastics Corp. Those two have the same key management personnel. Those two have the same key management personnel.	
Vanson International Investment Co., Ltd. Representative: Landmark Capital Holdings Inc.	194,241,528	3.05%	-	-	-	-	Credit Suisse AG- Credit Suisse Singapore Branch Chindwell International Investment Corp.	Those two have the same key management personnel. Those two have the same key management personnel.	

Name (Note 1)	Own shareholding		Spouse's/minor's Shareholding		Shareholding by nominee arrangement		The relationship of the 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Formosa Petrochemical Corp. Representative: Bao-Lang Chen	131,460,365	2.07%	-	-	-	-	Formosa Chemicals & Fibre Corp.	1. Formosa Chemicals & Fibre Corp. invests in Formosa Petrochemical Corp. under equity method. 2. Formosa Chemicals & Fibre Corp. is the director of Formosa Petrochemical Corp.	
Government of Singapore	113,171,890	1.78%	-	-	-	-	Nanya Plastics Corp.	1. Nanya Plastics Corp. invests in Formosa Petrochemical Corp. under equity method. 2. Nanya Plastics Corp. is the director of Formosa Petrochemical Corp.	
Ming Chi University of Technology Representative: William Wong	90,902,297	1.43%	-	-	-	-	Chang Gung Medical Foundation	The representative of Ming Chi University of Technology is Chang Gung Medical Foundation's Director.	
Old Labor Pension Fund	82,092,743	1.29%	-	-	-	-	-	-	

Note 1: Name of the top-10 shareholders must be listed respectively. For institutional shareholders, the title of such institutional shareholder and the name of the representative(s) shall be listed respectively.

Note 2: The shareholding ratio shall be calculated by taking into account the shares held by the shareholder, his/her spouse, children of minor age, and other persons holding shares in his/her name.

Note 3: For the shareholders referred to above including legal person and natural person, shall have the relationship disclosed.

3.10 The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: share ; % ; 2022.12.31

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Formosa Petrochemical Corp.	2,720,549,010	28.56	4,505,564,157	47.30	7,226,113,167	75.86
Formosa Plastics Corp. U.S.A.	69,654	22.66	10,558	3.43	80,212	26.09
Formosa Heavy Industries Corp.	661,457,915	32.92	1,348,019,259	67.08	2,009,477,174	100.00
Sky Dragon Investments Limited	425,800,000	50.00	0	0.00	425,800,000	50.00
Formosa Plastics Corporation (Cayman) Limited	78,000	100.00	0	0.00	78,000	100.00
Mai Liao Power Corp.	764,201,100	24.94	2,292,651,414	74.83	3,056,852,514	99.77
Formosa Sumco Technology Corp.	112,707,716	29.06	29,018	0.01	112,736,734	29.07
Formosa Transportation Corp.	6,566,371	33.33	13,132,871	66.67	19,699,242	100.00
Formosa Fairway Corp.	4,697,951	33.33	9,397,318	66.67	14,095,269	100.00
Yi-Jih Development Corp.	1,200,302	28.72	2,979,698	71.28	4,180,000	100.00
Ya Tai Development Corp.	1,306,130	45.04	1,303,870	44.96	2,610,000	90.00

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Formosa Asahi Spandex Co., Ltd.	50,125	50.00	0	0.00	50,125	50.00
Formosa Automobile Corp.	27,044,199	45.00	27,045,801	45.00	54,090,000	90.00
Wha Ya Park Management Consulting Co.,Ltd.	33,000	33.00	67,000	67.00	100,000	100.00
Formosa Daikin Advanced Chemicals Co., Ltd.	24,459	50.00	0	0.00	24,459	50.00
Formosa Tokuyama Advanced Chemicals Co., Ltd.	50,000,000	50.00	0	0.00	50,000,000	50.00
Formosa Resources Corp.	830,047,125	25.00	2,490,141,375	75.00	3,320,188,500	100.00
Formosa Environmental Technology Corp.	41,714,475	24.34	87,971,050	51.33	129,685,525	75.67
Formosa Plastics Construction Corp.	60,000,000	33.33	120,000,000	66.67	180,000,000	100.00
Formosa Smart Energy Tech Corp.	100,000,000	25.00	280,000,000	70.00	380,000,000	95.00
Formosa Group (Cayman) Limited	12,500	25.00	37,500	75.00	50,000	100.00
Formosa Industries Corporation	5,772.55	100.00	0	0.00	5,772.55	100.00

Note: Above investees are under equity method of the Company.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

Year / Month	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2013.7	10	6,365,740,781	63,657,407,810	6,365,740,781	63,657,407,810	Earnings capitalization NTD 2,448,361,840 (Approval sought from Letter No. Jin-Guan-Zheng-Fa-1020025067 dated 2013.6.28)	None	None

Note 1: Fill up to the current fiscal year up to the date of publication of the annual report.

Note 2: Note the validity (approval) date and literature for fund increase.

Note 3: Shares issued in value lower than the par value shall be labelled through visible marks

Note 4: Monetary liabilities and technology offsetting shares shall be described with the type and amount of offset indicated.

Note 5: Private fundraising shall be labelled through visible marks.

Share Type	Authorized Capital		Remarks
	Issued Shares (Note)	Un-issued Shares	
Common Stock	6,365,740,781	0	None
		6,365,740,781	

Note: Listed on TWSE.

4.1.2 Structure of Shareholders

2023.4.1

Structure of Shareholders Quantity (Qty)	Governmental Institution	Financial Institution	Other legal persons	Natural Person	Foreign Institutions and Foreign Individuals	Total
	Number of persons	7	102	1,034	246,011	1,001
Shareholding	102,577,179	621,344,514	2,173,126,289	1,329,697,199	2,138,995,600	6,365,740,781
Shareholding ratio	1.61%	9.76%	34.14%	20.89%	33.60%	100.00%

Note: A primary exchange-listed (or OTC-listed) company and emerging company should disclose the shareholding ratio of Chinese investors. Chinese investors meant for the citizens, legal persons, groups, institutions of Mainland China or the companies invested in third countries that have invested in Taiwan in accordance with Article 3 of the “the Measures Governing Investment Permit to the People of the Mainland Area.”

4.1.3 Status of Shareholding Distribution (The Company does not issue preferred stock.)

2023.4.1

Shareholding class	Number of Shareholders	Shareholding (Shares)	Shareholding ratio(%)
1~	999	24,122,821	0.379
1,000~	5,000	222,216,889	3.491
5,001~	10,000	130,546,515	2.051
10,001~	15,000	80,135,278	1.259
15,001~	20,000	58,246,694	0.915
20,001~	30,000	81,615,898	1.282
30,001~	40,000	49,629,267	0.780
40,001~	50,000	43,254,172	0.679
50,001~	100,000	120,459,049	1.892
100,001~	200,000	106,424,502	1.672
200,001~	400,000	98,388,287	1.546
400,001~	600,000	75,612,684	1.188
600,001~	800,000	59,865,254	0.940
800,001~1,000,000	51	45,730,840	0.718
Over 1,000,001	327	5,169,492,631	81.208
Total	248,155	6,365,740,781	100.000

4.1.4 List of Major Shareholders

2023.4.1

Name of Major Shareholders	Shares	Shareholding	Shareholding ratio(%)
Chang Gung Medical Foundation		601,011,035	9.44
Formosa Chemicals & Fibre Corp.		486,978,694	7.65
Credit Suisse AG- Credit Suisse Singapore Branch		398,731,554	6.26
Nanya Plastics Corp.		294,793,105	4.63
Chindwell International Investment Corp.		264,692,768	4.16
Vanson International Investment Co., Ltd.		194,241,528	3.05
Formosa Petrochemical Corp.		131,460,365	2.07
Government of Singapore		113,171,890	1.78
Ming Chi University of Technology		90,902,297	1.43
Old Labor Pension Fund		82,092,743	1.29

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share in the Two Most Recent Years

Unit: NTD ; per share

Item	Year		2020	2021	2023/1/1~ 2023/3/31 (Note 8)
Market Value per share (Note 1)	Highest		121.00	110.50	92.60
	Lowest		86.60	78.10	85.60
	Average		102.68	95.74	89.73
Net Worth per Share (Note 2)	Before Distribution		63.34	56.19	-
	After Distribution		55.14	51.99	-
Earnings per Share	Weighted Average Outstanding Shares		6,365,740,781	6,365,740,781	-
	EPS (Note 3 & 10)		11.21	5.68	-
Dividends per Share	Dividends per Share (Note 9)		8.20	4.20	-
	Stock Dividends	Stock Dividends from Retained earnings	0	0	-
		Stock Dividends from Capital Surplus	0	0	-
	Accumulated Undistributed Dividends (Note 4)		0	0	-
Investment Return Analysis	Price / Earnings Ratio (Note 5)		9.16	16.86	-
	Price / Dividend Ratio (Note 6)		12.52	22.80	-
	Cash Dividend Yield Rate (Note7)		7.99	4.39	-

* In case of profits or capital reserve reinvested to allotment of shares, the number of shares to be distrusted should be disclosed with traced adjustment of market value and cash dividend information.

Note 1: Denotes the common shares with highest and lowest market value for each year, calculated for the average annual market value for the trading value of each year and the trading volume.

Note 2: Please use the number of share outstanding by the end of the year and filled out by the distribution of the resolutions made by the Shareholders' Meeting of the second year.

Note 3: In the event of free allotment and requires tracing for adjustment, each EPS shall be listed before and after adjustment.

Note 4: In case the condition of outstanding equity security is distributed according to the undistributed dividends of that year accumulated to the year with earnings, the accumulated undistributed dividends of that year shall be disclosed respectively.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: Net worth per share and EPS shall be filled to the date of publication of the annual report with the data attested (reviewed) by the CPA in last quarter. The other columns should also be filled up data during the current fiscal year up to the date of publication of the annual.

Note 9: Cash dividend in profits distribution of 2022 was approved by the Board of Directors.

Note 10: The financial data of 2023 Q1 does not reviewed by CPAs yet during the current fiscal year up to the date of publication of the annual.

4.1.6 Dividend Policy and Implementation Status

1. Dividend policy:

The Company adheres to the principle of stability and balance considering shareholders' profits. The dividend policy set out in the Articles of Association of the Company is as follows:

The Company is in a business of a mature industry and earns its annual profits on a stable basis. The Company adopts a dividend policy that allows the distribution to be made in either way of or a combination of cash dividends, earnings capitalization and capitalization of capital reserve. At least fifty percent (50%) of the annual distributable earning remained after deducting the legal reserve and special reserve will be distributed, preferably in cash. The total percentage of the capitalization of retained earnings and capital reserve shall not be more than fifty percent (50%) of the total dividends distributed of such year.

2. Dividend distribution:

The Board of Directors approved to distribute cash dividend with NTD 4.2 per share.

3. Expected significant change in dividend policy: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting: There are no proposed stock dividends at this Shareholders' Meeting and the Company does not need to prepare financial forecasts, so it is not applicable.

4.1.8 Compensation of Employees and Directors

1. The compensation of employees and directors set out in the Articles of Association of the Company is as follows:

(1) The compensation of employees: According of Article 39 of Association, if the Company gains any profits in any year, the Company shall retain 0.05% to 0.5% of the pre-tax profit as employee compensation before deducting the employee compensation of such year; provided, however, that the Company shall reserve the amount for compensating the deficit, if any. The determination of employee compensation shall be made in accordance with Article 235-1 of the Company Act.

(2) The compensation of directors: The Articles of Association of the Company do not regulate the compensation of directors.

(3) The Company's employee compensation is distributed in cash, which adheres to the spirit of corporate governance, and is based on the dual principle of motivating employee performance and not diluting equity to protect shareholders' equity.

2. The accounting treatment of the discrepancy between accrual and actual payment for the employee compensation for directors:

Based on the Articles of Association of the Company, it retains 0.13% of the pre-tax profit of 2022 as employee compensation before deducting the employee compensation of such year and employee compensation is paid in cash. If the actual amounts are different from the accrual amounts approved by Board of Directors, the difference will be treated as changes in accounting estimates for next year.

3. Distribution of 2022 compensation approved by the Board of Directors:
The Board of Directors meeting on March 10, 2023 approved the amounts of employees' cash compensation with NTD 55,483 thousand.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated.

The Board of Directors meeting on March 10, 2022 approved the amounts of employees' cash compensation with NTD 110,563 thousand, which are consistent with the actual amounts.

4.1.9 Share Repurchases by the Company: None.

4.2 Issuance of Corporate Bonds

Corporate Bond Type (Note 1)	The 1 st Tranche of Unsecured Corporate Bonds, 2013	The 2 nd Tranche of Unsecured Corporate Bonds, 2013
Issue date	2013.6.10	2013.11.8
Denomination	NTD 1,000,000	NTD 1,000,000
Issuing and transaction location (Note 2)	Taiwan	Taiwan
Issue price	Issue by denomination	Issue by denomination
Total price	NTD 11,500,000,000	NTD 8,500,000,000
Coupon rate	4 years: 1.23% 10 years: 1.52%	5 years: 1.42% 10 years: 1.94%
Tenor	Coupon A: 4 years ; Maturity: 2017.6.10 Coupon B: 10 years ; Maturity: 2023.6.10	Coupon A: 5 years ; Maturity: 2018.11.8 Coupon B: 10 years ; Maturity: 2023.11.8
Guarantee	None	None
Trustee	Bank of Taiwan- Trust Department	Bank of Taiwan- Trust Department
Underwriting institution	None	None
Certified lawyer	AY Commercial Law Offices: Frank Lin	AY Commercial Law Offices: Frank Lin
CPA	KPMG: Eric Wu, Isabel Lee	KPMG: Eric Wu, Astor Kou
Repayment method	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the third and fourth year respectively. Coupon B: Repayment of 50% of the principal in the ninth and tenth year respectively.	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the fourth and fifth year respectively. Coupon B: Repayment of 50% of the principal in the ninth and tenth year respectively.
Outstanding principal	NTD 750,000,000	NTD 3,150,000,000
Terms of redemption or advance repayment	None	None
Restrictive clause (Note 3)	None	None
Name of credit rating agency, rating date, rating of corporate bonds	Taiwan Ratings Corp. ; 2013.4.9 ; twAA-	Taiwan Ratings Corp.; 2013.8.23 ; twAA-
Other rights attached	As of the publication date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None	None
Transfer agent	None	None

Corporate Bond Type (Note 1)	The 1 st Tranche of Unsecured Corporate Bonds, 2014	The 1 st Tranche of Unsecured Corporate Bonds, 2017
Issue date	2014.5.21	2017.5.19
Denomination	NTD 1,000,000	NTD 1,000,000
Issuing and transaction location (Note 2)	Taiwan	Taiwan
Issue price	Issue by denomination	Issue by denomination
Total price	NTD 6,000,000,000	NTD 7,000,000,000
Coupon rate	10 years: 1.83% 12 years: 1.92%	5 years: 1.09% 7 years: 1.32%
Tenor	Coupon A: 10 years ; Maturity: 2024.5.21 Coupon B: 12 years ; Maturity: 2026.5.21	Coupon A: 5 years ; Maturity: 2022.5.19 Coupon B: 7 years ; Maturity: 2024.5.19
Guarantee	None	None
Trustee	Bank of Taiwan- Trust Department	Bank of Taiwan- Trust Department
Underwriting institution	None	Total 13 underwriting institutions, including Yuanta Securities and so on.
Certified lawyer	AY Commercial Law Offices: Frank Lin	AY Commercial Law Offices: Frank Lin
CPA	KPMG: Eric Wu, Astor Kou	KPMG: Delphi Chen, Winston Yu
Repayment method	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the ninth and tenth year respectively. Coupon B: Repayment of 50% of the principal in the eleventh and twelfth year respectively.	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the fourth and fifth year respectively. Coupon B: Repayment of 50% of the principal in the sixth and seventh year respectively.
Outstanding principal	NTD 6,000,000,000	NTD 3,700,000,000
Terms of redemption or advance repayment	None	None
Restrictive clause (Note 3)	None	None
Name of credit rating agency, rating date, rating of corporate bonds	Taiwan Ratings Corp. ; 2014.3.27 ; twAA-	None
Other rights attached	As of the publication date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None	None
Transfer agent	None	None

Corporate Bond Type (Note 1)	The 1 st Tranche of Unsecured Corporate Bonds, 2018	The 1 st Tranche of Unsecured Corporate Bonds, 2020
Issue date	2018.6.26	2020.6.22
Denomination	NTD 1,000,000	NTD 1,000,000
Issuing and transaction location (Note 2)	Taiwan	Taiwan
Issue price	Issue by denomination	Issue by denomination
Total price	NTD 9,300,000,000	NTD 8,350,000,000
Coupon rate	5 years: 0.82% 7 years: 0.93% 10 years: 1.09%	5 years: 0.58% 7 years: 0.63% 10 years: 0.67%
Tenor	Coupon A: 5 years ; Maturity: 2023.6.26 Coupon B: 7 years ; Maturity: 2025.6.26 Coupon C: 10 years ; Maturity: 2028.6.26	Coupon A: 5 years ; Maturity: 2025.6.22 Coupon B: 7 years ; Maturity: 2027.6.22 Coupon C: 10 years ; Maturity: 2030.6.22
Guarantee	None	None
Trustee	Bank of Taiwan- Trust Department	Bank of Taiwan- Trust Department
Underwriting institution	Total 13 underwriting institutions, including Fubon Securities and so on.	Total 12 underwriting institutions, including Fubon Securities and so on.
Certified lawyer	AY Commercial Law Offices: Frank Lin	AY Commercial Law Offices: Jerry Huang
CPA	KPMG: Astor Kou, Winston Yu	KPMG: Astor Kou, Winston Yu
Repayment method	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the fourth and fifth year respectively. Coupon B: Repayment of 50% of the principal in the sixth and seventh year respectively. Coupon C: Repayment of 50% of the principal in the ninth and tenth year respectively.	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the fourth and fifth year respectively. Coupon B: Repayment of 50% of the principal in the sixth and seventh year respectively. Coupon C: Repayment of 50% of the principal in the ninth and tenth year respectively.
Outstanding principal	NTD 6,700,000,000	NTD 8,350,000,000
Terms of redemption or advance repayment	None	None
Restrictive clause (Note 3)	None	None
Name of credit rating agency, rating date, rating of corporate bonds	None	None
Other rights attached	As of the publication date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None	None
Transfer agent	None	None

Corporate Bond Type (Note 1)	The 1 st Tranche of Unsecured Corporate Bonds, 2021	
Issue date	2021.9.15	
Denomination	NTD 1,000,000	
Issuing and transaction location(Note 2)	Taiwan	
Issue price	Issue by denomination	
Total price	NTD 7,500,000,000	
Coupon rate	5 years: 0.46% 7 years: 0.52%	
Tenor	Coupon A: 5 years ; Maturity: 2026.9.15 Coupon B: 7 years ; Maturity: 2028.9.15	
Guarantee	None	
Trustee	Bank of Taiwan- Trust Department	
Underwriting institution	Total 14 underwriting institutions, including Fubon Securities and so on.	
Certified lawyer	AY Commercial Law Offices: Jerry Huang	
CPA	KPMG: Astor Kou, Winston Yu	
Repayment method	1. Interest: paid annually on the outstanding amount of the bond. 2. Principle: Coupon A: Repayment of 50% of the principal in the fourth and fifth year respectively. Coupon B: Repayment of 50% of the principal in the sixth and seventh year respectively.	
Outstanding principal	NTD 7,500,000,000	
Terms of redemption or advance repayment	None	
Restrictive clause (Note 3)	None	
Name of credit rating agency, rating date, rating of corporate bonds	None	
Other rights attached	As of the publication date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
	Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None
Transfer agent	None	

Note 1: The number of columns is adjusted depending on the actual issuances.

Note 2: Fill in if it is overseas corporation bond.

Note 3: Such as limiting the distribution of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets, etc.

4.3 Issuance of Preferred Stock: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Issuance of Employee Stock Options: None.

4.6 Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

4.7 The Implementation of the Company's Capital Allocation Plans

4.7.1 Content of the Plan

1. For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities: None.
2. Issues and placements that were completed in the past 3 years but have not yet fully yielded the planned benefits: None.

4.7.2 The Status of Implementation

With respect to funds usage under the plans referred to in the preceding subparagraph, the annual report shall (for the period as of the quarter preceding the date of publication of the annual report) analyze the status of implementation and compare actual benefits with expected benefits: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

1. Main areas of business operations:

- (1) B202010: Nonmetallic Mining
- (2) C199990: Other Food Manufacturing Not Elsewhere Classified
- (3) C801010: Basic Industrial Chemical Manufacturing
- (4) C801020: Petrochemical Manufacturing
- (5) C801100: Synthetic Resin & Plastic Manufacturing
- (6) C801120: Manmade Fiber Manufacturing
- (7) C801990: Other Chemical Materials Manufacturing
- (8) C802120: Industrial Catalyst Manufacturing
- (9) C802170: Poisonous Chemical Material Manufacturing
- (10)C805020: Plastic Sheets & Bags Manufacturing
- (11)C901070: Stone Products Manufacturing
- (12)CB01010: Machinery and Equipment Manufacturing
- (13)CC01080: Electronic Parts and Components Manufacturing
- (14)D101050: Steam and Electricity Paragenesis
- (15)D301010: Water Supply
- (16)D401010: Heat Energy Supplying
- (17)E603050: Cybernation Equipments Construction
- (18)H701010: Residence and Buildings Lease Construction and
Development
- (19)H701040: Specialized Field Construction and Development
- (20)ID01010: Metrological Instruments Identify
- (21)IZ99990: Other Industry and Commerce Services Not Elsewhere
Classified
- (22)J101050: Sanitary and Pollution Controlling Services
- (23)ZZ99999: All business items that are not prohibited or restricted by
law, except those that are subject to special approval

2. Revenue distribution

Divisions	(%) of Total Sales	Mainly Products
Plastics Division	37.52	Polyvinyl chloride (PVC), Caustic soda
Polyolefin Division	21.70	High density polyethylene (HDPE), Ethylene vinyl acetate copolymer (EVA), Linear low-density polyethylene (LLDPE), Low density polyethylene (LDPE)
Polypropylene Division	12.57	Polypropylene (PP) 、 Polyoxymethylene (POM)
Tairyland Division	16.69	Acrylic esters(AE), Carbon fiber, N-butanol (NBA), Super absorbent polymer(SAP)
Chemicals Division	9.79	Acrylonitrile (AN), Methyl tert-butyl ether (MTBE), Methyl methacrylate (MMA), Epichlorohydrin (ECH)
Carbide Division	0.49	Calcium carbonate, Calcium oxide
Eng. & Const. Division	0.54	Water, Electricity, Steam
Electronic Materials Division	0.70	Distributed control system (DCS), etc.

3. Products:

- (1) Petrochemical and plastic products: PVC, caustic soda (liquid, flakes, pearls), liquid chlorine, hydrochloric acid (HCl), vinyl chloride (VCM), ethylene dichloride (EDC), impact modifier (MBS), chlorinated solvent, processing aids (PA), lithium-ion battery electrolyte, acrylic acid and ester, SAP, NBA, butyraldehyde, iso-butyraldehyde, HDPE, LDPE, EVA, LLDPE, wax, acetonitrile (ACN), AN, ECH, MMA, methacrylic acid (MAA), MTBE, 1-butene (B1), PP, POM.
- (2) Electronic control system: DCS, power management system (PMS), safety instrumented system (SIS), automated warehouse management system & logistics control system, cloud application integration & big data analysis, artificial intelligence application, the solution of the industrial internet of things, real-time production management system (RTPMS), laboratory information management system (LIMS).
- (3) Others: calcium oxide, ground calcium carbonate, precipitated calcium carbonate, calcium carbonate masterbatch and white masterbatch
- (4) Artificial fiber: Carbon fiber.

4. New product development plan:

anti-reflective (AR) coating technology for mobile phone screen, silicone type impact modifier K-211 for pipe, high tensile strength carbon fiber, thermoplastic carbon felt, intermediate modulus TC780 carbon fiber, high tensile strength and intermediate modulus TC850 carbon fiber, low-cost carbon fiber, high-performance prepreg, new SAP with fast absorption rate, Nano fiber applied to SAP surfacetreatment process, New SAP for adult incontinence, New environmental-friendly SAP, high performance package material BOPE, PE50 pipe grade, high strength EVA for wire and cable, LLDPE high fluidity fiber grade, Decomposable PE film grade, HDPE PCR recycled grade, high-gross and high-impact PP, monomaterial PP gown, raw materials for biodegradable PP straws and PP water bottles, post-consumer recycled PP, high-fluidity, high-impact and high-modulus PP for automotive and mobility, high purity calcium carbonate.

5.1.2 Industry Overview

1. The current status and development of the industry, and development trends and competition for the Company's products:

- (1) PVC: PVC demand increased from 19.81 million tons in 2021 to 20.07 million tons in 2022, up 1.3%. PVC volume of the Company export to China is accounted for 19% of total PVC export of the Company. PVC in China continued to grow and the total capacity increased from 27.13 million tons in 2021 to 28.10 million tons in 2022 with an utilization rate of 78%. PVC demand in India was 3.18 million tons in 2022, up 10% from 2021. PVC volume of the Company export to India in 2022 was accounted for 26% of total PVC export of the Company. Moreover, the PVC sales volume in Australia and New Zealand were 183 thousand tons in 2022. Furthermore, PVC demand in the US decreased from 5.24 million tons in 2021 to 4.99 million tons in 2022, down 5% with the yearly capacity 8.79 million tons and an utilization rate of 83%, because the aggressive interest lifting from Fed directly restrained the real estate market. In the first half of 2022, global energy price raised sharply due to the war between Russia and Ukraine and the global economic sanctions against Russia, which caused WTI crude oil futures price once reached as high as 127 USD/barrel, and the ocean freight in Q1 also stayed at the high level. PVC downstream processors

continued to stock up their inventories. However, in the second half of 2022, PVC demand dropped sharply and purchasing strategy of the processors shifted from building-up inventory to destocking because of the aggressive interest lifting in Europe and the US for inflation and the serve COVID-19 protection policy in China. The PVC price fell for several months in a row until December. In 2023, the new global PVC capacity will increase around 2.01 million tons with a growth rate of 3.3 %, and total capacity will reach 62.2 million tons. The global demand is estimated to increase by 2.1% to 49.68 million tons, and 80% of the new global capacity addition with 1.6 million tons are from China, and among of 1.2 million tons are based on ethylene process which becomes the mainstream instead of the calcium carbide process. As the COVID-19 protection policy cancellation and the real estate stipulation policy implementation in China, and also the stable demand in India and Bangladesh, it is expected that PVC demand will become stable.

- (2) Caustic Soda: In 2022 Q1, the war between Russia and Ukraine pushed up global energy prices. The price of natural gas in Europe once soared to 100 USD/MMBTU and it led to a sharp increase electricity price in local. The high energy-consuming industries such as chlor alkali reduced operation or even stopped export against the high energy cost. In order to make up for the supply gap, European downstream customers began to import large quantities of caustic soda in Q2, pushing the highest price in Asia to FOB 815 USD/DMT. Because of the weak domestic demand and cheap coal cost, China continued to export, and caustic soda price turned to a downward trend. In the second half of the year, the new capacity from Indonesian alumina industry including Nanshan Aluminum Co., Ltd. and Weiqiao Aluminum & Power Co., Ltd. added 2 million tons/year capacity commenced. In addition, the power shortage crisis in Europe was not resolved, and also Nord stream No. 1 and No. 2 natural gas pipelines shut down due to accidents, leading to the increased electricity price in Europe, which made European customers continue to purchase caustic soda from abroad. Caustic soda price in Asia raised again in Q3. In Q4, even though the severe global inflation and interest lifting in the US restrained demand, the high energy price and the weak PVC demand supported the caustic soda price. In 2023, it is expected that caustic soda

demand will turn up gradually as lockdown in China lifts and the interest lifting in the US slows down. However, it is forecasted that caustic soda price will slowly fall to a reasonable level after considering the new capacity, the expected declined coal price and the recovery of chlorine demand.

- (3) Acrylic esters (AE): In 2022, the war between Russia and Ukraine pushed up the energy cost and impacted the product supply, which made the customers to purchase the product from Asia producers. However, the aggressive interest lifting in the US and COVID-19 protection policy in China resulted in the weakly terminal demand and real estate market. The producers started to destock, which caused the decreased AE downstream demand, such as coating and adhesive. In 2023, the interest lifting slows down and the global economy goes back to normal gradually. The demand from East Asia increases after Chinese New Year. In addition, the peak season of coating and launching infrastructure investment from each country are beneficial to increase the AE downstream demand. Even though there is the new AE capacity from the peers in China, the booming demand will ease the impact of increasing supply.
- (4) Super Absorbent Polymer (SAP): In the first half of 2022, the tight supply of acrylic acid and high energy costs in Europe limited the production of SAP, resulting in a sharply increased price. The Company waited for the opportunity to get orders in Europe and Middle East. In the second half of 2022, even though the severe global inflation led to the weak customers' purchasing power and the high inventory level of downstream manufacturers and distribution, which made the price of SAP decline, the rate of profit in 2022 was still significantly higher than which in 2021. As destocking from customer is coming to the end in the first quarter of 2023, the demand increases month by month. The Company is expected to have full production and sales of SAP. In addition, the price of upstream raw materials has stopped falling and rebounded, which is expected to drive up the selling price of SAP. The oversupply is expected to ease as producers in Europe may cut production to reflect the high energy cost.
- (5) N-butanol (NBA): NBA is mainly used in various resins and solvents such as butyl acrylate (BA), butyl acetate and ethylene glycol butyl

ether. In 2022, the severe global inflation, the exhausted terminal consumption, and the serious COVID-19 protection policy in China resulted in the weak demand in the coating and adhesive tape market, which led to the decreased operating rate of esters and the price of NBA. In 2023, the new capacity is only 300,000 tons per year in China, accounting for 4.5% of the global capacity. With the loosening of COVID-19 protection policy in China, the improved global economy will drive the market demand. It is estimated that the demand will grow by about 5% in 2023, which is favorable for the market price.

- (6) Polyethylene (PE): In 2022, due to the war between Russia and Ukraine, global inflation and COVID-19, the global PE demand growth rate only increased by 2.8%. According to CMA estimation, as the global inflation and COVID-19 situation are gradually under control, the global PE demand is forecasted to increase by 3.4% to 120.92 million tons in 2023. However, the total capacity of global PE is forecasted to increase by 4.3% to 148.06 million tons, resulting in an oversupply of 27.14 million tons. In 2023, the PE capacity in China will increase by 15.8% to 32.92 million tons; on the other hand, the PE demand in China will be 45.10 million tons. It said that China still needs to import 12.18 million tons to satisfy the demand, which is the major PE importer in the world. The Company is favorable to consolidate the China market with geographical advantage. However, the protracted war between Russia and Ukraine supported the high price of crude oil and ethylene, which pushed up the cost of PE and made the market competition fierce. In terms of the Ethylene Vinyl Acetate (EVA), the increased demand for shoes materials and solar encapsulation film in China in 2022 supported the price of EVA. Looking forward to 2023, China still needs to rely on a large amount of EVA from import. In addition, the demand of solar energy in China is growing steadily. It is expected that the Company's sales will remain stable. However, China is forecasted to increase new EVA capacity with 0.55 million tons, an increase of 26%, in 2023, which will make EVA market competition becomes fierce.
- (7) Acrylonitrile (AN): Looking back on 2022, in the first quarter, new capacity in China (a total of 650,000 tons/year) was mass-produced, and the market supply became loose. From March to April, based on the intensive shutdown of many producers in China for maintenance,

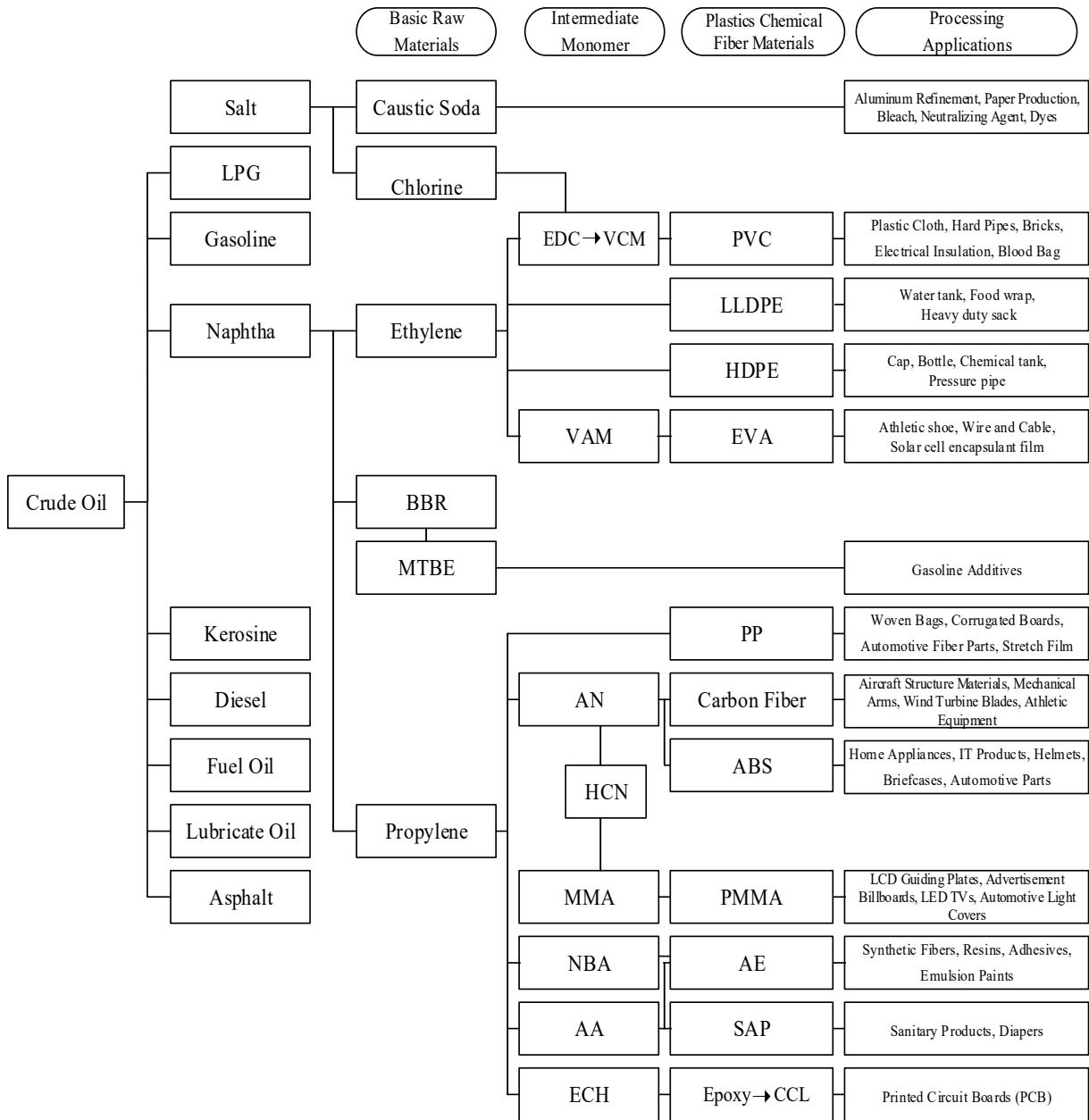
suppliers of AN actively raised the price offer as the price of raw materials, such as propylene and ammonia, was at the high level. From May to June, the pressure of AN market condition increased day by day as ABS market, the main downstream of AN, weakened. In the third quarter, even though many AN producers significantly reduced production, the shrinking demand was still over the reduction of supply, which resulted in the weak price. In October, as the most AN producers continuously reduced the production and the downstream producers reopened gradually, the price of AN raised. Near the end of the year, due to the successive restart of overhauled devices, the new capacity addition, and the weak downstream demand, the price of AN dropped again. Looking forward to 2023, the producers of AN in China conducted the stronger production reduction and also raised the price offers at the same time to mitigate the loss in the first quarter, which made the market price stop falling and rebound. Starting from the second quarter, with the improved global and China economy, the demand for related downstream industries is expected to recover. In the second half of year, it is expected that the price of AN will be supported and rebound steadily with the increased demand as ABS plants in China commenced production gradually.

- (8) Methyl methacrylate (MMA): Looking back on 2022, the new MMA capacity in China from Lihuayi (100,000 tons/year) and Sierbang Phase III (85,000 tons/year) did not impact the market, because they did not run well. In addition, Mitsubishi Chemical Singapore plant (130,000 tons/year), Sumitomo Saudi plant (90,000 tons/year), China Hongxu Chemical (75,000 tons/year), Saudi Petro Rabigh (90,000 tons/year) and Japan Mitsubishi Chemical C4 II (55,000 tons/year) shut down for maintenance from March to May. At the same period, the high gas price affected by the war between Russia and Ukraine caused the European producers to reduce production, which decreased MMA market supply and pushed up its price. After June, as the new plant of Jiangsu Jiankun Chemical (150,000 tons/year), Wanhua Chemical Phase II (50,000 tons/year) and Shandong Hongxu Phase II (50,000 tons/year) commenced production gradually, and the price reversed down. Looking forward to 2023, there are six new MMA plants in China, including Liaoning Jinfa (100,000 tons/year), Chongqing Yixiang (225,000 tons/year) and Yingke Chemical (100,000 tons/year), are planned to commerce. It is expected that MMA price in the first half of

the year will stay at a low level. From the second half of the year, MMA price may rebound due to the traditional peak demand season for downstream products.

- (9) Epichlorohydrin (ECH): Since the beginning of 2022, ECH market supply was extremely tight and the price raised, because Taiwan's Sanyi Chemical (72,000 tons/year) operation rate dropped to 50~60% impacted by the shutdown from its upstream producers, Japan's Osaka Soda (72,000 tons/year), Kashima Chemical (52,000 tons/year). In May, the market reverse and decline due to the new capacity from the new plant of MFL (50,000 tons/year) in India and the price cutting from China producer for grab orders for exports. Looking forward to 2023, in the first half of the year, as the downstream demand will still stay weak, it is expected that ECH producers will reduce production continuously and the price will be at a low level. In the second half of the year, the electronics industry is expected to recover gradually, and ECH market will also rise accordingly.
- (10) Polypropylene (PP): In 2022, three main domestic PP manufacturers (FPC, FCFC, and LCY Chemical) produced a total of 1.08 million tons of PP, decreased by 25% from 1.45 million tons in 2021. PP demand in Taiwan is about 480 thousand tons. Comparing with the output, the PP market is obviously oversupplied. Meanwhile, PP import volume about 170 thousand tons further intensified the competition. PP export are about 770 thousand tons, accounted for 71% of total output, mainly sold to China, Hong Kong, and the rest to South Asia, Southeast Asia, the US, Middle East, Africa and other European countries. As China has surpassed the US to become the largest PP consumer of the world with a demand about 36.05 million tons in 2022, of which 3.97m tons were relying on imported. Despite the global economy affected by the war between Russia and Ukraine, and COVID-19, China still has the largest demand in the world. Looking forward to 2023, PP market is expected to be overcapacity and competitive. The Company will develop raw materials for medical use, expand sales of differentiated products with better profits, and diversify sales to South Asia, Southeast Asia, Central and South America and other regional markets.

2. The links between the upstream, midstream, and downstream of industry:
The links of products of the Company with the upstream, midstream, and downstream of industry.



5.1.3 Research and Development (R&D)

1. R&D expenditures (including R&D and improvement):

Unit: NTD thousands

Year	2022	2021 (Estimated)
Amount	2,980,729	3,219,000

2. Technologies or products successfully develop

Unit: NTD thousands

Items	R&D product project	R&D expenditures	R&D completion date	Explanation
1	Aerogel powder	4,500	2022/6	It is to research to product the aerogel powder with low thermal conductivity and exceptional micro-structure byutilizing water as the only solvent. The risk of organic solvent usage and equipment costs could be significantly reduced.
2	EPVC granular products	500	2022/6	In order to avoid the problem of dust generation, the drying condition of EPVC granular powder were tailored. The improved EPVC powder possessed a larger particle size and higher bulk density, which is also able to reduce the packaging and transportation cost.
3	E-622 -MBS impact modifier for engineering plastics	1,000	2022/12	It is able to obviously improve the impact resistance of engineering plastics matrix.

Items	R&D product project	R&D expenditures	R&D completion date	Explanation
4	Application of activated carbon adsorption/regeneration technology in odor treatment of wastewater plants	1,000	2022/12	To use the self-made fully automatic activated carbon adsorption/regeneration equipment reduces the odor emission when the water tower of wastewater plant was cleaned
5	Study for warm wastewater recycling by membrane distillation	1,500	2022/9	It is to directly use warm wastewater or low-level waste heat to recover wastewater and process reclaimed water and reused in the plant.
6	Carbon safety shoes	2,100	2022/9	The high strength of carbon fiber makes the shoes space of toe larger and more comfortable.
7	New SAP with high permeability	500	2022/12	The high strength of carbon fiber makes the shoes space of toe larger and more comfortable.
8	Black compound for injection-moulded pressure fittings 8001IM	5,000	2022/6	It is applied to the high strength and environmental stress cracking resistance pressure fittings.
9	Type I polyethylene resistant to temperature	10,000	2022/12	It is applied to the heat resistance medium density pipes.
10	Medium density fiber grade	10,000	2022/12	It is applied to the single-component fibers and it is more

Items	R&D product project	R&D expenditures	R&D completion date	Explanation
				beneficial to recycle for reuse.
11	High toughness and flexible POM buckle for machine sewing	4,200	2022/10	It is applied to the machine sewing zip.
12	Highly transparent, anti-fouling and anti-bacterial medical PP consumables	3,800	2022/11	It is applied to medical products.
13	Degradable PP	3,200	2022/12	It is applied to naturally biodegradable products, such as tableware.
14	Heat resistant PP homopolymer with high crystallinity, stiffness and fluidity	2,800	2022/11	It is applied to thin-wall injection product.
15	Super high fluidity impact PP copolymer	2,800	2022/12	It is applied to the automotive part and the electric device.
16	Matting agent with high haze	600	2022/12	It is applied to the matt film and pearl paper.
17	PBAT-based white masterbatch and calcium carbonate masterbatch	600	2022/12	It is applied to the biodegradable plastics.

3. The Company attaches great importance to R&D, and constantly focus on new product development, technology of production improvement, technology of management improvement, process improvement, energy conservation, pollution prevention, industrial safety and hygiene research to ensure operational safety, pollution prevention and energy conservation work well and increase productivity. In recent years, it has been effective on improving product productivity and added value. As of 2022, the developed products are as follows:

Division	Developed Products
Plastics Division	impact modifier, lubrication type processing aid, PVC resin for electronic transparent industrial board, PVC resin for high

Division	Developed Products
	<p>transparent rigid sheet, paste resin PR-L for foaming product, new process processing aid, high transparent paste resin PR-G, PVC with ultra-high degree of polymerization, antifouling agent for PVC polymerization, pseudo-plastic paste resin PR-700, high molecular weight paste resin PR-1060 with abrasion resistance grade, impact modifier for engineering plastics, low odor PVC for car interior, electrolyte for low-temperature start lithium battery of vehicles, electrolyte for high-capacity lithium battery of electric bus, ultra-high molecular weight processing aid, high molecular weight paste resin, low melting viscosity S-57 PVC resin for pipe fittings, foaming grade PVC powder for building materials, matte PVC powder, high insulation PVC for wire and cable, PVC resin S-58 with low degree of polymerization, MASS PVC for CPVC process, fast gelation type processing aid P-251, ultra-high efficiency lubrication type processing aid P-1000, electrolyte for low-temperature power battery, PVC for car interior, low fogging paste resin PR-1500 for automotive interior parts, weather resistant impact modifier A-607, copolymer C-15R, reduce plate-out processing aid P-220, VC-VAc copolymer paste resin for underbody coatings, special PVC B65G for CPVC process with gas-solid phase method, PVC S-50 with ultra-low degree of polymerization, low odor PVC S-60M, semi-solid electrolyte of lithium ion battery, electrolyte with function of high temperature and long life for lithium battery of vehicle, low melting viscosity PVC resin S-57 for injection fitting, PVC emulsion PR-900G for medical gloves, bacterial cellulose composite membrane, processing aid P-701, high bulk density B-62S, eco-friendly paste resin for PVC foam, high transparence impact modifier M-45, electrolyte for 48V starter battery, dye-sensitized cell (DSC), cellulose nanofiber (CNF), transparence weatherability modifier, aerogel powder, EPVC granular products, E-622 -MBS impact modifier for engineering plastics</p>
Tairyln Division	<p>aerospace carbon fiber, large tow carbon fiber, middle modulus carbon fiber, carbon fibers for electric cable, high modulus carbon fiber, carbon safety shoes, carbon fiber for high pressure vessel, high absorption capacity SAP, anti-discoloration SAP, anti-bacterial SAP, high strength and anti-hydrolysis SAP, high strength SAP, high absorption against pressure SAP, high absorption speed SAP, ultra-high capacity SAP applied to Japanese adult incontinence, eco-friendly SAP, novel odor control SAP, new SAP applied to ultra-thin diapers with low pulp content, new SAP applied to napkins, New SAP with high permeability</p>
Polyolefin Division	<p>coated steel pipe grade HDPE, wire & cable grade HDPE, PE100 pipe grade HDPE, black PE100 pipe grade HDPE, large chemical tanks grade HDPE, small fuel tanks grade HDPE, pressure pipe grade HDPE, super thinness bag grade HDPE, high strength injection grade HDPE,</p>

Division	Developed Products
	<p>monofilament grade HDPE, injection blow molding grade HDPE, flame-retarding grade HDPE, high cleanliness for electronic grade tank HDPE, high MI for light bottle grade HDPE, high barrier gas injection cap grade HDPE, PERT heat resistant pipe grade HDPE, special low-sagging grade HDPE, injection and compression molding grade HDPE, heat resistance fiber grade HDPE, high SCG (slow crack growth) pipe grade HDPE, HDPE high weathering resistant grade for floating solar platform application, HDPE FM underground firefighting pipe grade, high impact resistance IBC grade HDPE, HDPE cap grade for carbonate beverage, seabed cable sheath HDPE pipe grade for the wind power, 5G wire and cable foam HDPE grade material, Black compound for injection-moulded pressure fittings 8001IM, HDPE cap grade for carbonate beverage, yarn grade HDPE 8009L, HDPE cap & closure grade 8020L/8040L , HDPE injection grade 8050L, HDPE fiber grade 7200FL, fruit bag grade LLDPE, high MI injection grade LLDPE, weatherability rotation molding grade LLDPE, LLDPE high-fluidity injection-grade powder, LLDPE fiber grade, LLDPE cable sheath material grade, Type I polyethylene resistant to temperature, Medium density fiber grade, LSFH for wire & cable grade EVA, high MI for hot melt grade EVA, powder coated grade EVA, lamination grade EVA, hot melt grade EVA, high VA content and low MI grade EVA, encapsulate film for silicon solar cell grade EVA, high strength EVA elastomer, super critical foaming grade EVA, white color EVA encapsulate film grade, EVA product with high VA content (VA 33%)</p>
Polypropylene Division	<p>high heat resistance blow bottle grade PP, PP for aluminum metallized homopolymer CPP grade, high crystal impact copolymer grade PP, PP for washing-machine, high stiffness and high fluidity homopolymer grade PP, PP for PPR pipe, good luster and low whiteness impact copolymer grade PP, high heat resistance electrical appliances grade PP, high stiffness impact copolymer grade PP, PP for high heat resistance BOPP, PP for aluminum metallized BOPP, high fluidity homopolymer injection grade PP, PP for bottle cap, PP for low heat seal layer for aluminum metallized CPP film, Lamination grade PP, high stiffness thin walled injection molding grade PP, low migration and transparent pharmaceutical grade PP, PP for low heat seal layer CPP, anti-whitening injection grade PP for luggage base, PP for ultra-high transparent sheet, PP for pressure forming cup, PP for shrink film, PP for IV bag, PP for contact lens mold grade, PP for low MI high stiffness impact sheet, high melt strength PP, high fluidity grade PP for PP filter, super high fluidity melt-blown grade PP, anti-gamma ray pharmaceutical grade PP, lithium battery PP separator film for Lithium battery, extrusion grade POM, low mold deposit POM, high liquidity, low odor and excellent transparency grade PP, high liquidity and low-temperature impact resistance transparent grade PP, high liquidity and</p>

Division	Developed Products
	<p>high impact PP copolymer, special PP grade of high-standard and general-purpose car battery casing, high anti-scratch PP, PP for high heat resistance retort CPP film, PP for aluminum laminated CPP film, polypropylene resin for expanded polypropylene (EPP) foam, polypropylene resin for medicine container, PP for antibacterial luggage, anti-γ-ray homo PP for medical grade, high impact strength and high crystallinity PP, melt-blown PP for medical mask grade, impact PP copolymer for optical protective film grade, PP microfiber grade, anti-bacterial oyster shell powder PP, High toughness and flexible POM buckle for machine sewing, Highly transparent, anti-fouling and anti-bacterial medical PP consumables, Degradable PP, Heat resistant PP homopolymer with high crystallinity, stiffness and fluidity, Super high fluidity impact PP copolymer</p>
Carbide Division	<p>food additive calcium oxide, calcium carbonate for fine paper coating, calcium carbonate for high opacity paint, calcium carbonate for automotive underbody coating, calcium carbonate masterbatch for food packaging, high concentration and low gel white masterbatch, PET functional masterbatch, anti-bacterial oyster shell powder, matting agent with high haze, PBAT-based white masterbatch and calcium carbonate masterbatch</p>

5.1.4 Long-term and Short-term Business Development Plans

1. PVC: In the short term, BIS certificate preparation has been processed in advance in order to stabilize India market. In the long term, in addition to stabilizing markets such as India, New Zealand and Australia, the Company will keep developing Vietnam, Middle East, Europe and other regions, and also develop our featured product. In addition, the Company adjusts the sales strategy according to different seasonal demand of each region to diversify risks, and pays attention to the global economy in the post-pandemic era.
2. Caustic Soda: In the short term, because the lack of recovery in market demand and the high power generation cost make the combination margin of caustic soda and EDC not profitable, the Company will reduce the operation. At present, the Company will maintain the stable sales to the US and Australia to destock inventory, and also increase the sale volume to the domestic semiconductor customers with their demand for the advanced manufacturing process. In the long term, as the capacity expansion with semiconductor customers, the Company has cooperated with Univar, the largest chemical distributor in the US, and will deliver caustic soda from Mailiao chlor alkali plant by chemical vessel. It is estimated that the Company will support the caustic soda demand from semiconductor customers with 60,000 dry tons per year. In addition, there will be plenty of new expansion projects including alumina, sodium cyanide, and lithium hydroxide in Southeast Asia and Western Australia from 2023 to 2025. To avoid excessive export on Australian alumina industry, the Company will properly adjust the export allocation to reduce the risk caused by drastic market changes in the future.
3. Acrylic esters (AE): In the short term, the Company allocates acrylic acid to increase AE operation rate and fully meet the domestic coating and adhesive demand. In the long term, the Company will strive for the orders in near-sea Southeast Asia and India, and also track the market demand to get higher margin order in Europe and the US aggressively.
4. Super absorbent polymer (SAP): In the short term, the Company will strengthen cooperation with major regional manufacturers and strive for new customers in various regions to diversify market risks. In the long term, the Company will cooperate with international manufacturers tightly to stabilize the sales volume. In response to the trend of aging needs, the

Company will develop anti-bacterial and odor control SAP continuously to get the orders from advance countries, such as Europe, the US and Japan.

5. N-butanol (NBA): In the short term, AE plants of the Company in the Taiwan and Ningbo produces butyl acrylate (BA) for the self-use, and also fully meet the needs of domestic customers. In the long term, the Company will cooperate with BA produced situation to expand market sales, increase the proportion of self-use, and negotiate stable supply from China and South Korea to maintain full production and sales.
6. Polyethylene (PE): In the short term, the Company's domestic marketing strategy is to import low-cost feedstock PE product from Formosa Industries Corporation and sales with the Company's products to improve the share of the domestic market. Besides, the Company will continue to develop customized product to differentiate from the peers. Taking the advantage of the faster delivery and supplying the resins constantly could enhance our competitiveness. Furthermore, the Company will aggressively strive for cooperating with domestic solar floating companies and endeavor to get the orders from blow-molding resins and pipe resins in domestic market. On the exporting side, the Company will keep developing the high value-added products and avoiding the pricing competition with Middle East and American supplier's general film grades materials in China market. In terms of EVA, the Company has been working on the integration of three EVA lines in Ningbo and Mailiao. Aside from increasing the sales volume of existing high VA foam grade products, the Company is expanding on the niche products such as photovoltaic grade, melt adhesive grade, wire and cable grade. In the long term, to avoid single segment concentration and diversify the market risks, the Company will expand market to the regions that have no tariff or have lower tariff such as Southeast and South Asia, Africa and Central and South America.
7. Acrylonitrile (AN): In the short term, the Company will meet the internal demand from FPG group first. In the long term, the Company will strive for the contract supply opportunity of domestic and export orders, and increase the proportion of export contract sales, and expand orders in South Asia and European markets.
8. Methyl methacrylate (MMA): In the short term, the Company will increase its sales on higher margin domestic customers. In the long term, the Company will adjust its client portfolio based on clients' profitability profile in the domestic and oversea

9. Epichlorohydrin (ECH): In the short term, the Company will meet the internal demand from Nanya Plastics Corporation first. In the long term, the Company will strive for the supply opportunity for domestic Epoxy customers, and maintain stable trading relationships with European and American customers.
10. Polypropylene (PP): In the short term, the Company will develop high-value-added products with "process advantage product orientation" and increase the proportion of the more profitable products, such as medical materials, electric appliances, high melt index materials, etc., to avoid competing with low-priced products in the Middle East. In the long term, in addition to strengthening existing customers and markets, the Company will expand sales with differentiated products, cooperate with customers to develop new products to increase market competitiveness continuously. The Company will also expand the markets in South Asia, Southeast Asia, Central and South America and other regions constantly to diversify markets to avoid the excessive concentration of the single market, and strengthen market information collection in response to the rapid market change.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales regions and market share for major products

Unit: MT ; NTD thousands

Product	Year		2022				Export location
	Domestic		Export		%		
	Quantity	Amount	Quantity	Amount		%	
PVC	307,651	10,054,750	1,304,134	44,450,980	18	82	China, India, Australia, Vietnam
Caustic soda	564,061	12,368,225	759,939	13,188,938	48	52	U.S.A., Canada, Australia
VCM	2,933	71,414	117,656	2,882,041	2	98	China
AE	96,461	5,266,273	309,933	15,362,601	26	74	China, Belgium, U.S.A.
SAP	3,525	174,163	189,054	10,443,280	2	98	Turkey, China, Mexico
NBA	31,549	1,093,795	70,305	2,290,126	32	68	China, Korea, India
HDPE	192,917	7,680,888	166,442	6,057,128	56	44	China, Vietnam
EVA	7,393	606,091	266,948	21,782,049	3	97	China, Vietnam, Indonesia
LLDPE	89,375	3,564,318	390,432	14,743,246	19	81	China, Vietnam, Bangladesh
AN	93,150	4,650,074	93,369	4,204,622	53	47	China, Korea, Malaysia
MTBE	132,536	4,062,300	-	-	100	-	No export
MMA	31,016	1,637,697	24,987	1,275,557	56	44	China, Vietnam, Philippines
ECH	80,680	5,280,064	6,304	417,212	93	7	China, India
PP	142,400	5,796,554	602,399	22,690,620	20	80	China

Note: This table does not contain internal transfer. (Consolidation basis, domestic sales refer to Taiwan, and export sales refers to all deductions from Taiwan)

2. Market share of major products

PVC: 67%

Caustic soda: 68%

AE: 89%

SAP: 69%

NBA: 93%

HDPE: 55%

EVA: 23%

LLDPE: 37%

AN: 37%

MMA: 35%

ECH: 65%

PP: 25%

3. Demand and supply conditions for the market in the future, the market's growth potential, the Company's competitive niche, positive and negative factors for future development, and the Company's response to such factors: Please refer to Letter to Shareholders, 5.1.2 Industry Overview and 5.1.4 Long-term and Short-term Business Development Plans.

5.2.2 Main applications and production process of main products

1. PVC

- (1) Main applications:

Sheet, film, pipe, insulation material, tile, vinyl record, paint, ink, toys, foaming article, blood bag, hemodialysis blood tumbling set.

- (2) Production process:

VCM → distillation → main reactor → PVC slurry → drying → PVC silo → packing

2. Caustic Soda

- (1) Main applications:

paper production, textile, bleach, dyeing, water treatment, aluminum production, organic and inorganic chemistry.

- (2) Production process:

industry salt → dissolution → crude brine → clarifier → pure brine → electrolyzer → 32% caustic soda → evaporation → 50% caustic soda → tank → loading

3. AE

(1) Main applications:

synthetic fibers, fiber treatments, synthetic resins, emulsifier oil, solvent-base paints, paper finishes, adhesives, thermosetting industrial finishes.

(2) Production process:

(a) propylene → oxidization reactor (by catalyst) → absorber → fractional distillation → crude acrylic acid

(b) crude acrylic acid, alcohols (e.g. methanol, ethanol, n-butanol, 2-ethylhexanol) → esterification reactor → fractional distillation → rectification → acrylic esters

4. Carbon fiber

(1) Main applications:

(a) aircraft (structural components, interior components).

(b) industrial application: wind generators (blades), architecture reinforcement, automotive, yacht, roller, robotic arm, the fuel cell parts, oil well structure, cable core, high-pressure gas cylinders.

(c) sporting goods: bicycle, tennis rackets, badminton rackets, golf club shafts, fishing rods, helmet, baseball bat

(2) Production process:

AE → polymerization → spinning → carbonization → carbon fiber

5. SAP

(1) Main applications:

baby diaper, adult diaper, sanitary napkin, pet sheet.

(2) Production process:

Acrylic acid (AA) + NaOH → neutralization → polymerization + cross linker → dry → grinding → surface treatment → SAP

6. NBA

(1) Main applications:

butyl acrylate, butyl acetate, glycol ether.

(2) Production process:

Propylene, syn gas → hydroformylation → butyraldehyde → isolation and purification → n-butyraldehyde → hydrogenation and purification → NBA

7. HDPE

(1) Main applications:

shopping bags, garbage bags, salad oil bottles, milk bottles, labor boxes, ropes, file folders, fish net, woven bag, crate, beer boxes, toys.

(2) Production process:

polymerization reactor (HDPE slurry) → centrifugation and drying (HDPE powder) → pelletizing (HDPE particle) → HDPE pellets

8. EVA

(1) Main applications:

greenhouse film, hot melt, foam sole, PEVA raincoat, shock absorber gasket, injection-articles, flexible items.

(2) Production process:

ethylene, vinyl acetate, peroxide → reaction → separation → extruder → EVA pellets

9. LLDPE

(1) Main applications:

duty sacks, agricultural film, light or medium duty film for shopping bag, crate, thin wall food container, greenhouse film, stretching film, overwrap film.

(2) Production process:

ethylene (monomer) + butene (co-monomer) + catalyst → polymerization → polyethylene powders → degassing → extrusion and palletization → LLDPE pellets

10. AN

(1) Main applications:

acrylic fiber, ABS/SAN resin, household appliances, car parts, stationery, helmet, luggage case, fitness equipment and nitrile butadiene rubber (NBR).

(2) Production process:

propylene and ammonia → reactors → quench columns → absorber columns → recovery column → purification column (AN product)

11. MMA

(1) Main applications:

PMMA plate and particles, MBS (Methyl methacrylate -Butadiene-Styrene) resin, transparent ABS, adhesive, textile treatment, paint, water-based overprint varnish.

- (2) Production process:
acetone and hydrogen cyanide (HCN) → reactors (to produce acetone cyanohydrin (ACH)) → amidation reactor → esterification (by methanol) reactor → purification column (MMA product)

12. ECH

- (1) Main applications:
epoxy resin, plasticizer, polyamide-polyamine- epichlorohydrin (wet strength agent for papermaking, abbr. PPE), dyeing and finishing auxiliaries.
- (2) Production process:
propylene and chlorine → reactors (to produce allyl chloride) → hypochlorous acid (HOCL) reactor → saponification (by sodium hydroxide) reactor → purification column (ECH product)

13. PP

- (1) Main applications:
automotive parts, bumpers, electric appliance parts, battery case, washing machine parts, general food & garment packaging case film, electrical appliances, housewares, pail, sports appliance, luggage base, high transparent container, woven bags, medical supplies, disposable syringes, medical mask.
- (2) Production process:
propylene, ethylene, H₂, catalyst → reactor → degas (solvent recovery) → granulation → package

5.2.3 Supply status of main materials

The Company conducts procurement operations through an internet electronic platform to ensure the fairness and justice of the procurement process and prevent procurement defects. The procurement cases are advertised on the internet, and the supplier submits quotes after confirming the identity with an electronic signature. This ensures the safety and fairness of the overall operation and shortens the time of procurement operations, as well as achieving a win-win situation between the Company and suppliers. At present, this electronic platform has more than 10,000 manufacturers involved in online quotation. The Company's 2022 major raw materials usage status and suppliers are as follows:

Unit: NTD thousands

Major Raw Materials	Quantity (Metric Ton)	Amount	Main Supplier
Ethylene	1,856,519	57,061,803	Formosa Petrochemical Corp., CPC Corp., Taiwan, Mitsubishi Chemical Corp., Marubeni Corp., Formosa Plastics Corp. U.S.A., Apex Energy International Pte Ltd.
VCM	2,048,802	44,579,506	Self-supplied, Mitsubishi Chemical Corp., Marubeni Corp., Tosoh Corp., Hanwha Solutions Corp.,
EDC	1,533,484	13,793,391	Self-supplied
Salt	2,303,979	2,702,983	Mitsubishi Chemical Corp., Mitsui & Co.,Ltd., Marubeni Corp., Sojitz Corp.
AN	14,394	717,021	Self-supplied
Propylene	1,468,478	46,154,247	Formosa Petrochemical Corp., CPC Corp., Taiwan, China Sinopec, China Jinshan Associated Trading Corp., Marubeni Corp., , Gammon International Trading Ltd.
Coal Dust	965,235	8,042,786	Ecocarbon Limited, Suek Ag, Taiwan Branch, Wel-Hunt Materials Enterprise Co.,Ltd., Century Commodities Solution Pte. Ltd., Carbo One Limited, Lx International Corp., Kru Overseas Limited
Alcohol	359,160	9,633,655	Self-supplied, Sabic Asia Pacific Pte Ltd., Methanex Asia Pacific Ltd., Tianjin Red Triangle International Trading Co., Ltd., Jiangyin Goldenbridge Chemical Co. Ltd., Orient-Salt Chemicals (Shanghai) Co., Ltd., China Sinopec

5.2.4 The name, purchase (sale) amount, and ratio of the customers accounted for over 10% of the total purchase (sale) in one of the two most recent fiscal years, and the reason for the changes in purchase (sales)

1. List of major suppliers in the most recent two fiscal years Unit: NTD thousands

Item	2022			2021				
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	Formosa Petrochemical Corp.	78,588,953	44.87	Note 3	Formosa Petrochemical Corp.	83,689,442	45.03	Note 3
2	Others	96,554,894	55.13		Others	102,163,394	54.97	
	Net purchase amount	175,143,847	100.00		Net purchase amount	185,852,836	100.00	

Explanation: The purchase amount in 2022 decreased from 2021, because the high energy cost impacted by the war between Russia and Ukraine triggered the globally high inflation and accelerated interest lifting, which affected the customer purchasing power. The sales and production volume of the Company decreased.

Note 1: List the name of the suppliers with more than 10% of the total purchase amount, purchase amount, and purchase ratio in the two most recent fiscal years.

Note 2: The listed companies or OTC companies shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

Note 3: Long-term equity investments under equity method.

2. Major clients: There is no client with ratio of the sales accounted for over 10% of the total sales in one of the most recent two fiscal years.

5.2.5 Production in the Two Most Recent Fiscal Years

Unit: MT ; NTD thousands

Output Products	2022			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
PVC	1,785,000	1,606,843	64,940,468	1,785,000	1,682,211	56,192,434
Caustic soda	1,700,000	1,593,709		1,700,000	1,686,385	
VCM	1,644,000	1,586,535	32,184,601	1,644,000	1,619,025	32,861,681
HDPE	966,000	363,587	13,645,621	966,000	473,187	15,504,638
EVA	340,000	287,184	13,905,056	312,000	302,854	12,959,443
LLDPE	264,000	454,637	16,149,954	264,000	505,822	15,291,014
AE	680,000	556,131	22,028,757	680,000	609,521	24,717,627
SAP	200,000	191,589	7,934,014	200,000	164,757	5,359,086
NBA	250,000	224,295	6,783,910	250,000	198,178	5,255,874
AN	280,000	197,613	9,179,237	280,000	277,001	10,149,218
MTBE	174,000	131,163	3,126,760	174,000	173,986	3,162,617
MMA	98,000	62,007	2,966,309	98,000	84,539	3,605,265
ECH	100,000	85,822	3,817,792	100,000	97,707	3,670,894
PP	996,000	731,928	28,230,088	996,000	959,879	33,522,718

5.2.6 Sales in the Two Most Recent Fiscal Years

Unit: MT ; NTD thousands

Sales Products	2022			2021		
	Quantity	Amount	Export	Quantity	Amount	Export
PVC	307,651	22,422,975	1,304,134	337,480	20,806,120	1,332,223
Caustic soda	564,061		759,939	603,929		776,325
VCM	2,933	71,414	117,656	1,292	44,757	71,314
HDPE	192,917	7,680,888	166,442	205,833	7,364,939	267,460
EVA	7,393	606,091	266,948	9,272	683,100	285,153
LLDPE	89,375	3,564,318	390,432	110,518	3,935,607	373,234
AE	96,461	5,266,273	309,933	124,756	7,672,914	339,349
SAP	3,525	174,163	189,054	3,988	162,052	163,947
NBA	31,549	1,093,795	70,305	32,794	1,570,345	42,726
AN	93,150	4,650,074	93,369	174,302	10,784,546	90,436
MTBE	132,536	4,062,300	0	176,742	3,484,895	0
MMA	31,016	1,637,697	24,987	48,575	2,622,811	27,871
ECH	80,680	5,280,064	6,304	95,155	5,812,660	855
PP	142,400	5,796,554	602,399	199,103	8,125,033	756,820
Others		11,550,883			11,166,526	
Total		73,857,489			84,236,305	
			177,789,865			189,361,996
			18,001,465			16,548,817
			22,690,620			28,830,812
			417,212			53,888
			1,275,557			1,524,031

5.3 Employees

Employees are the most important asset of a company. The Company strives to ensure every employee can work safely and is willing to contribute his or her talent. To recruit talented employees, the Company offers stable and competitive salaries and benefits, comprehensive training, and promotion system so that every employee can fully utilize his or her talent under these basic conditions.

Year		2021	2022	2023.3.31
Number of Employee	Executive and Management Level	1,544	1,570	1,556
	Supervisor Level	2,074	2,056	2,118
	Staff Level	3,830	3,811	3,739
	Total	7,448	7,437	7,413
Average Age		42.0	42.4	42.5
Average Years of Service		16.4	16.7	16.8
Academy Ratio (%)	Ph.D.	0.54	0.55	0.55
	Masters	12.53	12.84	13.09
	Bachelor	14.57	14.48	14.35
	Senior High School	70.22	71.04	70.96
	Under Senior High	1.12	1.09	1.05

Note: The number of employees includes the consolidated financial reporting company.

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties for Environmental Pollution

1. The Company did not happen pollution events and suffer penalty in 2022.
2. The Company suffered from punishment about the environmental protection from January 1 to March 31, 2023 is as follows:

Unit: NTD thousands

Sanction Date	No.	Article	Violation	Sanction	
				Penalty	Others
2022.2.16	Environmental Protection Administration No. 1121011535	Article 17 of Environmental Impact Assessment Act	The Company does not comply with the environmental impact assessment commitments to keep the existing windbreak forest planting and maintain the surrounding natural environment around the sixth naphtha cracker industrial zone.	600	4 hours of environmental education training

5.4.2 Future Countermeasures and Expected Expenditure:

1. In order to prevent industrial safety and environmental pollution incidents, it is planned to adopt countermeasures:
 - (1) Continue to promote intelligent security management.
 - (2) Strengthen industry safety and health management.
 - (3) Strengthen leadership and execution ability of leaders.
 - (4) Promote employees to wear wristbands for life sensing and abnormal notification positioning systems.
 - (5) Arrange to set up air pollution monitoring system to quickly find the source of air pollution.
 - (6) Keep monitoring the plant air pollutants with FTIR.
 - (7) Continue to promote strategy to reach the goal of carbon neutrality.
 - (8) Strengthen the inspection of process pipelines.
 - (9) Inspect of all hazardous fluid pipelines.
 - (10) Control groundwater pollution.
 - (11) Keep strengthening Volatile Organic Compounds (VOCs) emissions management.
 - (12) Continue to promote zero discharge of wastewater.
 - (13) Continue to promote noise improvement measures.
 - (14) Update equipment pipeline.
 - (15) Continue to promote ISO-14001 Environmental Management Systems, ISO-45001 Occupational Health and Safety Management

Systems and Taiwan Occupational Safety & Health Management Systems (TOSHMS).

2. At present, each pollution prevention measures of the Company has complied with the current national control standards. In order to achieve stricter control and in view of the gradual improvement of environmental quality requirements, the Company is constantly striving to reduce pollutant emission. The Company is expected to invest NTD 2,332,603 thousand to improve pollution prevention.

5.4.3 Summary of Environmental Improvement Project:

Category		Number of Project	Invested Amount (NTD thousands)
Completed	Soil	4	1,797
	Waste gas	71	518,570
	Wastewater	30	101,439
	Waste and noise	8	6,260
	Subtotal	113	628,066
Processing	Soil	4	29,727
	Waste gas	47	2,228,677
	Wastewater	15	53,010
	Waste and noise	9	21,189
	Subtotal	75	2,332,603
Total		188	2,960,669

5.4.4 Environmental Protection Policy:

1. Safety and health environmental protection policy

The Company convinced that both environmental protection and industrial development are equally important. Ensuring the safety of product, employees, contractors, plants and communities are not only a corporate social responsibility, but also a part of corporate competitiveness.

The Company believes that all disasters and accidents are preventable no matter how small it is. Through the values of the Company and the power of organization and system, the working level of each plant can reach to and acceptable standards. To achieve this goal, all supervisors must have appropriate participation and understanding of the system, provide adequate training and require thorough implementation and continuous improvement to ensure the policy and the goal are achieved.

All employees must constantly enhance their professional knowledge, and make all decisions by taking health and safety as prioritized concerns.

Employees must thoroughly understand the spirit behind the health and safety system and carry out standards without compromise, in addition to holding the attitude of inquiring into the root of the matter and continuously making improvement by seeing themselves as a model employee.

Being self-disciplined, protecting the safety of colleagues, communities, and themselves always, keeping the natural environment clean, protecting corporate assets, and targeting effort at perpetual business operation – all of these should be taken as necessary responsibilities by our employees.

2. Improvement of greenhouse gas reduction

The Company adheres to the business philosophy of both industrial development and environmental protection, and does a good job in environmental protection in the spirit of pursuing the roots. In order to fulfill the responsibility of the global village, the Company actively promoted greenhouse gas reduction and formed a greenhouse gas emission investigation team. At the end of 2005, the Company held the first and largest greenhouse gas inventory personnel training in Taiwan. The total of 309 people is responsible for checking the correctness of the greenhouse gas of plants under their jurisdiction, as a reference for greenhouse gas reduction strategies, in response to future domestic and international regulatory trends. In order to actively reduce greenhouse gas emissions, the Company carries out the following emission reduction measures for large emission sources such as petrochemical plants and HCFC plants:

- (1) Energy saving: Improve the combustion efficiency of electrical power and combined heat and power plants, and improve the power transmission and distribution system.
- (2) Process reduction: Improve greenhouse gas emission sources and reduce the consumption of raw materials per unit.
- (3) Looking for alternatives: Strengthen the leakage control and recovery management of fluorochemicals (refrigerants, solvents) and seek alternatives that have a lower impact on the greenhouse effect.

The Company reviews the energy consumption targets year by year, sets up process improvement personnel, implements improvement projects and personal creative reward system, and sets the greenhouse gas emission control standard for per unit product. The improvement of material and energy consumption reduction is as follows:

Greenhouse gas reduction practices

Item	Category	Content
1	Review energy consumption targets year by year	Each plant reviews and sets energy consumption targets when preparing annual budget at each year, and compares the implementation results monthly. It also proposes project improvement and reporting on energy-specific issues.
2	Set improvement project personnel at plants	Continue to improve to reduce materials and energy consumption.
3	Award improvement project	Implement a reward system about project improvement, and reward NTD300 to 20,000 according to the improvement level.
4	Encourage personal creativity	Have implemented a reward system about IE improvement, and reward NTD300 to 20,000 according to the improvement level.
5	Set the greenhouse gas emission control standard for unit of each product	Understand the difference between the actual and baseline emissions of greenhouse gases at each plant, and improve the difference after review. The current implementation status is better than the international standards.

In order to comply with the operations of greenhouse gas inventory, reduction, internal audit and inventory report preparation, the Company promulgated and implemented the “Greenhouse Gas Inventory and Reduction Management Measures” in 2006. In addition, considering the long-term review of greenhouse gases, in order to save human operating time, ensure the correctness and consistency of the data, and improve the efficiency of the inventory operation, the Company also implements the “greenhouse gas inventory reduction computer operation” to computerize the manual form, which can directly obtain the statistical greenhouse gas emissions data and reduction performance from the computer to benefit comparison of emissions control.

3. Air pollution prevention and management measures

The Company has been actively improving in pollution prevention and control for a long time and has achieved good results and accumulated considerable experience in pollution prevention. Therefore, in order to do a good job in environmental protection, the Company continues to adopt the

best process technology and comprehensive pollution prevention systems with long-term accumulated experience. The current pollution prevention effectiveness is not only better than national standards, but also meets the world's best standards.

In order to accurately grasp the actual emission of air pollutants in the sixth naphtha cracker, the current implementation of the air pollution emission control operation in the Mailiao sixth naphtha cracker includes total emission assessment, best available control technology (BACT) survey, pollution prevention technology research, plant maintenance dispatching plan, permitted total emission control, and total emission management.

In addition, the air pollution control of the plant includes environmental independent inspection in the plants, on-site inspection of equipment components, continuous emission monitoring systems (CEMS), chimney monitoring video of the whole plant, VOCs sampling analysis of storage tank and around each plant, air quality monitoring around the out of plants and weekly odor joint inspection. The Company is committed to maintaining the surrounding environment and work safety of the plant to avoid cost loss from leakage of raw materials or finished goods.

The Company installs continuous emission monitoring systems (CEMS) on large-scale emission sources, and performs 24-hour real-time monitoring through a distributed integrated electronic equipment and distributed control system (DCS). If an abnormality occurs, an alarm will be issued and it will be immediately addressed.

In order to strengthen the prevention of VOCs leakage, the Company builds a strict monitoring and control system, with 39 sets of forward-looking infrareds (FLIR) detectors to find out the source of leakage more quickly, which cannot easily be captured through the general camera, eyes, and portable VOCs detectors. By using a portable and easy-to-use forward-looking infrared (FLIR) detector to scan, the source of leakage can be easily and clearly found, and it can be addressed immediately. The Company also purchased 14 sets of fourier transform infrared spectrometer (FTIR) to build a more comprehend plant air pollution protection network.

4. Water pollution prevention and management measures

In order to comply with the environmental regulations of and promote wastewater reduction operation, the Company established the measures of water pollution prevention in accordance with government regulations are as follows:

(1) Implementation of wastewater source management

In order to implement wastewater source management, the Company have set up the operation control and monitoring management in the following terms:

- A. Collection and transportation facility about process wastewater.
- B. Collection and treatment facility about construction wastewater.
- C. Collection and transportation facility about Domestic sewage.
- D. Collection and transportation facility about another wastewater.
- E. Facility about Wastewater pre-treatment.
- F. Facility about water quality and quantity stabilization of Wastewater source facility.

(2) Relevant regulations for wastewater treatment processes:

- A. Scopes of regulation for plans of setting treatment facility and emission permit include a. plan for setting department b. wastewater treatment facility setting c. wastewater discharge permit.
- B. Scopes of regulation for operation management of wastewater treatment facility include a. wastewater treatment operation b. wastewater discharge operation c. wastewater treatment records and inputs d. wastewater treatment daily reports e. wastewater treatment periodic declaration f. wastewater treatment function evaluation analysis g. legal abnormal report.
- C. Scopes of regulation for wastewater treatment cost management include a. scope of cost b. wastewater cost center setting c. cost comparison unit setting d. wastewater cost item setting e. cost distribution f. wastewater treatment pricing g. cost summary review.
- D. Scopes of regulation for rainwater collection and discharge management include a. collection, transportation and pre-treatment facilities: report for rainwater collection and discharge facilities at the plant, rainwater discharge systems in public areas, and rainwater discharge hatch. b. management measures: regulation of rainwater discharge hatch, rainwater collection and discharge at plants, and inspection, maintenance and operation of rainwater drainage channels and gates in public areas.

E. Scopes of wastewater and rainwater supervision (inspection) measurement management include a. wastewater discharge automatically monitors b. wastewater and rainwater discharge detection.

(3) The regulation of wastewater reduction is as follows:

- A. Set the wastewater standard for unit of each product.
- B. Review and improve wastewater reduction.

(4) Supervision and inspection operations include:

- A. Supervision
- B. Inspection
- C. Audit
- D. Abnormal reaction and treatment

5. Waste management measures

In order to achieve sustainable use of resources and control the cost of waste disposal, the Company's management of waste is mainly based on process waste reduction, and secondly, it is considered to be properly handled by the outside party, while the order of subcontracting treatment is given priority to reuse, followed by incineration and landfill. The management measures related to the classification, storage, and removal of wastes of the company are as follows:

(1) Classification and storage after waste production:

In imply with regulations of waste and waste removal and treatment, reclassified general waste, process waste and engineering waste should be stored in a collection tank (bag) or appropriate container which should be keep intact, no dirt, rust, leaks or irregularities. In addition, according to regulations, the waste storage place should be equipped with waterproof (rain) facilities, control facilities and signs of wastewater and odor.

(2) Waste removal and disposal operations:

To ensure that all business waste is legally reused or cleaned, the Company has established a waste management computer system including:

- A. Database of clean-up vendor to manage environmental information of waste contractor.
- B. Online reporting management operations to ensure that waste shipped from the plants have completed reporting.

C. Clean-up plan management to ensure that the waste items and quantity of the plant meet the declaration information.

In addition, in order to grasp the flow of waste, the Company requires the contractor to cooperate with the network declaration, set the clearing flow tracking operation requirements, require on-site personnel to track the vehicle from time to time, and also require the waste manufacturers should attach a legal online triple list and proper documents when they bill the waste cleaning fees to avoid pollution caused by illegal cleaning of waste.

(3) Waste treatment performance management:

Each department of the Company has set three standards: A. waste clearance standard B. waste outsourcing cost standard C. waste self-processing standard. Each department will review and improve that exceeding the control standard monthly.

5.4.5 Impact of the implementation of the European Union's Restriction of Hazardous Substances (RoHS) on the financial operations of the Company: The Company's products sold in Europe are not subject to RoHS regulations, so there is no impact on the Company's business.

5.5 Labor Relations

5.5.1 Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans: the Company's employee benefit plans to promote a balance in work, health and life are as follows:
 - (1) The Company's Employee Welfare Committee established in accordance with the "Employee Welfare Fund Act", "Organization Regulations on Employee Welfare Committee" and other regulations, appropriates employee welfare funds for handling welfare businesses for employees including welfare club, staff restaurants, barber shop, laundry department, catering departments, library, sports facilities, movie appreciation, holiday welfare products, birthday gifts, travel grants, group insurance, life lectures, jogging and hiking activities, etc.
 - (2) Regulations on year-end bonuses and remuneration.
 - (3) Regulations on attendance management: According to Labor Standards Act, set up regulations on regular leave day and holiday and overtime pay standard.
 - (4) Regulations on salary: standardize the principles of employees' payroll and salary adjustment
 - (5) Regulations on consolation payment.
 - (6) Regulations on marriage subsidies and funeral gifts.
 - (7) Regulations on preferential treatment of Chang Gung Hospital for employees and their dependants.
 - (8) Labor insurance and national health insurance.
 - (9) Occupational Safety and Health Act and Labor Health Protection Rules: Each plant has a medical office, employs doctors and full-time nurses and regularly conduct health checkups for employees according to law.
 - (10) Regulations on operating clothing and safety shoes provided.
 - (11) Regulations on dorm (including single and dependants).
 - (12) Regulations on stock ownership reward for employee.
 - (13) Departmental funds and year-end meal subsidies.
 - (14) Hospital condolences, senior staff commemorating gold coins and praise.
 - (15) Counselling and legal advisory services.

- (16) Regulations on improvement proposal incentives: Set up an IE proposal bonus to encourage employees to discover abnormalities in their work, envisage a good improvement plan to improve the Company's performance. The Company will reward the employee whose proposal adopted depending on the improving effect and period.
 - (17) Regulations on innovative platform management: Set up an innovation platform website for employees to discuss professional issues and give appropriate rewards to those who provide good ideas for innovation.
 - (18) Regulations on Artificial Intelligence incentives: For colleagues who hold AI licenses or launch AI projects to increase the Company's benefits, the Company will give the bonus and be a reference for promotion to encourage colleagues to actively participate.
 - (19) Maternity Incentive Policy: In order to reduce the burden of parenting on colleagues and encourage childbirth, employees and their spouses will receive pregnancy congratulations gifts, childbirth congratulations gifts, maternity subsidies, and childcare subsidies (until 6 years old) when they become pregnant or give birth.
2. Advanced study system:
- (1) Regulations on foreign language development class.
 - (2) Professional and managerial class for each level employee.
3. Training system: The Company has a complete training system for new recruits, and has created a good working and learning environment, in order to cultivate professional talents with enthusiasm and innovative ideas. At the same time, through the complete training program at all stages of the career, each employee can become a talented person with professional and management practices under the gradual and self-transcending growth experience. Complete training programs include college management associate training, job basic training, job professional training, supervisor training at all levels, middle and high level supervisor training, etc., with online teaching, work rotation, external training opportunities, and external specialist to provide a working environment for continuous learning and development. The training system is as follows:
- (1) Regulations on training management.
 - (2) Regulations on network knowledge base management.
 - (3) Regulations on college new recruits training.
 - (4) Regulations on dispatched training.

(5) Regulations on middle and high-level supervisor talents cultivating.

4. Retirement system:

(1) Retirement application:

Employees who are in one of the following conditions are eligible for retirement:

- ① Those who have served for more than 15 years and are over 55 years old.
- ② Those who have served for more than 25 years.
- ③ Those who have served for more than 10 years and are over 60 years old.

(2) Mandatory retirement:

Employees who are in one of the following descriptions must retire:

- ① Those who are 65 years old or older, but those at or above the level of senior manager may be extended to 70 years old, and the high-level manager may be extended to 75 years old.
- ② Employees are unable to perform their duties due to mental disorders or physical disabilities.

(3) Retirement pensions disbursement:

Employees' retirement pensions disbursement is as follows:

- ① Pension for service period on and before July 31, 1984 is calculated based on Taiwan Provincial Factory Workers Retirement Rules, and the average salary of the three months prior to retirement is taken into account. Pension for service period on and after August 1, 1984 is calculated based on Article 55 of the Labor Standards Act, and the average salary of the six months prior to retirement is taken into account. However, the total of the above two is limited to a maximum number of 45 bases.
- ② For an employee who has mental disorder or physical disability occurred in his or her work duties and can no longer fulfill the work responsibilities, the pension for the aforementioned employee is issued according to the preceding paragraph and plus 20%.

(4) The new "Labor Pension Act" was implemented on July 1, 2005. If employees choose the old pension system, they will be handled according to the above retirement system. If employees choose the new pension system, the Company will appropriate 6% of the monthly salary to the employees' pension account.

(5) Employee Code of Conduct or Ethics:

- ① In order to clearly define the rights and obligations of employers and employees, and to maintain order in the workplace, the Company has established “Working Rules” in accordance with the law and publicly disclosed at the approval of the competent authority as the base for employee management. Working Rules includes recruitment, promotion, working time, salary, discipline, reward and punishment, dismissal, severance, retirement, training and performance evaluation, compensation and consolation payment for accident, injury or disease, and welfare measures, etc.
- ② In order to strengthen the behavior and ethical norms of the employees, the Company not only sets up “Regulations on Personal Information” but also requires employees to sign the “Formosa Plastics Corp. Employees’ Commitment to Observe the Operational Policy Statement,” which is summarized as follows:
 - A. Prohibition of unfair competition (antitrust) policy: Employees must fully comply with the Fair Trade Act. The Company encourages that employees obtain profit by using legal and proper ways, and takes all actions complying with relevant laws and regulations.
 - B. Conflict of interest policy: When employees are required to engage in business related to the Company, they should avoid damaging the interests of the Company. They should never directly or indirectly request or accept gifts, entertainment or other benefits from customers or competitors of the Company.
 - C. Internal data security policy: Employees handling the Company’s data should not reveal confidential data or other information that has not been published without the written permission of the Company. They should not use the information for personal gain or use it for any purpose that is not relevant to the Company’s operation. Employees should hand over all technological information when they leave the Company.
 - D. Participation in political activity policy: Employees should not directly or indirectly donate money, provide services, or give valuable items to any candidates or political parties. They should not conduct any behavior forbidden by the law or give any ill-

gotten gain to legislators, political figures, or government officials that may prevent them from performing their duties.

(6) Work environment and employee personal safety protection measures:

- ① The Company sets up rules of safety and health management to ensure each department to comply with, which could prevent accidents and achieve the goals of “zero disasters” to ensure the safety and health of employees and neighborhood residents, maintain the integrity of the Company’s equipment, ensure operation smoothly, and improve the overall business performance.
- ② The scope of application includes the safety and health management system and the work responsibilities of each department, the establishment of various safety and health protection facilities, the establishment of safety standards for various operations, the regular automatic inspection of safety and health, personnel safety and health, fire prevention education training, safety and health performance evaluation, emergency response planning, disaster simulation exercises, and accident handling.
- ③ The Company regularly conducts safety and health education training and publicity and ensure that all employees receive appropriate and necessary training, and have the ability to perform work. All departments should hang the safety and health policy of the Company and verification site at entrance and exist clearly.
- ④ The Company regularly conducts employee health checks, such as general health (physical) checks, special health checks, foreign employee health (physical) checks and catering employee health checks, and manages health care unit settings, such as health care unit configuration, drug and equipment management, first-aid staff, drug configuration and ambulance setup and management, etc.

5. Implementation status of employee benefit plans and retirement system: Well.

6. Implementation status of employee advanced study and training: In 2022, advanced study and training courses conducted by Company were 3,820 items. The average number of training hours per person was 41.8 hours, and the total cost was NTD 13,965 thousand. The courses include work safety on-the-job training, English and Japanese foreign language training, Labor law, standard operating procedure (SOP), job specialty, artificial

intelligence (AI) and other professional course, etc.

7. Employee and employer negotiation:

- (1) Participate in the member representatives meeting of labor union and the board of directors and supervisors, and hold regular labor-management meetings to establish a labor-management consultation mechanism.
- (2) Establish an employee complaints system to improve labor relations and gender equality, hold each level supervisory meetings regularly, issue corporate magazines quarterly. Employees can also express their opinions through employee suggestion boxes or reaction lines.
- (3) Formulate working rules and personnel management rules, and clearly define the rights and obligations of employee and employer so that employees can fully understand and protect their rights and interests.
- (4) In accordance with Occupational Safety and Health Act, conduct employee health checkups regularly, set labor safety and health personnel and rules to avoid accidents and maintain employee safety.

8. Status of implementation for preserving employees' rights and interests:
Well.

5.5.2 Any loss sustained as a result of labor disputes, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken: The Company had no major dispute on labor agreement in the latest year and up to the printing date of this Annual Report.

5.6 Information Security Management

5.6.1 Describe the information security risk management framework, information security policies, concrete management programs, and investments in resources for information security management.

In order to ensure the security and stability of the information network and avoid the abnormality of the information system and the damage of computer data which may cause the company's business to be terminated, the Company revised and issued the "Information Security Management Rules", "Information Security Management Measures" and "Information Security Management Guidelines" successively during the year of 2022, which specified the management standards of the Company's information system, network and personal computer operations, and the safety code of conduct for employees' access to the Internet and mail, so as to ensure the information security of the Company and to satisfy the requirements of the laws and relevant information security regulations to the greatest extent. The related information security risk management of the Company are as follows:

1. Information security risk management framework

In accordance with the requirements of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission on December 28, 2021 and the operating guidelines of the "Guidelines on Information and Communication Security Control for Listed and OTC Companies" issued by the Taiwan Stock Exchange on December 23, 2021, the Company appointed Chief Information Security Officers in August 1, 2022. Designated information security units, supervisors and personnel are assigned in order to supervise the execution of internal information security management business and periodically hold information communication security management review committee to review the implementation and result of information security control measures and implementation of information security management business coordination. It is also coordinated with the information security management activity promoted by information security team in IT department to integrate the division of work and consistency of execution as well as the dispatch and allocation of the Company's resources.

2. Information security policies

- (1) Comply with legal requirements and promote information security awareness.
- (2) Attach importance to risk management and protect data security.
- (3) Participate with all employees and pursue improvement continuously.

3. Information security Management programs

- (1) A multi-layered in-depth framework used to build firewalls, intrusion prevention systems (IPS), malicious URL filtering and advanced persistent threat defense (APT) are being adopted to prevent malicious attacks from external networks.
- (2) To set up employee internet access, e-mail and personal information/sensitive data prevention mechanisms is to prevent the information or data to be disclosed improperly or from leakage, and also keep from internal systems implanted with malicious programs
- (3) Users are required to change their passwords every three months. Passwords must be able to meet a minimum of eight characters and include capital, lower case and numbers in order to meet the password complexity requirement and enhance the identity verification of system log in.
- (4) Install anti-virus software on the computer, update virus patterns and security patches in real time, establish security access policies, and control the connection and access of USB devices to strengthen endpoint detection and response capabilities.
- (5) System logs are introduced to the security information and incident management system (SIEM) and the information security monitoring platform (SOC), which are read and analyzed. Abnormal information or incidents will be promptly alerted and handled with emergency response measures to avoid threat expansion and risk expansion.
- (6) The computer room and other information infrastructures are equipped with access control and CCTV systems. Backup systems, uninterruptible power supply and fire protection facilities are regularly simulated and drilled to strengthen physical security.
- (7) A website application firewall (WAF) has been set up to protect the operation of the external service website and enhance the security of the Company's website.
- (8) A source code testing system platform was set up to conduct

vulnerability test on source codes in self-developed application systems to enhance the security of self-developed application systems.

- (9) Conduct regular vulnerability scanning and penetration tests on website applications and system platforms for servers with external open services on a quarterly basis to prevent system weaknesses from being used by external malicious attackers as an entry point for penetrating our internal network or conducting malicious attacks.
- (10) Conduct regular training and testing for employees annually to strengthen the employees' awareness of cyber security risks.
- (11) Review security measures and regulations annually, pay attention to security issues and its developments, and draw up response plans to ensure its appropriateness and effectiveness.

4. Information Security Education Training and Publicity Implementation in 2022

- (1) A total of 695 people of the Company completed the online training course on "AEO Employee Safety Awareness".
- (2) 9 people completed the physical training course of "Information Security Education and Training for Stock Affair Specialists".
- (3) To enhance the professional skills of the information security, the Company arranged the related personnel to attend 3 Information Security Alliance Seminar and 4 courses with a total of 318 hours of training in 2022. There are 4 employees of information security team passed to get the license of CompTIA Security+.
- (4) To enhance the awareness of email security, the Company send the counterfeit email about medical knowledge, winning notice, travel information randomly to employees. In March, 2023, 2,725 social engineering training emails were sent to employees. The 264 employees clicked the link, and the rate of opening the email was 9.69%. The employees who clicked the testing mail link had to finish the online course of email security awareness and pass the test.

5. Resources invested in information security management:

- (1) Designated the Chief Information Security Officer at the management level, established a dedicated unit for information security management and assigned dedicated information security personnel.
- (2) Revised and announced amended information security management rules, measures and standards.

- (3) Systems administrator accounts of important hosts and servers have been included in Cyber Ark, which effectively manages the registration activities of super accounts such as system administrators. The operation trail is recorded for audit verification.
 - (4) The annual scheduled third-party Red Team Attack and Prevention Drill was executed. Trusted third parties were engaged to conduct an effectiveness inspection on information security management control measures of the Company's information network system from the hacker's perspective. The deficiencies found in the drill were improved and strengthened.
 - (5) Conducted Taishan server room ISO 27001 certification activity, passed the on-site audit, and obtained the ISO 27001:2013 issuance advice letter issued by 3rd party certification company sent to ISO international certification issuance institute. The Company obtained the formal certification issued by the issuing institution on February 9, 2023.
 - (6) Vulnerability scans of websites and system platforms are performed quarterly to improve detected deficiencies.
 - (7) Addition of website application firewall (WAF) and source code detection system platform.
 - (8) Increase the capacity of security information and incident management system (SIEM) to meet regulatory requirements.
 - (9) Implement employee e-mail social engineering exercises.
 - (10) Plan and implement employee information security awareness and information security training courses for IT professionals.
 - (11) Plan to establish an additional vendor remote maintenance operation super account management system to monitor and record the audit trail of system suppliers' remote maintenance operations.
 - (12) The Company joined the Computer Emergency Response Team(CERT) and Computer Security Incident Response Team(CSIRT) in 2022 to share the information to keep the effect of joint defense.
6. Please refer to the Company's sustainability website as following about the more detail and future plan for information security.
http://csr.fpc.com.tw/FPC_CSR/coporate_governance/information_security.aspx

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant information security incidents, the possible impacts therefrom, and measures being or to be taken: The Company had no major information security events in the latest year and up to the printing date of this Annual Report.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Purchase contract	CPC Corp., Taiwan	2021.01~ 2021.12	Supply of ethylene, propylene and hydrogen for PVC and HDPE	None
Sale and purchase contract	Formosa Petrochemical Corp.	2021.01~ 2021.12	Supply of ethylene, propylene, butadiene, butadiene raffinate oil	None
Technical authorization contract	Lummus Technology LLC	2018.11~ 2033.11	Propane Dehydrogenation technology	None
Technical authorization contract	Univation Technologies, LLC	2014.10~ 2034.10	Full density vapor phase polyethylene technology	None
Technical authorization contract	Dow Chemical Company	2005.10~ 2025.10	N-butanol process technology	Note
Technical authorization contract	Mitsubishi Chemical Corporation	The contract was effective from 2022.04 and will end until the parties agree to terminate.	1-hexene process technology	None
Long-term loan contract	Bank of Taiwan	2020.8~ 2023.8	Financial structure improvement and working capital enrichment	None
Long-term loan contract	Mizuho Bank	2021.12~ 2024.12	Financial structure improvement and working capital enrichment	None

Note: The important equipment of process does not allow changes arbitrarily.

VI. Financial Information

6.1 Consolidated Balance Sheet and Income Statement for the Last Five Fiscal Years

6.1.1 Condensed Balance Sheet- Based on Consolidated Financial Statement

Unit: NTD thousands

Item	Year	Financial information for the last five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		184,262,229	175,616,860	165,635,760	189,262,221	160,820,260
Property, plant and equipment (Note 2)		76,618,563	85,635,983	86,785,954	97,343,039	107,315,483
Intangible assets		430,613	423,488	590,274	623,165	607,382
Other assets (Note 2)		240,201,862	235,411,628	226,268,435	256,450,497	242,511,282
Total assets		501,513,267	497,087,959	479,280,423	543,678,922	511,254,407
Current liabilities	Before distribution	83,051,141	89,283,378	68,255,027	74,541,216	95,863,320
	After distribution	119,972,438	117,292,637	83,532,805	126,740,290	122,599,431
Non-current liabilities		62,894,125	58,651,261	78,489,256	65,947,432	57,706,224
Total liabilities	Before distribution	145,945,266	147,934,639	146,744,283	140,488,648	153,569,544
	After distribution	182,866,563	175,943,898	162,022,061	192,687,722	180,305,655
Shareholder's equity attributable to parent company		355,568,001	349,153,320	332,536,140	403,190,274	357,684,863
Capital stock		63,657,408	63,657,408	63,657,408	63,657,408	63,657,408
Capital reserve		11,713,842	11,724,498	11,742,124	11,770,685	11,797,297
Retained earnings	Before distribution	198,382,191	198,347,860	190,229,876	246,258,845	230,270,354
	After distribution	161,460,894	170,338,601	174,952,098	194,059,771	203,534,243
Other equity interest		81,814,560	75,423,554	66,906,732	81,503,336	51,959,804
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	355,568,001	349,153,320	332,536,140	403,190,274	357,684,863
	After distribution	318,646,704	321,144,061	317,258,362	350,991,200	330,948,752

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: If in the current year there is revaluation of assets, it is required to specify the revaluation date and the revaluation value.

Note 3: A company whose stock is listed on an exchange or trade on OTC shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

Note 4: For the financial data of after distribution, please fill out in accordance with the resolutions approved by Board of Directors or Shareholders' Meeting.

Note 5: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Note 6: The after-distribution data of 2022 are estimated by the earnings distribution approved by Board of Directors Meeting on March 10, 2023.

6.1.2 Condensed Balance Sheet– Based on the Parent Company only
Financial Statement Unit: NTD
thousands

Item		Year	Financial information for the last five fiscal years (Note 1)				
			2018	2019	2020	2021	2022
Current assets			169,916,838	158,815,312	142,801,499	160,053,911	136,811,906
Property, plant and equipment (Note 2)			38,227,497	39,280,562	41,804,267	46,142,880	51,626,928
Intangible assets			124,762	124,762	124,762	124,762	140,000
Other assets (Note 2)			269,115,479	266,224,934	270,998,502	310,908,113	300,655,376
Total assets			477,384,576	464,445,570	455,729,030	517,229,666	489,234,210
Current liabilities	Before distribution		60,678,960	56,755,940	60,723,332	52,393,339	77,817,719
	After distribution		97,600,257	84,765,199	76,001,110	104,592,413	104,553,830
Non-current liabilities			61,137,615	58,536,310	62,469,558	61,646,053	53,731,628
Total liabilities	Before distribution		121,816,575	115,292,250	123,192,890	114,039,392	131,549,347
	After distribution		158,737,872	143,301,509	138,470,668	166,238,466	158,285,458
Shareholder's equity attributable to parent company			355,568,001	349,153,320	332,536,140	403,190,274	357,684,863
Capital stock			63,657,408	63,657,408	63,657,408	63,657,408	63,657,408
Capital reserve			11,713,842	11,724,498	11,742,124	11,770,685	11,797,297
Retained earnings	Before distribution		198,382,191	198,347,860	190,229,876	246,258,845	230,270,354
	After distribution		161,460,894	170,338,601	174,952,098	194,059,771	203,534,243
Other equity interest			81,814,560	75,423,554	66,906,732	81,503,336	51,959,804
Treasury stock			-	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total equity	Before distribution		355,568,001	349,153,320	332,536,140	403,190,274	357,684,863
	After distribution		318,646,704	321,144,061	317,258,362	350,991,200	330,948,752

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: If in the current year there is revaluation of assets, it is required to specify the revaluation date and the revaluation value.

Note 3: A company whose stock is listed on an exchange or trade on OTC shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

Note 4: For the financial data of after distribution, please fill out in accordance with the resolutions approved by Board of Directors or Shareholders' Meeting.

Note 5: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Note 6: The after-distribution data of 2022 are estimated by the earnings distribution approved by Board of Directors Meeting on March 10, 2023.

6.1.3 Condensed Balance Sheet– Based on EAS: Not applicable.

6.1.4 Condensed Comprehensive Income- Based on Consolidated

Financial Statement

Unit: NTD thousands

Item	Year	Financial information for the past five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenue		230,370,027	207,848,572	185,813,405	273,598,301	251,647,354
Gross profit		37,308,068	32,113,950	29,054,284	76,160,904	42,558,744
Gross profit from operations		25,341,312	20,196,366	17,099,215	60,163,993	26,799,217
Non-operating income and expense		31,751,064	22,022,786	7,067,452	25,792,821	16,995,170
Income before tax		57,092,376	42,219,152	24,166,667	85,956,814	43,794,387
Income from operations of continued segments - after tax		49,549,540	37,324,162	20,036,199	71,355,311	36,142,868
Income from discontinued operations (Note 3)		-	-	-	-	-
Net income (Loss)		49,549,540	37,324,162	20,036,199	71,355,311	36,142,868
Total other comprehensive income (net of tax)		-15,095,900	-6,768,604	-8,609,003	14,545,006	-29,456,948
Total comprehensive income		34,453,640	30,555,558	11,427,196	85,900,317	6,685,920
Net income attributable to parent company's shareholders		49,549,540	37,324,162	20,036,199	71,355,311	36,142,868
Net income attributable to non-controlling interest		-	-	-	-	-
Comprehensive income attributable to parent company's shareholders		34,453,640	30,555,558	11,427,196	85,900,317	6,685,920
Comprehensive income attributable to non-controlling interest		-	-	-	-	-
Earnings per share		7.78	5.86	3.15	11.21	5.68

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: A company whose stock is listed on an exchange or trade on OTC shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

Note 3: The net loss from discontinued operations is an amount net of income tax.

Note 4: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

6.1.5 Condensed Comprehensive Income Statement– Based on the Parent Company only Financial Statement

Unit: NTD thousands

Item \ Year	Financial information for the past five fiscal years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	189,246,407	165,823,943	139,157,045	210,675,530	195,086,831
Gross profit	33,603,300	27,914,090	24,683,662	61,680,515	39,146,334
Gross profit from operations	22,999,374	17,493,179	14,379,667	47,635,584	25,385,900
Non-operating income and expense	34,046,784	24,298,942	8,898,610	34,682,718	17,197,491
Income before tax	57,046,158	41,792,121	23,278,277	82,318,302	42,583,391
Income from operations of continued segments - after tax	49,549,540	37,324,162	20,036,199	71,355,311	36,142,868
Income from discontinued operations (Note 3)	-	-	-	-	-
Net income (Loss)	49,549,540	37,324,162	20,036,199	71,355,311	36,142,868
Total other comprehensive income (net of tax)	-15,095,900	-6,768,604	-8,609,003	14,545,006	-29,456,948
Total comprehensive income	34,453,640	30,555,558	11,427,196	85,900,317	6,685,920
Net income attributable to parent company's shareholders	49,549,540	37,324,162	20,036,199	71,355,311	36,142,868
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to parent company's shareholders	34,453,640	30,555,558	11,427,196	85,900,317	6,685,920
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	7.78	5.86	3.15	11.21	5.68

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: A company whose stock is listed on an exchange or trade on OTC shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

Note 3: The net loss from discontinued operations is an amount net of income tax.

Note 4: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

6.1.6 Condensed Balance Sheet– Based on EAS: Not applicable.

6.1.7 Matters of material significance which affected the comparability of the above-mentioned condensed financial statements: None.

6.1.8 The Name of the Certified Public Accountant and the Auditor's opinion

Year	2018	2019	2020	2021	2022
Name	Hui-Chih Kou Chi-Lung Yu	Hui-Chih Kou Chi-Lung Yu	Hui-Chih Kou Chi-Lung Yu	Hui-Chih Kou Chi-Lung Yu	Hui-Chih Kou Chi-Lung Yu
Auditor's opinion	An unqualified opinion with emphasis of matter paragraph or other matter paragraph	An unqualified opinion with emphasis of matter paragraph or other matter paragraph	An unqualified opinion with emphasis of matter paragraph or other matter paragraph	An unqualified opinion with emphasis of matter paragraph or other matter paragraph	An unqualified opinion with emphasis of matter paragraph or other matter paragraph

6.2 Financial Analysis for the Last Five Fiscal Years

6.2.1 Consolidated Financial Analysis – Consolidated Financial Statement Based on IFRSs

Item		Financial analysis for the last five fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	29.10	29.76	30.62	25.84	30.04
	Ratio of long-term capital to property, plant, and equipment	546.16	476.21	473.61	481.94	387.07
Solvency (%)	Current ratio	221.87	196.70	242.67	253.90	167.76
	Quick ratio	192.66	172.37	210.51	216.24	139.97
	Interest coverage ratio	39.35	24.22	19.64	92.03	32.26
Operating performance	Accounts Receivable turnover (times)	14.36	14.00	12.60	13.16	12.14
	Average collection period	25	26	29	28	30
	Inventory turnover (times)	10.06	9.01	8.97	9.58	8.91
	Accounts payable turnover (times)	15.66	15.14	12.97	13.58	15.07
	Average days in sales	36	41	41	38	41
	Property, plant, and property turnover (times)	3.16	2.56	2.16	2.97	2.46
	Total asset turnover (times)	0.47	0.42	0.38	0.53	0.48
Profitability	Return on total assets (%)	10.38	7.69	4.30	14.07	7.01
	Return on stockholders' equity (%)	14.15	10.59	5.88	19.40	9.50
	Pre-tax income to paid-in capital ratio (%)	89.69	66.32	37.96	135.03	68.80
	Profit margin (%)	21.51	17.96	10.78	26.08	14.36
	Earnings Per Share (NTD)	7.78	5.86	3.15	11.21	5.68
Cash flow	Cash flow ratio (%)	60.81	52.17	46.07	77.62	59.25
	Cash flow adequacy ratio (%)	120.31	116.90	100.76	103.56	95.40
	Cash reinvestment ratio (%)	2.46	1.69	0.59	6.61	0.78
Leverage	Operating leverage	1.29	1.37	1.47	1.14	1.32
	Financial leverage	1.06	1.07	1.08	1.01	1.04

Reasons for changes of financial ratios for the last two years (analysis is exempted for any change less than 20%):

1. Current ratio and quick ratio in 2022 were lower than which in 2021, because current assets NTD 160,820,260 thousand in 2022 decreased by NTD 28,441,961 thousand from 2021.
2. Times interest earned, return on total assets, return on stockholders' equity, ratio of income before tax to paid-in capital, profit margin before tax and earnings per share in 2022 were lower than which in 2021, because after-tax net income NTD 36,142,868 thousand in 2022 decreased by NTD 35,212,443 thousand from 2021.
3. Cash flow adequacy ratio and cash reinvestment ratio in 2022 were lower than which in 2021, because cash inflow from operating activities NTD 56,801,615 thousand in 2022 decreased by NTD 1,057,728 thousand from 2021.

Note 1: The fiscal years for which reports were not CPA audited or reviewed shall be noted.

Note 2: A company that is listed on the TWSE or traded at the place of business of a securities firm shall include in its analysis the then current financial data up to and until the quarter immediately preceding the printing date of the annual report's publication date.

Note 3: The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure
 - (1) Debt ratio = Total liabilities/total assets.
 - (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
 - (1) Current ratio = Current assets/current liabilities
 - (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
 - (3) Times Interest Earned = Net income before tax and interest expense/current interest expense
3. Operating ability
 - (1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
 - (2) Average collection period = 365 days/ accounts receivable turnover
 - (3) Inventory turnover (times) = Cost of goods sold/average inventory
 - (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)
 - (5) Average inventory turnover days = 365 days/ inventory turnover
 - (6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
 - (7) Total asset turnover = Net sales/average total assets
4. Profitability
 - (1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
 - (2) Return on shareholder's equity = Net income/average total shareholder's equity
 - (3) Profit margin = Net income/ net sales
 - (4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued (Note 4)
5. Cash flow
 - (1) Cash flow ratio = Cash flow from operating activities/current liabilities
 - (2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) (Note 5)
6. Leverage
 - (1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income (Note 6)
 - (2) Financial leverage = Operating income/ (operating income - interest expenses)

Note 4: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 7: In the case of a company whose shares have no par value or have a par value other than NTD10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.2.2 Financial Analysis– Based on the Parent Company only Financial Statement

Item		Financial analysis for the last five fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	25.52	24.82	27.03	22.05	26.89
	Ratio of long-term capital to property, plant, and equipment	1,090.07	1,037.89	944.89	1,007.38	796.90
Solvency (%)	Current ratio	280.03	279.82	235.17	305.49	175.81
	Quick ratio	253.48	256.90	214.00	273.43	153.30
	Interest coverage ratio	59.37	45.03	29.11	124.39	52.87
Operating performance	Accounts Receivable turnover (times)	15.16	14.41	12.65	14.28	12.96
	Average collection period	24	25	29	26	28
	Inventory turnover (times)	11.90	11.09	11.22	12.39	10.90
	Accounts payable turnover (times)	14.01	13.56	11.50	13.16	15.03
	Average days in sales	31	33	33	29	33
	Property, plant, and property turnover (times)	5.26	4.28	3.43	4.79	3.99
	Total asset turnover (times)	0.41	0.35	0.30	0.43	0.39
Profitability	Return on total assets (%)	10.79	8.08	4.49	14.77	7.29
	Return on stockholders' equity (%)	14.15	10.59	5.88	19.40	9.50
	Pre-tax income to paid-in capital ratio (%)	89.61	65.65	36.57	129.31	66.89
	Profit margin (%)	26.18	22.51	14.40	33.87	18.53
	Earnings Per Share (NTD)	7.78	5.86	3.15	11.21	5.68
Cash flow	Cash flow ratio (%)	71.44	70.41	43.29	90.04	56.49
	Cash flow adequacy ratio (%)	130.54	124.32	103.25	108.43	94.32
	Cash reinvestment ratio (%)	1.28	0.56	-0.32	5.25	-1.48
Leverage	Operating leverage	1.19	1.23	1.27	1.09	1.17
	Financial leverage	1.04	1.06	1.06	1.01	1.03

6.2.3 Financial Analysis– Based on EAS: Not applicable.

6.3 Audit Committee's Review Report for the Most Recent Year's Financial Statement

Formosa Plastics Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, including Consolidated and Individual Financial Statement, and Proposal for Profits Distribution. The CPA firm of KPMG was retained to audit Formosa Plastics Corporation's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Formosa Plastics Corporation. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

Formosa Plastics Corporation

Chairman of the Audit Committee: Chi-Lin, Wei

March 10, 2023

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report:

Please refer to the pages 260 to 347 of the Annual Report.

6.5 The Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report:

Please refer to the pages 348 to 430 of the Annual Report.

6.6 The Financial Difficulties of the Company and its Affiliated Companies: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

The reasons for, and impact of, any significant change over the two most recent fiscal years in its assets, liabilities, or equity. Where the impact is significant, describe further how the company plans to respond.

Unit: NTD thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	160,820,260	189,262,221	-28,441,961	-15.03
Fixed Assets	350,434,147	354,416,701	-3,982,554	-1.12
Total Assets	511,254,407	543,678,922	-32,424,515	-5.96
Current Liabilities	95,863,320	74,541,216	21,322,104	28.60
Long-term Liabilities	57,706,224	65,947,432	-8,241,208	-12.50
Total Liabilities	153,569,544	140,488,648	13,080,896	9.31
Capital Stock	63,657,408	63,657,408	0	0.00
Capital Reserve	11,797,297	11,770,685	26,612	0.23
Retained Earnings	230,270,354	246,258,845	-15,988,491	-6.49
Other Equity Interest	51,959,804	81,503,336	-29,543,532	-36.25
Total Stockholders' Equity	357,684,863	403,190,274	-45,505,411	-11.29

Explanation:

1. Current liabilities increased 28.60%, because short-term notes and bills payable increased NTD 17,331,041 thousand.
2. Other equity interest decreased 36.25%, because unrealized gain from financial assets measured at fair value through other comprehensive income decreased NTD 42,592,303 thousand.

7.2 Analysis of Financial Performance

The annual report shall list the main reasons for any material change in operating revenues, operating income, or income before tax in the two most recent fiscal years, provide a sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response.

Unit: NTD thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Operating revenues	251,647,354	273,598,301	-21,950,947	-8.02
Cost of sales	209,088,610	197,437,397	11,651,213	5.90
Gross profit	42,558,744	76,160,904	-33,602,160	-44.12
Operating expenses	15,759,527	15,996,911	-237,384	-1.48
Operating income	26,799,217	60,163,993	-33,364,776	-55.46
Non-operating income and expense	16,995,170	25,792,821	-8,797,651	-34.11
Net income before tax	43,794,387	85,956,814	-42,162,427	-49.05
Income tax expense	7,651,519	14,601,503	-6,949,984	-47.60
Net income	36,142,868	71,355,311	-35,212,443	-49.35

Explanation:

Net income in 2022 was down 49.35% from 2021. In the first quarter of 2022, the outbreak of the war between Russia and Ukraine pushing up the price of crude oil, natural gas, coal and other energy prices drove up the price of petrochemical products. In the first half of the year, the consolidated sales and pre-tax profit of the Company reached a new historical high during the same period. However, in the second half the year, the inflation and the accelerated interest rate lifting in the US and Europe affected consumer purchasing power, and both of production and consumption were hindered by the recurrent waves of COVID-19 pandemic, which led to an economic slowdown. The petrochemical industry was not spared. The plummeting product prices on muted demand resulted in a sharp contrast between the industry's boom in the first half of the year and a slump in the latter half of the year. As a result, the Company's consolidated revenue in 2022 decreased by 8% from 2021 and operating profit of NTD 26.79bn was down by NTD 33.36bn from 2021 with a decrease of 55%, mainly due to the narrowed spreads from the most products as their average selling prices could not fully reflect the cost of raw material. Even though the total cash dividend revenue in 2022 was NTD 8.44bn with an increase of NTD 5.44bn from 2021, the equity income from investees including Formosa

Petrochemical Corp. and Formosa Plastics Corp., U.S.A.(FPC-USA) lowered by NTD 17.69bn from 2021 to NTD 5.44bn in 2022. The decrease has led the Company's pre-tax profit to decline significantly by 49% YoY.

1. Gross profit variance analysis:

Unit: NTD thousands

Item	Variances between 2022 and 2021	Effect of variances			
		Sales variances	Cost variances	Product mix	Quantity variances
Gross Profit	-33,602,160	+3,582,928	-32,686,266	+764,963	-5,263,785

Explanation: The gross profit in 2022 decreased from 2021, because the spread of price of PVC, AN, AE, PP and VCM narrowed down due to the decreased terminal demand impacted by lockdown for COVID-19 pandemic and interest lifting for inflation in Europe and the US.

2. Provide a sales volume forecast and the basis therefor, and describe the effect upon the Company's financial operations as well as measures to be taken in response: Please refer to "1.2 A Summary of the Business Plan for 2023" of "I. Letter to Shareholders".

7.3 Analysis of Cash Flow

Describe and analyze any cash flow changes in the most recent fiscal year, describe corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year.

1. Cash flow analysis for the current year:

Unit: NTD thousands

Cash, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Remedies of Cash Deficit	
				Investment Plans	Financing Plans
13,715,454	56,801,615	53,406,906	17,110,163	-	-

Explanation:

- (1) Operating activities: The net cash inflow from operating activities in 2022 was NTD 56,801,615 thousand, because net cash inflow generated from operations of NTD 47,320,332 thousand, interest received of NTD 378,613 thousand, dividends received of NTD 20,940,421 thousand, interest paid of NTD 716,799 thousand and income tax of NTD 11,120,952 thousand.
- (2) Investing activities: The net cash outflow from investing activities in 2022 was NTD 18,320,694 thousand, because acquisition of property, plant and equipment of NTD 14,775,464 thousand.
- (3) Financing activities: The net cash outflow from financing activities in 2022

was NTD 30,405,152 thousand, because decrease cash dividends paid of NTD 52,172,634 thousand, and repayment of bond of NTD 9,400,000 thousand.

2. Remedy for cash deficit and liquidity analysis

(1) There was no cash deficit in this year.

(2) Liquidity analysis in the two most recent fiscal years:

Item \ Year	2022	2021	Variation (%)
Cash flow ratio	59.25%	77.62%	-18.37%
Cash flow adequacy ratio	95.40%	103.56%	-8.16%
Cash reinvestment ratio	0.78%	6.61%	-5.83%

Explanation: Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio in 2022 decreased from 2021, because the cash inflow from operating activities in 2022 increased by NTD 1,057,728 thousand from 2021.

3. Liquidity analysis for the coming year

Unit: NTD thousands

Estimated Cash, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Estimated Cash Surplus (Deficit)	Remedies of Cash Deficit	
				Investment Plans	Financing Plans
17,110,163	26,384,075	22,999,054	20,495,184	-	-

Explanation: Cash flows from operating activities in 2023 is expected to be less than which in 2022. However, due to sufficient cash at beginning of 2022, the estimated cash at the end of 2023 is surplus.

7.4 The Effect upon Financial Operations of Any Major Capital Expenditures in the Most Recent Year

7.4.1 Major Capital Expenditure Items and Source of Capital:

Unit: NTD thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure			
				2022	2023	2024	2025
EVA debottleneck project in Ningbo	Working Capital	2022.10.31	1,137,255	558,245	407,841		
PDH expansion project in Ningbo	Working Capital, Bank loan	2023.07.31	24,275,550	5,585,580	6,594,313		
PVC debottleneck project	Working Capital	2023.12.31	276,303	178,896	33,604	45,000	
Carbon Fiber expansion project	Working Capital	2025.04.30	3,689,960	3,770	3,176,045	510,145	
New 1-hexene plant construction project in the U.S.A.	Working Capital, Bank loan	2025.12.31	5,691,538	330,400	1,787,046	1,787,046	1,787,046

Note: If material change is expected in the corresponding cost of capital of future borrowings and capital increase or in the policy of borrowing and capital increase, an explanation shall be provided.

7.4.2 Expected Benefits:

1. Estimated increase in production, sales, and gross profits:

Unit: Metric tons ; NTD thousands

Year	Item	Quantity of Production	Quantity of Sales	Amount of Sales	Gross Profit
2023	EVA debottleneck project in Ningbo	28,000	28,000	1,865,593	452,253
2024	PDH expansion project in Ningbo	600,000	600,000	4,107,501	391,290
2024	PVC debottleneck project	100,000	100,000	3,241,500	596,200
2026	Carbon Fiber expansion project	1,600	1,600	1,496,800	438,621
2026	New 1-hexene plant construction project in the U.S.A.	100,000	100,000	3,257,240	778,800

2. Other benefits (such as the quality of products, pollution prevention, cost reduction and so on): None.

7.5 Reinvestment Policy in the Most Recent Years, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year:

Unit: NTD thousands

Item	Remark	Amounts	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan
Formosa Smart Energy Tech Corp.		1,000,000	Long-term investment	Formosa Smart Energy Tech Corp. started the construction of the cell plant with 2.1 GWh and the module plant with 1.1 GWh at Changhua Coastal Industrial Park which will commence production in December, 2024.	None	Note1

Item \ Remark	Amounts	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan
Formosa Industries Corp.	2,096,710	Long-term investment	1-hexne plant is under construction and will commence production in December 2025.	None	None

Note 1: The Board of Directors of the Company approved to invest Formosa Smart Energy Tech Corp. with NTD 1,750,000 thousand on May 10, 2022. The part of capital with NTD 1,000,000 thousand was transited to it on May 30, 2022, and the rest with NTD 750,000 thousand will be transited on its demand.

2. The information on investees was referred to the page 343~344 of this annual report.

7.6 Risks

7.6.1 The impact of interest rate, exchange rate, and inflation rate changes on the Company's revenue, as well as corresponding actions:

1. Interest rate:

In terms of long-term liabilities under floating interest rate basis (corporate bond included), the Company will carefully assess financial market conditions and consider the implementation of interest rate swap when the interest rate is relatively low to avoid interest rate fluctuation risks. The Company strives to make sure the undertaking interest rate is below the estimated cost of capital of investment plans.

2. Exchange rate fluctuation:

Insufficient foreign exchange funds in daily operations are addressed by making spot or forward foreign exchange purchases when the exchange rate is favorable. Long-term foreign exchange liabilities are addressed by implementing long-term forward foreign exchange contracts or exchange-for-exchange contracts when the exchange rate is relatively low to minimize the impact of exchange rates on profitability.

3. Inflation:

According to Directorate of Budget, Accounting, and Statistics, Executive Yuan, the annual growth rate of consumer prices in 2022 was 2.95%, and the annual growth rate of core consumer prices was 2.60%. The increase in raw materials and operating costs affected the Company's profitability but inflation is expected to slow down in the coming year.

7.6.2 Policies on high risk, highly leveraged investments, loans to other parties, endorsements, and derivative trading policies, main reasons for profits or losses, and future response measures:

1. Investment under high risks and leverage:

The Company mainly invests in the petrochemical industry. The petrochemical industry is a mature and stable industry with low risks. The Company has always maintained stable operations and a sound financial structure. It does not engage in any high leverage investment.

2. Lending of Capital:

In principle, the Company only issues loans to affiliated companies. The

amount is in accordance with Article 15 of the Company Law and Procedures for Loaning Funds to other Parties of the Company, and granted with the approval of the Board of Directors. Since the issuance of loans are mostly for short-term funding purposes, and the borrowers are subsidiaries and affiliated companies, no bad debt loss has occurred.

3. Endorsement:

The Company only endorses and guarantees subsidiaries, affiliated companies or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. The endorsement is mostly for funding. The endorsement is in accordance with Procedures for Providing Endorsements and Guarantees to other Parties of the Company and granted with the approval of the Board of Directors. The Company has never been losses due to endorsement.

4. Derivative product transactions:

The Company's various derivative commodity transactions are for the purpose of avoiding market risks caused by fluctuations in exchange rates and interest rates instead of arbitrage and speculation. Any of the implementation of derivative product transactions is based on not only relevant regulations and International Financial Reporting Standards (IFRS) promulgated by the competent authority, but also "Procedures for Derivatives Transaction Processing" and the "Foreign Exchange Trading and Risk Management Measures" defined by the Company.

7.6.3 Future Research & Development (R&D) Plans and Expected R&D

Expenses:

Unit: NTD thousands

Item	R&D project products	Expected R&D Investments	Expected R&D period	Explanation
1	Anti-reflective (AR) coating technology for mobile phone screen	2,000	2023.01~2023.12	It is applied to mobile phone screens and car displays to improve the reflective light source of the screen under outdoor strong light and improve visibility.
2	Low temperature foaming PVC by micro-suspension	950	2023.01~2023.12	In response to the growing trend of energy saving and carbon reduction, foaming PVC powder suitable for low processing temperature is developed by customizing micro suspension process.
3	Silicone type Impact modifier K-211 for pipe	600	2023.01~2023.12	It is with the high and low temperature impact resistance and suitable for impact resistant pipelines, and improves PVC pipeline performance.
4	Brine electrolysis combined with carbon dioxide reuse technology	7,000	2023.01~2023.12	Carbon dioxide electrolyzer is developed with alkali chlorine electrolysis technology, and carbon dioxide is electrolyzed and reduced to carbon monoxide to produce syngas.
5	Optimization of Vinyl chloride monomer continuous feeding process of C-15 recipe	1,180	2023.01~2023.06	The continuous feeding process of vinyl chloride monomer is a critical factor of C-15 solubility. To enhance the solubility of C-15 products, it is to research the best timing and parameters of the feeding process.
6	Enhancement of the thermal insulation property of aerogel blanket	4,650	2023.01~2023.12	Optimization of process parameters were conducted to reduce the thermal conductivity of aerogel blanket.

Item	R&D project products	Expected R&D Investments	Expected R&D period	Explanation
7	High tensile strength carbon fiber	318	2021.06~2023.12	It is suitable for lightweight, tensile strength critical applications such as the aerospace, high pressure vessel, electric cable, and advanced sports equipment.
8	Thermoplastic carbon felt	1,500	2022.12~2023.12	Using carbon fiber and carbon fiber reinforced thermoplastic production scrapbit, or recycled carbon fiber makes carbon fiber matt for 3C, bicycles and other applications.
9	Intermediate modulus TC780 carbon fiber	318	2021.09~2023.12	It is to enhance the carbon fiber modulus and applied to the high-pressure gas cylinders, aerospace and advanced sports equipment.
10	High tensile strength and intermediate modulus TC850 carbon fiber	517	2021.09~2023.12	It is suitable for aerospace and advanced sports equipment.
11	Low-cost carbon fiber	238	2021.11~2023.12	Its cost is lower than the regular carbon fiber modulus, and it is suitable for wind power, cooling water tower, automobile industry, and normal sports equipment.
12	High- performance prepreg	100	2021.09~2023.09	It is applied to high-end and aerospace applications.
13	New SAP process	20,000	2020.01~2023.12	SAP product of this novel process enables the premade core baby diaper to have excellent dryness performance.
14	New SAP with fast absorption rate	4,500	2020.07~2023.12	It is applied to baby diapers with fast absorption rate.
15	Nano fiber applied to SAP surfacetreatment process	1,500	2021.06~2023.12	New SAP surface treatment technique with Nano fiber could make diaper more permeable.
16	New SAP for adult incontinence	3,200	2021.12~2023.12	To develop a new SAP with good urine absorption capability and

Item	R&D project products	Expected R&D Investments	Expected R&D period	Explanation
				permeability sold matched the customers' need.
17	New environmental-friendly SAP	6,400	2022.08~2023.12	To replace petrochemical raw materials with biomass raw materials, it is a biomass-balance and environmentally friendly product for diaper production.
18	High performance package material BOPE	10,000	2020.01~2023.12	It is applied to high mechanical and transparency package application.
19	PE50 pipe grade	10,000	2020.03~2023.12	It is a soft characteristic water pipe material.
20	High strength EVA for wire and cable	10,000	2021.12~2023.12	It is applied to high mechanical property and low smoke halogen free wire and cable application.
21	LLDPE high fluidity fiber grade	10,000	2022.06~2023.12	It is applied to soft touch fiber and monocomponent fiber.
22	Decomposable PE film grade	10,000	2022.06~2023.12	It is applied decomposable PE film material.
23	HDPE PCR recycled grade	10,000	2022.06~2023.12	It is applied to products containing recycled materials.
24	High-gross and high-impact PP	2,140	2023.01~2023.12	It is applied to milk powder can closures, appliances and suitcases.
25	Monomaterial PP gown	1,440	2022.10~2023.12	It is applied to the surgical gown and food processing clothing.
26	Raw materials for biodegradable PP straws and PP water bottles	1,480	2022.01~2023.12	It is applied to naturally biodegradable products, such as water bottles and straws.
27	Post-consumer recycled PP	2,820	2022.11~2023.12	It is applied to recycled plastic woven bags and housewares.
28	High-fluidity, high-impact and high-modulus PP for automotive and mobility	1,450	2023.01~2023.12	It is applied to automotive interior parts and the high-end appliance skin.
29	High purity calcium carbonate	9,500	2021.09~2023.03	It is applied to the electronic ceramic.

7.6.4 Effect on the Company’s financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company closely monitors all domestic and foreign governmental policies and regulations that might impact the Company’s business and financial operations and arranges personnel to receive professional training as needed. During the period of 2022 to February 28, 2023, the following changes or developments in governmental policies and regulations may influence the Company’s business and financial operations:

On October 21, 2021, the Environmental Protection Administration of the Executive Yuan announced the draft amendment of the “Climate Change Response Law”, and bill has passed through the third reading in the Legislative Yuan on Jan 10, 2023. The key points of the amendment include the incorporation of the 2050 net zero emission target, strengthening emission control and incentive mechanisms to promote carbon reduction, levying special carbon fees for designated use, and strengthening carbon footprints management mechanisms and product labeling. The concrete carbon fee rate and timing of levy will be separately announced. The Company will keep paying attention to the latest regulation amendments and following them accordingly.

7.6.5 Effect on the Company’s financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

None.

7.6.6 Effect on the Company’s crisis management of changes in the company’s corporate image, and measures to be taken in response:

The Company has built up the good image by adhering to the business philosophy of “diligence, perseverance, frugality and trustworthiness; aiming at the sovereign good; perpetual business operation; dedication to the society”. In the future, we will keep carrying out the philosophy and devoting more resources to the society.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: Please refer to 7.4 The Expected benefits of major capital expenditures in recent years. The potential risks and measures to be taken in response: None.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

1. Purchases: The Company's raw materials, ethylene and propylene, are mainly from Formosa Petrochemical Corp. and CPC Corp., Taiwan. If those two companies arrange maintenance or reduce the output, the Company also has to cooperate with maintenance or reduce production. Therefore, the Company sets up an ethylene storage tank lease contract with CPC Corp., Taiwan, and China General Terminal & Distribution Corp. In addition, the Company also to build the storage tanks for ethylene and propylene at the Phase II intercontinental petrochemical zone in Kaohsiung. It is in case that the Company could purchase the imported ethylene and propylene supplement from abroad, when its supply is insufficient. The Company also applies for a foreign ship to carry the ethylene from Mailiao to Kaohsiung or exchanges with the trading company to carry ethylene to Kaohsiung to avoid that CPC Corp., Taiwan could not supply the sufficient materials when it arranges maintenance or reduces the output. However, if the petrochemical market is at a high level, there will be a risk of being forced to import high-priced raw materials to maintain production. In addition, the raw material, industry salt, is imported from Mexico, Australia and other regions by diversifying import areas to avoid purchasing concentration. Coal is also purchased in a decentralized manner from Australia, Indonesia or Vietnam etc.
2. Sales: At present, most of the Company's petrochemical products are exported to China. The Company may face the risks of the rapid production capacity increase or policy changes in China. Therefore, the Company gradually expands its export markets to other regions to diversify risks.

Taking PVC as an example, the Company will actively expand markets in India, Southeast Asia, New Zealand, Australia, Middle East, Africa and Central and South America besides China to diversify risks. PE export is concentrated in China. However, the tax barriers, and the Middle East materials competing at a low price are not conducive to the product sales of the Company. In order to mitigate those risks, the Company actively expands the differentiated or high-yield products, and diversifies markets risk by actively expanding areas of zero tariffs (such as Vietnam) or lower tariff barriers (such as Bangladesh), and spreading to other potential markets. In addition, the Company sets up overseas delivery warehouses to shorten the delivery period, and sets up technical service offices outside China, such as Germany, India and Vietnam, with sales and technical personnel to stay in the station, to strengthen relationship with foreign customers and promote business and technical services to increase sales.

7.6.10 Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

7.6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities:

The civil lawsuit about 74 people including Shu-fen Zhang from Taixi Township against five company, Formosa Plastics Corp., Nanya Plastics

Corp., Formosa Chemicals & Fibre Corp., Formosa Petrochemical Corp. and Mai-Liao Power Corp. for NTD70,176,986.

- (1) Disputes: 74 people including Shu-fen Zhang from Taixi Township claimed that the five company including the Company in the sixth nephra cracker's gas emission caused that 20 persons in their families died and 9 persons suffered from cancer. Hence, they filed damaged lawsuit from Taiwan Yulin District Court, asking compensation. However, despite that fact that plaintiff makes the case that petrochemical industry is the direct cause to the death and cancer by the air pollution it produced, but never provide evidence about the pollution tolerance, air quality, causation to cancer by its operation. None of them filed by scientific evidence. Therefore, the Company actively defended to protect our own interest.
- (2) Target amount: NTD70,176,986
- (3) The commencement date of the lawsuit: August 13, 2015
- (4) Main litigants: 74 people including Shu-fen Zhang from Taixi Township.
- (5) Current situation: This lawsuit belongs to the Yunlin District Court. The litigation agents of plaintiffs are appointed by the Legal Aid Foundation with lawyers. They have submitted to the court as public nuisance dispute. Therefore, Yunlin District Court had ruled to stop the litigation procedure. The case has been mediated by Yunlin County Government for three times. Yunlin County Government decided to deal with after Yunlin District Court makes the adjudgment.

7.6.13 Other important risks, and mitigation measures being or to be taken Information Security Risk Assessment: None.

7.6.14 The Organization Structure of Risk Management:

Risk Evaluation Items	Risk Management Unit	Risk Review
1. Interest rate, fluctuation in foreign exchange rate, and inflation	President Office, Accounting Department, Financial Department, President Office of the General Administrative Office of Formosa Plastics Group	Computer audit and regular self-inspection, monthly fund meeting, joint meeting of financial executives, internal auditing office, and the Board of Directors
2. High-risk, high leverage investments, loaning funds to other parties, providing endorsements and guarantees to other parties, and derivatives transaction	President Office, Financial Department, President Office of the General Administrative Office of Formosa Plastics Group	Computer audit and regular self-inspection, monthly fund meeting, joint meeting of financial executives, internal auditing office, and the Board of Directors
3. R&D plan	President Office, Support Department of each business division, General Administrative Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, R&D project meeting, the Board of Directors, and internal auditing office
4. Important policy and legal changes at home and abroad	President Office, Manager Office and Support Department of each business division, Legal Affairs Office, President Office of the General Administrative Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, the Board of Directors, and internal auditing office
5. Technology Changes	President Office, Manager Office of each business division, R&D Department, General Administrative Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, internal auditing office, and the Board of Directors

Risk Evaluation Items	Risk Management Unit	Risk Review
6. Changes in Corporate Image	President Office, Manager Office of each business division, General Administrative Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, and the Board of Directors
7. M&A or reinvestment	President Office, Manager Office of each business division, General Administrative Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, internal auditing office, and the Board of Directors
8. Expansion of Plants	President Office, Manager Office and Factory Affairs Office of each business division, General Administrative Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, internal auditing office, and the Board of Directors
9. Purchase or turnover concentration	President Office, Manager Office of each business division, Procurement Department, President Office of the General Administrative Office of Formosa Plastics Group	Market weekly meeting, production and sales meeting, business performance meeting, auditing department, and the Board of Directors
10. Directors and supervisors and major shareholders equity transfer	President Office, Share Unit of Financial Department	Business management meeting and the Board of Directors
11. Changes in Operation Right	President Office, General Administrative Office of Formosa Plastics Group	Business management meeting and the Board of Directors
12. Litigious and non-litigious matters	President Office, Manager Office of each business division, Legal Affairs Office	Production and sales meeting, business performance meeting, internal auditing office, and the Board of Directors

Risk Evaluation Items	Risk Management Unit	Risk Review
13. Information Security	President Office, Manager Office of each business division, General Administrative Office of Formosa Plastics Group	Business management meeting, internal auditing office and the Board of Directors

7.7 Other Important Matters: None.

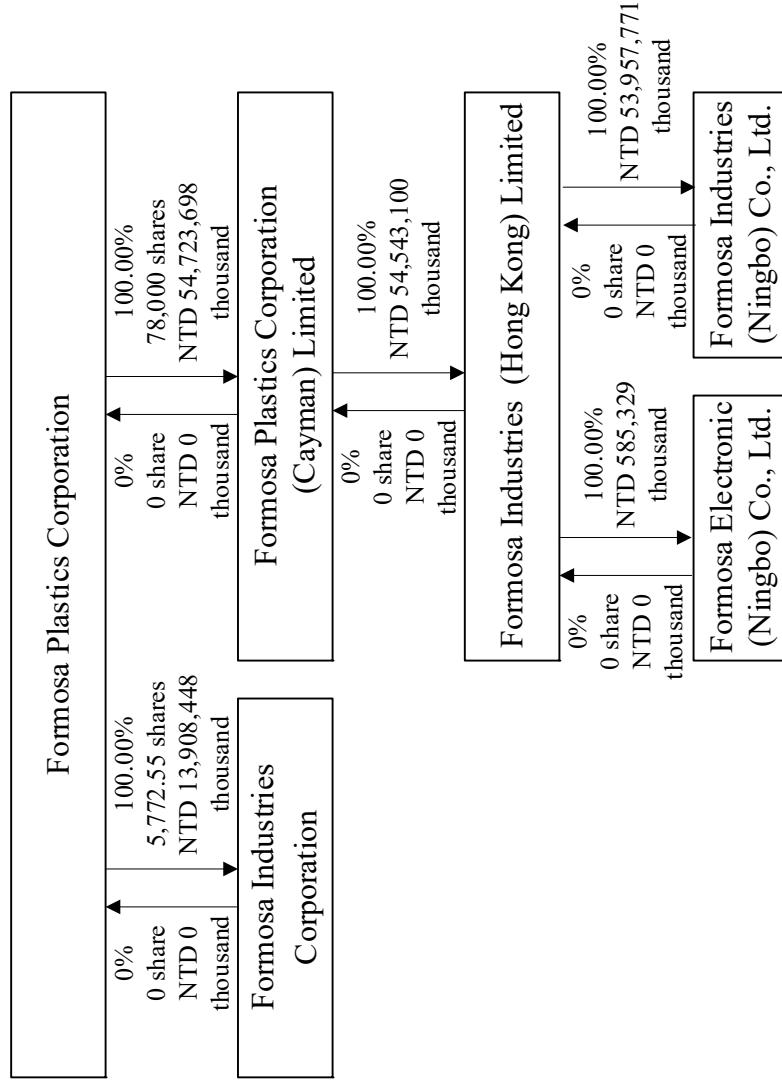
VIII. Other Special Notes

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report of Affiliated Companies

1. Status of affiliated companies

(1) Organization chart of affiliated companies 2022.12.31



Note 1: The Company is the controlling company of the above-mentioned companies and those are the subordinate companies of the Company.

Note 2: The definition of affiliated companies is based on the Article 369-1 of Company Act.

(2) The basic information of affiliated companies

2022.12.31

Name of Company	Incorporation Date	Address	Paid-in capital Unit: USD thousands	Main Business Items
Formosa Plastics Corporation (Cayman) Limited	2002	Corporate Centre, West Bay Road, P.O. Box 31106 SMB, Grand Cayman, Cayman Islands, British West Indies	78	Investment
Formosa Industries (Hong Kong) Limited	2007	7/F, Citicorp Centre, 18 Whitfield Rd, Causeway Bay, HK	991,283	Investment
Formosa Industries (Ningbo) Co., Ltd.	2002	Petrochemical Economical & Technological Development Zone, Beilun District, Ningbo City, Zhejiang Province, China	989,023	PVC, acrylic acid and ester, polypropylene, super absorbent polymer, ethylene vinyl acetate copolymer
Formosa Electronic (Ningbo) Co., Ltd.	2004	No. 1-10, Linganger 2nd Road, Xiapu Sub-District, Beilun District, Ningbo City, Zhejiang Province, China	2,260	Distributed control system (DCS)
Formosa Industries Corporation	2015	9 Peach Tree Hill Road, Livingston, NJ, U.S.A.	577,255	High density polyethylene

(3) Shareholders concluded as the existence of the controlling and subordinate company relation: None.

(4) The industries covered by the business operated by the affiliates overall (Please describe the mutual dealings and division of work among such affiliates):

Industry: petrochemical industry, electronic industry, investment industry.

Business relationship: The Company sells vinyl chloride (VCM) and n-butanol (NBA) to Formosa Industries (Ningbo) Co., Ltd. In addition, Formosa Industries (Ningbo) Co., Ltd. sells acrylic acid (AA) to the Company.

(5) Directors, Supervisors and Presidents of affiliated companies

Unit: share ; %; 2022.12.31

Name of Company	Title	Name or Representative	Shareholding		
			Shares (Investment Amount)	Shareholding Ratio (Investment Holding)	
Formosa Plastics Corporation (Cayman) Limited	Chairman	Jason Lin	0	0	
	FPC holds 78,000 shares			100.00	
Formosa Industries (Hong Kong) Limited	Chairman	Jason Lin	0	0	
	Investment of Formosa Plastics Corporation (Cayman) Limited USD 991,283 thousand.			100.00	
Formosa Industries (Ningbo) Co., Ltd.	Chairman	Jason Lin	0	0	
	Director	Wen-Bee Kuo	0	0	
	Director	Tony Liang	0	0	
	Director	Tien-Show Shih	0	0	
	Director	Cheng-Chang Wu	0	0	
	Director	T. T. Chen	0	0	
	Director	Feng-Chou Chuang	0	0	
	Supervisor	Chia-Tse Chang (Note 1)	0	0	
	Investment of Formosa Industries (Hong Kong) Limited USD 989,023 thousand.				100.00
	Formosa Electronic (Ningbo) Co., Ltd.	Chairman	Jason Lin	0	0
Director		Y.Y. Lee	0	0	
Director		Te-Tsung Tsai	0	0	
Supervisor		Chia-Tse Chang (Note 1)	0	0	
Investment of Formosa Industries (Hong Kong) Limited USD 2,260 thousand.				100.00	
Formosa Industries Corporation	Chairman	C. T. Lee (Note 2)	0	0	
	Director	Jason Lin (Note 2)	0	0	
	Director	Wen-Bee Kuo	0	0	
FPC holds 5,772.55 shares				100.00	

Note: 1. Chia-Tse Chang retired on December 31, 2022. The new supervisor of Formosa Industries (Ningbo) Co., Ltd. and Formosa Electronic (Ningbo) Co., Ltd. is Chia-Hung Chien from January 17, 2023.

2. C. T. Lee resigned on December 31, 2022. The new Chairman of Formosa Industries Corporation is Jason Lin from January 11, 2023. The company also elected Jen-Long Wu to be the new director.

2. Operation results of affiliated companies

Unit: NTD thousands; 2022.12.31

Name of Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income (after tax)	Earnings per share (NTD)
Formosa Plastics Corporation (Cayman) Limited (Note 1)	2,588	54,702,523	0	54,702,523	0	-163	2,589,699	33,201.27
Formosa Industries (Hong Kong) Limited (Note 1)	31,263,157	54,543,100	0	54,543,100	0	0	2,649,399	-
Formosa Industries (Ningbo) Co., Ltd. (Note 2)	31,188,509	63,699,193	9,741,422	53,957,771	56,123,583	2,956,255	2,538,404	-
Formosa Electronic (Ningbo) Co., Ltd. (Note 2)	74,648	1,915,716	1,330,387	585,329	954,660	135,139	110,996	-
Formosa Industries Corporation (Note 1)	17,736,955	26,302,450	12,394,002	13,908,448	13,063,265	-1,681,996	-2,788,445	-483,052.47

Note: The account in balance sheet is with the exchange rate at the end of year. The account in comprehensive income statement is with the annual average exchange rate.

1.USD: NTD: 1:30.7080 (2022.12.31) ; 1:29.8517 (annual average of 2022).

2.CNY: NTD: 1:4.4091 (2022.12.31) ; 1:4.4382 (annual average of 2022).

- 8.1.2 Affiliated company's consolidated financial statements: same as the Company financial statements.
- 8.2 The Status of Private Placement of Securities in the Most Recent Year and as of the Date of Publication of the Annual Report: None.
- 8.3 The Subsidiaries of the Company Acquired, Disposed of the Shares of the Company in the most Recent Year and as of the Date of Publication of the Annual Report: None.
- 8.4 Other Necessary Supplement: None.
- 8.5 The Significant Impacts on Shareholders' Right or Share Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan in the Most Recent Year and as of the Date of Publication of the Annual Report: None.

**FORMOSA PLASTICS CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

Address: No.100, Shuiguan Rd., Renwu Dist., Kaohsiung City 814, Taiwan (R.O.C.)
Telephone: (07)371-1411

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Formosa Plastics Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Formosa Plastics Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Formosa Plastics Corporation

Chairman: Jaing-Nan Lin

Date: March 10, 2023



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of Formosa Plastics Corporation:

Opinion

We have audited the consolidated financial statements of Formosa Plastics Corporation (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and 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 auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

As the control of products transfers at different points in time, it exposes the risk wherein revenue may not be recognized within the proper period. For this reason, revenue recognition is considered to be one of our key audit matters. The accounting policies and the related information for the revenue recognition were discussed in Notes 4(o) and 6(r) to the consolidated financial statements.



The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the rationality of accounting treatment for revenue recognition; vouching the original sales documents according to the transactions with the customers during a selected period of time before and after the balance sheet date to evaluate whether the revenue is recorded appropriately.

2. Valuation of Inventories

The Group measured the cost and net realizable value of inventory and recognized the loss on the balance sheet date according to IAS 2 (including loss on obsolescence of inventories); However, to determine whether or not the loss of inventories should be recognized depends on the subjective judgment of the management. For this reason, the valuation of inventories is considered to be one of the key audit matters. The accounting policies and the related information for the valuation of inventories were discussed in Notes 4(h), 5 and 6(e) to the consolidated financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the appropriateness of the policy on inventory valuation and slack loss recognition; ensuring whether the process of inventory valuation is in conformity with the accounting policies, confirming the sales price adopted by the management and the changes in the market price of inventory in the period after the balance sheet date; and sampling procedures to assess the reasonableness of the net realizable value of inventory.

Other Matter

We did not audit the financial statements of certain investee companies under the equity method and the relevant information on the reinvestment business in Note 13 of the consolidated financial report has not been checked by this accountant, but is checked by other accountants. The Group's investments in the aforementioned investee companies constituted 32.12% and 31.06% of the consolidated total assets as of December 31, 2022 and 2021, respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies constituted 18.76% and 23.32% of the consolidated income before tax for the years ended December 31, 2022 and 2021, respectively. The consolidated financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021, and have expressed an unmodified opinion with an emphasis of matter paragraph or other matter paragraph thereon.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the audit committee) are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. 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.
6. Obtain sufficient and 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.

The engagement partners on the audit resulting in this independent auditors' report are Hui-chih Kou and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (Note 6(a))	\$ 17,110,163	3	13,715,454	3
1110 Current financial assets at fair value through profit or loss (Note 6(b))	1,562,720	1	3,793,399	1
1120 Current financial assets at fair value through other comprehensive income (Note 6(b))	86,948,159	17	109,316,870	20
1150 Notes receivable (Notes 6(c) and (r))	1,996,187	1	5,806,161	1
1170 Accounts receivable, net (Notes 6(c) and (r))	9,659,490	2	15,109,576	3
1180 Accounts receivable—related parties (Notes 6(c), (r) and 7)	4,197,388	1	4,688,703	1
1200 Other receivables (Note 6(d))	1,480,775	-	1,365,955	-
1210 Other receivables—related parties (Notes 6(d) and 7)	10,492,259	2	7,362,620	1
130X Inventories (Note 6(e))	22,411,798	4	24,525,572	4
1470 Other current assets	4,961,321	1	3,577,911	1
Total current assets	160,820,260	32	189,262,221	35
Non-current assets:				
1517 Financial assets at fair value through other comprehensive income-non-current (Note 6(b))	16,564,214	3	24,910,619	5
1550 Investments accounted for using equity method (Note 6(f))	212,475,605	42	218,625,143	40
1600 Property, plant and equipment (Notes 6(g), 7 and 8)	107,315,483	21	97,343,039	18
1755 Right-of-use assets (Note 6(h))	1,624,919	-	1,133,986	-
1780 Intangible assets	607,382	-	623,165	-
1840 Deferred tax assets	1,251,835	-	1,962,887	-
1900 Other non-current assets (Note 8)	10,594,709	2	9,817,862	2
Total non-current assets	350,434,147	68	354,416,701	65
Total assets	\$ 511,254,407	100	543,678,922	100
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (Note 6(i))	\$ 14,900,000	3	4,484,676	1
2110 Short-term notes and bills payable (Note 6(j))	19,430,865	4	2,099,824	-
2170 Accounts payable	5,445,904	1	7,768,898	1
2180 Accounts payable—related parties (Note 7)	6,328,325	2	8,201,747	1
2200 Other payables	5,735,863	1	10,352,387	2
2220 Other payables—related parties (Note 7)	14,138,127	3	15,789,544	3
2280 Current lease liabilities (Note 6(m))	26,811	-	23,879	-
2321 Current portion of bonds payable (Note 6(l))	8,846,341	2	9,395,685	2
2322 Current portion of long-term borrowings (Notes 6(k) and 8)	5,000,000	1	-	-
2399 Other current liabilities (include related parties) (Note 7)	16,011,084	3	16,424,576	3
Total current liabilities	95,863,520	20	74,541,216	13
Non-Current liabilities:				
2530 Bonds payable (Note 6(l))	27,274,332	5	36,113,569	7
2540 Long-term debts (Notes 6(k) and 8)	6,437,383	1	4,187,592	1
2570 Deferred tax liabilities	19,369,781	4	19,164,020	4
2580 Non-current lease liabilities (Note 6(m))	607,619	-	123,728	-
2640 Net defined benefit liabilities-non-current	3,886,866	1	6,159,185	1
2670 Other non-current liabilities (Note 6(f))	130,243	-	199,338	-
Total non-current liabilities	57,706,224	11	65,947,432	13
Total liabilities	153,569,544	31	140,488,648	26
Equity (Note 6(p)):				
3110 Common stock	63,657,408	12	63,657,408	12
3200 Capital surplus	11,797,297	2	11,770,685	2
Retained earnings:				
3310 Legal reserve	74,910,988	15	67,780,313	12
3320 Special reserve	82,520,970	16	71,352,267	13
3350 Unappropriated retained earnings	72,838,396	14	107,126,265	20
Total retained earnings	230,270,354	45	246,258,845	45
3400 Other components of equity	51,959,804	10	81,503,336	15
Total equity	357,684,863	69	403,190,274	74
Total liabilities and equity	\$ 511,254,407	100	543,678,922	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(r) and 7)	\$251,647,354	100	273,598,301	100
5000	Operating costs (Notes 6(e), (g), (h), (n), (s) and 7)	<u>209,088,610</u>	<u>83</u>	<u>197,437,397</u>	<u>72</u>
	Gross profit	<u>42,558,744</u>	<u>17</u>	<u>76,160,904</u>	<u>28</u>
	Operating expenses (Notes 6(c), (g), (h), (n), (s) and 7):				
6100	Selling expenses	8,528,229	3	8,667,267	3
6200	Administrative expenses	5,339,273	2	5,535,739	2
6300	Research and development expenses	1,893,058	1	1,713,289	1
6450	Expected credit (gain) loss	<u>(1,033)</u>	<u>-</u>	<u>80,616</u>	<u>-</u>
	Total operating expenses	<u>15,759,527</u>	<u>6</u>	<u>15,996,911</u>	<u>6</u>
	Operating income	<u>26,799,217</u>	<u>11</u>	<u>60,163,993</u>	<u>22</u>
	Non-operating income and expenses (Notes 6(f), (g), (m), (t) and 7):				
7100	Interest income	380,017	-	236,164	-
7010	Other income	8,640,672	3	3,155,509	1
7020	Other gains and losses	3,250,260	1	(261,506)	-
7050	Finance costs	(1,037,054)	-	(790,439)	-
7060	Recognized share of profit of associates and joint ventures accounted for using equity method, net	<u>5,761,275</u>	<u>2</u>	<u>23,453,093</u>	<u>8</u>
	Total non-operating income and expenses	<u>16,995,170</u>	<u>6</u>	<u>25,792,821</u>	<u>9</u>
	Profit from continuing operations before tax	43,794,387	17	85,956,814	31
9300	Less: Income tax expenses (Note 6(o))	<u>7,651,519</u>	<u>3</u>	<u>14,601,503</u>	<u>5</u>
	Profit	<u>36,142,868</u>	<u>14</u>	<u>71,355,311</u>	<u>26</u>
8300	Other comprehensive income (loss) (Notes 6(o) and (p)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	143,385	-	(388,687)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	(30,720,101)	(12)	13,272,328	5
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(10,897,733)	(4)	4,745,997	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>28,677</u>	<u>-</u>	<u>(77,737)</u>	<u>-</u>
		<u>(41,503,126)</u>	<u>(16)</u>	<u>17,707,375</u>	<u>6</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	9,905,336	4	(2,696,843)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,295,247	1	(516,507)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>154,405</u>	<u>-</u>	<u>(50,981)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>12,046,178</u>	<u>5</u>	<u>(3,162,369)</u>	<u>(1)</u>
8300	Other comprehensive income (loss)	<u>(29,456,948)</u>	<u>(11)</u>	<u>14,545,006</u>	<u>5</u>
8500	Total comprehensive income (loss)	<u>\$ 6,685,920</u>	<u>3</u>	<u>85,900,317</u>	<u>31</u>
		<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	Basic/Diluted earnings per share(NT dollars) (Note 6(q))	<u>\$ 6.88</u>	<u>5.68</u>	<u>13.50</u>	<u>11.21</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total other equity interest	Total equity
	Share capital	Retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Gains (losses) on hedging instruments	Revaluation surplus			
Common stock									
Balance on January 1, 2021	63,657,408	11,742,124	65,791,185	68,879,676	55,559,015	(9,603,060)	76,471,804	37,988	332,536,140
Net Income for the period	-	-	-	-	71,355,311	-	-	-	71,355,311
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	(51,598)	(3,135,343)	17,758,973	(27,026)	14,545,006
Total comprehensive income (loss) for the period	-	-	-	-	71,303,713	(3,135,343)	17,758,973	(27,026)	85,900,317
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	1,989,128	-	(1,989,128)	-	-	-	-
Special reserve appropriated	-	-	-	2,472,591	(2,472,591)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(15,277,778)	-	-	-	(15,277,778)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	3,034	-	-	-	3,034
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	527	-	-	-	-	-	-	527
Other changes in capital surplus	-	28,034	-	-	-	-	-	-	28,034
Balance on December 31, 2021	63,657,408	11,770,685	67,780,313	71,352,267	107,126,265	(12,738,403)	94,230,777	10,962	403,190,274
Net Income for the period	-	-	-	-	36,142,868	-	-	-	36,142,868
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	86,584	12,135,050	(42,592,303)	(88,872)	(29,456,948)
Total comprehensive income (loss) for the period	-	-	-	-	36,229,452	12,135,050	(42,592,303)	(88,872)	6,685,920
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	7,130,675	-	(7,130,675)	-	-	-	-
Special reserve appropriated	-	-	-	11,168,703	(11,168,703)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(52,199,074)	-	-	-	(52,199,074)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(18,869)	-	-	-	(18,869)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	171	-	-	-	-	-	-	171
Other changes in capital surplus	-	26,441	-	-	-	-	-	-	26,441
Balance on December 31, 2022	63,657,408	11,797,297	74,910,988	82,520,970	72,838,396	(603,353)	51,638,474	(77,910)	357,684,863

See accompanying notes to consolidated financial statements.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 43,794,387	85,956,814
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,511,001	7,307,919
Amortization expense	945,271	1,036,461
Expected credit (gain) loss	(1,033)	80,616
Interest expense	1,037,054	790,439
Net (gain) loss on financial assets at fair value through profit	(192,016)	95,484
Interest income	(380,017)	(236,164)
Dividend income	(8,441,831)	(2,999,580)
Share of profit of associates and joint ventures accounted for using equity method	(5,761,275)	(23,453,093)
Gain on disposal of property, plant and equipment	(31,512)	(17,476)
Gain on early termination of contract	(2,319)	-
Unrealized foreign exchange loss (gain)	123,984	(130,129)
Total adjustments to reconcile profit	<u>(5,192,693)</u>	<u>(17,525,523)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	3,809,974	(3,657,900)
Accounts receivable	5,450,086	(4,687,166)
Accounts receivable due from related parties	491,316	(1,249,491)
Other receivables	(114,820)	(457,132)
Other receivables due from related parties	174,828	172,275
Inventories	2,113,774	(8,202,010)
Other current assets	(1,383,410)	1,727,935
Total changes in operating assets	<u>10,541,748</u>	<u>(16,353,489)</u>
Changes in operating liabilities:		
Accounts payable	(2,322,994)	1,756,262
Accounts payable to related parties	(1,873,422)	1,099,182
Other payables	4,963,059	(42,512)
Other payables to related parties	708,263	515,522
Other current liabilities	(1,025,697)	3,745,737
Net defined benefit liability	(2,272,319)	(790,433)
Total changes in operating liabilities	<u>(1,823,110)</u>	<u>6,283,758</u>
Total changes in operating assets and liabilities	<u>8,718,638</u>	<u>(10,069,731)</u>
Total adjustments	<u>3,525,945</u>	<u>(27,595,254)</u>
Cash inflow generated from operations	47,320,332	58,361,560
Interest received	378,613	177,341
Dividends received	20,940,421	5,259,139
Interest paid	(716,799)	(787,439)
Income taxes paid	(11,120,952)	(5,151,258)
Net cash flows from operating activities	<u>56,801,615</u>	<u>57,859,343</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(91,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	2,422,695	-
Acquisition of investments accounted for using equity method	(1,000,000)	(1,387,981)
Proceeds from capital reduction of investments accounted for using equity method	-	43,895
Acquisition of property, plant and equipment	(14,775,464)	(18,196,657)
Proceeds from disposal of property, plant and equipment	38,627	53,791
Acquisition of intangible assets	(11,181)	(84,637)
Increase in other receivables due from related parties	(3,304,467)	(993,439)
Increase in other non-current assets	(1,695,154)	(1,164,820)
Net cash flows used in investing activities	<u>(18,320,694)</u>	<u>(21,820,848)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	129,692,300	193,773,116
Decrease in short-term borrowings	(119,276,976)	(204,637,833)
Increase (Decrease) in short-term notes and bills payable	17,350,000	(14,900,000)
Proceeds from issuing bonds	-	7,500,000
Repayments of bonds	(9,400,000)	(2,900,000)
Proceeds from long-term debts	7,565,803	2,636,444
Repayments of long-term debts	(316,012)	(2,000,000)
Decrease in due to related parties (recognized as other payables – related parties and long-term accounts payable to related parties)	(3,731,462)	(137,792)
Payment of lease liabilities	(47,076)	(30,766)
Decrease in other non-current liabilities	(69,095)	(7,263)
Cash dividends paid	(52,172,634)	(15,282,289)
Net cash used in financing activities	<u>(30,405,152)</u>	<u>(35,986,383)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,681,060)</u>	<u>(481,768)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,394,709</u>	<u>(429,656)</u>
Cash and cash equivalents at beginning of period	<u>13,715,454</u>	<u>14,145,110</u>
Cash and cash equivalents at end of period	<u>\$ 17,110,163</u>	<u>13,715,454</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Formosa Plastics Corporation (the “Company”) was incorporated on November 5, 1954, and established its factories in Kaohsiung City. The Company and its subsidiaries (the “Group”) engages in the manufacture and sale of plastic raw materials, chemical fibers, and petrochemical products. The Company has gone through several capital increases and established many divisions, and become a well-diversified enterprise.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements of the Group as of December 31, 2022 were authorized for issue by the board of directors on March 10, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The following significant accounting policies are adopted in the accompanying consolidated financial statements. The significant accounting policies have been applied consistently to all the reporting periods presented in these financial statements.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C (hereinafter referred to IFRSs as endorsed by the FSC).

(b) Basis of preparation

Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on historical cost basis:

- (i) Financial assets at fair value through other comprehensive income are measured at fair value.
- (ii) The net defined benefit liabilities (assets) are measured as the fair value of the plan assets, less the present value of the defined benefit obligation.

Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated interim financial statements:

Name of Investor	Name of subsidiaries	Business activity	Percentage of Ownership (%)		Note
			December 31, 2022	December 31, 2021	
The Company	Formosa Plastics Corporation (Cayman) Limited	Investment	100 %	100 %	
The Company	Formosa Industries Corporation U.S.A	High Density Polyethylene	100 %	100 %	
Formosa Plastics Corporation (Cayman) Limited	Formosa Industries (Hong Kong) Limited	Investment	100 %	100 %	
Formosa Industries (Hong Kong) Limited	Formosa Industries (Ningbo) Co., Ltd.	Plastics	100 %	100 %	
Formosa Industries (Hong Kong) Limited	Formosa Electronic (Ningbo) Co., Ltd.	Electronics	100 %	100 %	

(iii) Subsidiary not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under any one of the following conditions. All other liabilities are classified as non-current.

- (i) It is expected to be settled during the Group's normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period date; or
- (iv) The Group does not have any unconditional right to defer settlement of the liability for at least twelve months after the reporting period date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted-average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Consolidated Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Consolidated Company, from the date on which significant influence commences until the date on which significant influence ceases. The Consolidated Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Consolidated Company and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Consolidated Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the consolidated Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Joint venture

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to note X for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings and constructions: 3 to 55 years.
- 2) Machinery and equipment: 2 to 35 years.
- 3) Other facilities: 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of plant and building that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(m) Intangible assets

(i) Recognition and measurement

Acquired Yung Chia Chemical Industries Corp. Goodwill and other intangible assets are measured by the excess of original investment cost over the fair value of net assets acquired.

(ii) Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows

- 1) Technical development expense 10~45 years
- 2) Computer software 10years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods—plastic raw materials, chemical fibers, and petrochemical products.

The Group manufactures and sells plastic raw materials, chemical fibers, and petrochemical products to downstream manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Construction contracts

Since the Group entered into separate agreements with different customers on the development of electronic components and software products, wherein the customers have control over the development process of the said items, the Group recognizes its revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized a revenue without issuing any bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Contract costs

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Employee Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Income Tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Consolidated Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Consolidated Company has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Deferred tax asset are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Cash on hand	\$ 298	287
Bank deposit	5,054,377	4,051,444
Cash equivalents		
Cash equivalents – Time deposits	4,578,290	9,294,564
Repurchase bonds	<u>7,477,198</u>	<u>369,159</u>
	<u>\$ 17,110,163</u>	<u>13,715,454</u>

Please refer to Note 6(u) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss and other comprehensive income

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
(i) Mandatorily at FVTPL		
Private fund	<u>\$ 1,562,720</u>	<u>3,793,399</u>

Please refer to Notes 6(t) for amount of remeasurement at FVTPL.

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
(ii) Equity investments at fair value through other comprehensive income		
Current:		
Listed stocks(Exchange and Mainboard)	\$ 86,772,334	109,106,270
Listed stocks(Emerging stock board)	175,825	210,600
Non-current:		
Non-listed stocks	5,232,499	6,161,696
Non-domestic stocks	<u>11,331,715</u>	<u>18,748,923</u>
Total	<u>\$ 103,512,373</u>	<u>134,227,489</u>

Equity investments at fair value through other comprehensive income.

The Group designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term for strategic purposes.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On May 12, 2021, the Group approved to obtain 1,300 thousand shares of PuriBlood Medical Co., Ltd., a domestic non-listed company, at a par value of \$70 per share, amounting to \$91,000 thousand, with the shareholding ratio of 9.14%, which was listed on the Emerging stock board on November 5, 2021.

No strategic investments were disposed as of December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(c) Notes receivable and accounts receivable:

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	\$ 1,996,187	5,806,161
Accounts receivable (including related parties) – at amortized cost	13,811,475	19,705,136
Account receivables -at fair value through other comprehensive income	127,506	175,365
Less : allowance for doubtful receivables	<u>(82,103)</u>	<u>(82,222)</u>
	<u>\$ 15,853,065</u>	<u>25,604,440</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2022 and 2021. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provision were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 15,512,285	0.193%	29,979
1 to 30 days past due	351,204	4.384%	15,397
31 to 60 days past due	36,669	34.373%	12,604
More than 61 days past due	<u>35,010</u>	68.902%	<u>24,123</u>
	<u>\$ 15,935,168</u>		<u>82,103</u>
	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 24,307,054	0.001%~0.145%	35,482
1 to 30 days past due	1,330,734	2.836%	37,744
31 to 60 days past due	<u>48,874</u>	18.406%	<u>8,996</u>
	<u>\$ 25,686,662</u>		<u>82,222</u>

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement of the allowance for doubtful receivable was as follows:

	For the years ended December 31,	
	2022	2021
Beginning balance	\$ 82,222	1,624
Impairment losses recognized	(1,033)	80,616
Foreign exchange gains	914	(18)
Ending balance	\$ 82,103	82,222

The Group entered into a factoring and financing agreement (without-recourse) with a financial institution. According to the contract, the net accounts receivable that have matured but are still uncollected will be paid by the financial institution, except for those affected by trade disputes. As of December 31, 2022, the outstanding accounts receivable factoring transaction between the Group and the financial institution was as follows:

		December 31, 2022				
	Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
KC de Mexico	CITIBANK	USD 4,152,199	288,000	-	-	None

		December 31, 2021				
	Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
KC de Mexico	CITIBANK	USD 7,304,880	USD 288,000	-	-	None

(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables—loans to related parties	\$ 8,790,032	5,485,564
Other receivables—related parties	1,702,227	1,877,056
Other receivables	1,480,775	1,365,955
	\$ 11,973,034	8,728,575

As of December 31, 2022 and 2021, the aging analysis of other receivables were not recognized which estimated by the Group.

(e) Inventories

	December 31, 2022	December 31, 2021
Finished goods	\$ 12,881,113	14,051,867
Work in process	1,864,397	2,240,416
Raw materials	3,615,976	4,717,737
Supplies	570,082	384,872
Machinery and accessories in process	3,454,005	3,120,846
Others	26,225	9,834
	\$ 22,411,798	24,525,572

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Change of net realizable value of inventories :

	For the years ended	
	December 31,	
	2022	2021
Loss from devaluation (gain from recovery of inventories)	\$ <u>587,535</u>	<u>(23,344)</u>

The changes in net realizable value of the above inventories have been recognized as cost of goods sold.

(f) Investments accounted for using equity method

The components of the investments accounted for using equity method were as follows:

	December 31,	December 31,
	2022	2021
Associates		
Formosa Petrochemical Corporation	\$ 89,018,096	101,830,792
Formosa Plastics Corp., U.S.A.	75,212,016	67,037,893
Formosa Heavy Industries Corp.	7,161,374	7,603,943
Sky Dragon Investments Limited	3,122,370	4,531,408
Mai Liao Power Corp.	9,768,599	12,820,290
Formosa Sumco Technology Corporation	7,216,118	6,059,749
Formosa Transportation Corp.	1,210,265	1,209,845
Formosa Fairway Corp.	22,825	49,214
Yi-Jih Development Corp.	19,667	19,682
Ya Tai Development Corp.	19,662	19,368
Formosa Automobile Corporation	508,991	468,645
Wha Ya Park Management Consulting Corporation Ltd.	4,140	3,196
Formosa Environmental Technology Corporation	231,815	228,808
Formosa Resources Corporation	8,358,827	6,860,325
Formosa Plastics Construction Corporation	578,907	593,785
Formosa Group (Cayman) Limited	766,964	662,099
Formosa Olefins, L.L.C.	5,288,108	5,290,503
Lolita Packaging, L.L.C.	250	-
Formosa Smart Energy Tech Corporation	1,000,818	-
Joint ventures		
Formosa Asahi Spandex Co., Ltd.	1,261,244	1,467,538
Formosa Daikin Advanced Chemical Co., Ltd.	1,345,390	1,331,596
Formosa Mitsui Advanced Chemical Co., Ltd.	21,425	79,365
Formosa Tokuyama Advanced Chemicals Co., Ltd.	<u>337,734</u>	<u>457,099</u>
	\$ <u>212,475,605</u>	<u>218,625,143</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's shares of net income (loss) of associates and joint ventures were as follows:

	For the years ended	
	December 31,	
	2022	2021
Associates		
Formosa Petrochemical Corporation	\$ 4,218,733	13,981,333
Formosa Plastics Corp., U.S.A.	3,997,097	6,067,104
Formosa Heavy Industries Corp.	(590,385)	69,809
Sky Dragon Investment Limited	(1,487,779)	(163,514)
Mai Liao Power Corp.	(1,126,063)	77,016
Formosa Sumco Technology Corporation	1,401,186	409,966
Formosa Transportation Corp.	(15,579)	80,127
Formosa Fairway Corp.	(11,008)	(21,230)
Yi-Jih Development Corp.	(15)	(30)
Ya Tai Development Corp.	294	1,270
Formosa Automobile Corporation	216,682	212,364
Wha Ya Park Management Consulting Corporation Ltd.	419	638
Formosa Environmental Technology Corporation	2,586	2,438
Formosa Resources Corporation	(213,612)	74,748
Formosa Plastics Construction Corporation	(14,878)	8,592
Formosa Group (Cayman) Limited	31,789	31,866
Formosa Olefins, L.L.C.	(562,875)	2,509,696
Lolita Packaging, L.L.C.	76,206	(177,723)
Formosa Smart Energy Tech Corporation	818	-
Joint ventures		
Formosa Asahi Spandex Co., Ltd.	3,551	232,786
Formosa Daikin Advanced Chemical Co., Ltd.	13,010	122,970
Formosa Mitsui Advanced Chemical Co., Ltd.	(59,537)	(24,298)
Formosa Tokuyama Advanced Chemicals Co., Ltd.	(119,365)	(42,835)
	\$ 5,761,275	23,453,093

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

- 1) The information of the major associate of the investments accounted for using the equity method was as follows:

<u>Associates</u>	<u>Relationship</u>	<u>Registration Country</u>	<u>Percentage of ownership</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
Formosa Petrochemical Corporation	Formosa Petrochemical Corporation, the supplier of raw materials for the Group, engages in the manufacturing and sales of petroleum products and petrochemical raw materials.	Taiwan	28.56 %	28.56 %
Formosa Plastics Corp., U.S.A.	Formosa Plastics Corp., U.S.A, engages in the manufacturing and sales of oil, plastic raw materials, and petrochemical raw materials, and is also the sales target of the Group.	U.S.A	22.66 %	22.66 %

The fair value of investments in publicly traded stocks of the major associate was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Formosa Petrochemical Corporation	<u>\$ 218,460,086</u>	<u>260,900,650</u>

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

The financial information of Formosa Petrochemical Corporation was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 267,202,843	289,585,609
Non-current assets	154,578,625	169,171,499
Current liabilities	(69,784,532)	(57,922,472)
Non-current liabilities	<u>(34,711,571)</u>	<u>(39,067,548)</u>
Net asset	<u>\$ 317,285,365</u>	<u>361,767,088</u>
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	<u>\$ 4,796,931</u>	<u>4,352,620</u>
Net asset contributed to Formosa Petrochemical Corporation	<u>\$ 312,488,434</u>	<u>357,414,468</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31,	
	2022	2021
Revenue	\$ <u>848,048,496</u>	<u>620,062,326</u>
Net income	\$ 14,399,662	49,363,882
Other comprehensive (loss) income	(22,673,007)	5,403,718
Total comprehensive (loss) income	\$ <u>(8,273,345)</u>	<u>54,767,600</u>
Comprehensive income (loss) allocated to non-controlling interest of Formosa Petrochemical Corporation	\$ <u>448,211</u>	<u>(166,074)</u>
Comprehensive (loss) income allocated to Formosa Petrochemical Corporation	\$ <u>(8,721,556)</u>	<u>54,933,674</u>
	For the years ended December 31,	
	2022	2021
Beginning balance of investments in major associate at January 1	\$ 101,830,792	87,874,676
Total comprehensive (loss) income allocated to the Company	(2,483,120)	15,557,682
Dividend Received	(10,338,086)	(1,605,124)
Share of net assets of affiliates as of December 31	89,009,586	101,827,234
Add: share premium acquired not according to holding percentage	168	524
Add: Net adjustment	8,342	3,034
Total carrying amount of equity of the major associate as of December 31	\$ <u>89,018,096</u>	<u>101,830,792</u>

The financial information of Formosa Plastics Corp., U.S.A. was as follows:

	December 31, 2022	December 31, 2021
Current assets	\$ 129,941,885	118,602,999
Non-current assets	271,584,500	243,722,396
Current liabilities	(18,827,535)	(19,018,738)
Non-current liabilities	(40,225,300)	(36,664,966)
Net asset	\$ <u>342,473,550</u>	<u>306,641,691</u>
Net asset contributed to non-controlling interest of Formosa Plastics Corp., U.S.A.	\$ <u>11,108,281</u>	<u>10,769,237</u>
Net asset contributed to Formosa Plastics Corp., U.S.A.	\$ <u>331,365,269</u>	<u>295,872,454</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31,	
	2022	2021
Revenue	<u>\$ 199,665,842</u>	<u>185,459,285</u>
Net income	\$ 16,829,791	30,663,514
Other comprehensive income (loss)	<u>(8,521,735)</u>	<u>6,731,228</u>
Total comprehensive income	<u>\$ 8,308,056</u>	<u>37,394,742</u>
Comprehensive (loss) income allocated to non-controlling interest of Formosa Plastics Corp., U.S.A.	<u>\$ (811,459)</u>	<u>3,886,314</u>
Comprehensive income allocated to Formosa Plastics Corp., U.S.A.	<u>\$ 9,119,515</u>	<u>33,508,428</u>
	For the years ended December 31	
	2022	2021
Beginning balance of investments in major associate at January 1	\$ 67,037,893	61,291,795
Total comprehensive income allocated to the Group	9,523,955	5,746,098
Dividend Received	<u>(1,349,832)</u>	<u>-</u>
Total carrying amount of equity of the major associate as of December 31	<u>\$ 75,212,016</u>	<u>67,037,893</u>

- 2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	<u>\$ 45,279,700</u>	<u>46,420,860</u>
	For the years ended December 31,	
	2022	2021
Attributable to the Group:		
Net (loss) income	\$ (2,292,214)	3,116,033
Other comprehensive income	<u>825,172</u>	<u>764,230</u>
Total comprehensive (loss) income	<u>\$ (1,467,042)</u>	<u>3,880,263</u>

- 3) On May 31, 2022, the Group acquired 25 percentage equity ownership of Formosa Smart Energy Tech Corporation through cash investment of \$1,000,000 thousand.
- 4) On March 10, 2021, the Group participated in the capital increase by cash of Formosa Resources Corporation, an associate owned by the Group, with the total investment amounting to USD31,250 thousand (equivalent to \$884,531 thousand) based on its original shareholding ratio of 25%.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) The Group invested in “Lolita Packaging, L.L.C” (an investee accounted for using the equity method) and recognized the losses of \$177,723 thousand for the year ended December 31, 2021, respectively. As of December 31, 2021, the Group’ s cumulative losses from the above investment had already exceeded the book value by 70,462 thousand as the Group intends to support this investee company, resulting in the Group to reclassify the investment to other non-current liabilities.
- 6) On December 21, 2020, Yi-Jih Development Corp. reduced its capital, resulting in the Group to receive the amount of \$43,895 thousand on January 17, 2021, with its shareholding ratio remains unchanged.

(ii) Joint ventures

The Group’ s financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. This financial information is included in the consolidated financial statements.

	December 31, 2022	December 31, 2021
Individually insignificant joint venture	\$ 2,965,793	3,335,598
	For the years ended December 31,	
	2022	2021
Attributable to the Group:		
Net (loss) income	\$ (162,341)	288,623
Other comprehensive loss	(448)	(3,294)
Total comprehensive (loss) income	\$ (162,789)	285,329

- 1) On May 12, 2021, the Group participated in the cash capital increase of Formosa Tokuyama Co., Ltd., an joint venture owned by the Group, with the total investment amounting to \$375,000 thousand based on its original shareholding ratio of 50%.
- 2) On July 2, 2021, the Group participated in the cash capital increase of Formosa Mitsui Advanced Chemical Co., Ltd., an joint venture owned by the Group, with the total investment amounting to USD4,600 thousand (equivalent to \$128,450 thousand) based on its original shareholding ratio of 50%.

(iii) Collaterals

There are no investments accounted for using the equity method which were pledged to banks as collateral to secure the Group’s bank loans as of December 31, 2022 and 2021.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The movements of cost and accumulated depreciation and impairments of property, plant and equipment of the the Group for the years ended 2022 were as follows:

	<u>Land and land improvements</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2022	\$ 12,626,322	29,443,105	197,651,254	8,142,779	23,993,354	271,856,814
Additions	787,095	170,529	797,954	584,139	12,435,747	14,775,464
Disposals	-	(68,904)	(969,762)	(112,686)	-	(1,151,352)
Reclassification	-	22,125	2,429,348	181,366	(2,280,731)	352,108
Effect of exchange rate changes	179,007	149,084	2,605,104	36,279	109,084	3,078,558
Balance at December 31, 2022	<u>\$ 13,592,424</u>	<u>29,715,939</u>	<u>202,513,898</u>	<u>8,831,877</u>	<u>34,257,454</u>	<u>288,911,592</u>
Balance at January 1, 2021	\$ 12,086,178	29,415,324	195,709,750	7,678,491	10,780,602	255,670,345
Additions	591,329	4,209	946,203	423,768	16,231,148	18,196,657
Disposals	(2,667)	(18,555)	(1,264,854)	(162,067)	-	(1,448,143)
Reclassification	-	94,394	3,041,072	215,416	(3,079,685)	271,197
Effect of exchange rate changes	(48,518)	(52,267)	(780,917)	(12,829)	61,289	(833,242)
Balance at December 31, 2021	<u>\$ 12,626,322</u>	<u>29,443,105</u>	<u>197,651,254</u>	<u>8,142,779</u>	<u>23,993,354</u>	<u>271,856,814</u>
Accumulated depreciation/ impairments:						
Balance at January 1, 2022	\$ 253,500	18,981,780	149,723,148	5,555,347	-	174,513,775
Depreciation for the period	123,199	872,438	5,871,681	583,276	-	7,450,594
Disposals	-	(68,527)	(965,571)	(110,139)	-	(1,144,237)
Reclassification	-	670	(343)	(281)	-	46
Effect of exchange rate changes	31,164	39,554	683,929	21,284	-	775,931
Balance at December 31, 2022	<u>\$ 407,863</u>	<u>19,825,915</u>	<u>155,312,844</u>	<u>6,049,487</u>	<u>-</u>	<u>181,596,109</u>
Balance at January 1, 2021	\$ 143,336	18,130,360	145,399,483	5,211,212	-	168,884,391
Depreciation for the period	115,609	875,259	5,761,712	513,199	-	7,265,779
Disposals	-	(10,719)	(1,240,940)	(160,169)	-	(1,411,828)
Reclassification	-	734	(932)	(1,416)	-	(1,614)
Effect of exchange rate changes	(5,445)	(13,854)	(196,174)	(7,480)	-	(222,953)
Balance at December 31, 2021	<u>\$ 253,500</u>	<u>18,981,780</u>	<u>149,723,149</u>	<u>5,555,346</u>	<u>-</u>	<u>174,513,775</u>
Carrying amounts:						
Balance at December 31, 2022	<u>\$ 13,184,561</u>	<u>9,890,024</u>	<u>47,201,054</u>	<u>2,782,390</u>	<u>34,257,454</u>	<u>107,315,483</u>
Balance at December 31, 2021	<u>\$ 12,372,822</u>	<u>10,461,325</u>	<u>47,928,105</u>	<u>2,587,433</u>	<u>23,993,354</u>	<u>97,343,039</u>

(i) Collaterals

The property, plant and equipment pledged to secure bank loans as of December 31, 2022 and 2021, are described in Note 8.

(ii) As of December 31, 2022 and 2021, the Group's parcels of land with title temporarily registered under the names of third parties for trust purpose had carrying value as of \$33,529 thousand which were recorded under property, plant and equipment. The Group has implemented a deed of trust with the authorities to secure the Group's rights related to the abovementioned properties.

(iii) Please refer to Note 6(t) for further information about the capitalized interest on borrowings for the purchase of the property, plant and equipment and gain on disposal of property, plant and equipment.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

The Group leases many assets including land and buildings, vehicle and machinery Information about cost and depreciation is as follows:

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 1,186,465	-	1,186,465
Additions	627,248	-	627,248
Disposals	(147,323)	-	(147,323)
Effect of exchange rate change	<u>15,503</u>	<u>-</u>	<u>15,503</u>
Balance at December 31, 2022	<u>\$ 1,681,893</u>	<u>-</u>	<u>1,681,893</u>
Balance at January 1, 2021	\$ 1,237,853	-	1,237,853
Additions	34,998	-	34,998
Disposals	(80,275)	-	(80,275)
Effect of exchange rate change	<u>(6,111)</u>	<u>-</u>	<u>(6,111)</u>
Balance at December 31, 2021	<u>\$ 1,186,465</u>	<u>-</u>	<u>1,186,465</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 52,479	-	52,479
Depreciation for the period	60,407	-	60,407
Disposals	(56,294)	-	(56,294)
Effect of exchange rate change	<u>382</u>	<u>-</u>	<u>382</u>
Balance at December 31, 2022	<u>\$ 56,974</u>	<u>-</u>	<u>56,974</u>
Balance at January 1, 2021	\$ 90,727	-	90,727
Depreciation for the period	42,140	-	42,140
Disposals	(80,275)	-	(80,275)
Effect of exchange rate change	<u>(113)</u>	<u>-</u>	<u>(113)</u>
Balance at December 31, 2021	<u>\$ 52,479</u>	<u>-</u>	<u>52,479</u>
Carrying amount:			
Balance at December 31, 2022	<u>\$ 1,624,919</u>	<u>-</u>	<u>1,624,919</u>
Balance at December 31, 2021	<u>\$ 1,133,986</u>	<u>-</u>	<u>1,133,986</u>

For the years ended December 31, 2022 and 2021, the Group increased the right-of-use assets, please refer to Notes 6(m).

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Short-term borrowings

(i) Short-term borrowings consisted of the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured short-term borrowings	\$ 14,900,000	4,377,404
Employees' savings	-	107,272
Total	<u>\$ 14,900,000</u>	<u>4,484,676</u>
Interest rate	<u>0.776%~1.540%</u>	<u>0.730%~0.860%</u>

(ii) Issuance and redemption of loans

	For the years ended December 31, 2022
Balance as of January 1, 2022	\$ 4,484,676
New issuance during the period	129,692,300
Repayments during the period	(119,276,976)
Effect of exchange rate change	-
Balance as of December 31, 2022	<u>\$ 14,900,000</u>
	For the years ended December 31, 2021
Balance as of January 1, 2021	\$ 15,356,724
New issuance during the period	193,773,116
Repayments during the period	(204,637,833)
Effect of exchange rate change	(7,331)
Balance as of December 31, 2021	<u>\$ 4,484,676</u>

(j) Short-term notes and bills payable

	<u>December 31, 2022</u>		
	<u>Institutions</u>	<u>Interest rate</u>	<u>Amount</u>
Short-term notes and bills payable	Bank SinoPac	1.52%	\$ 950,000
Short-term notes and bills payable	Union Bank of Taiwan Co., Ltd.	1.50%~1.54%	600,000
Short-term notes and bills payable	International Bills Finance Corporation	1.52%~1.54%	7,500,000
Short-term notes and bills payable	China Bills Finance Corporation	1.52%~1.54%	2,850,000
Short-term notes and bills payable	Grand Bills Finance Corporation	1.52%~1.54%	1,950,000
Short-term notes and bills payable	CTBC Bank Co., Ltd	1.52%	1,100,000
Short-term notes and bills payable	Yuanta Commercial Bank Co., Ltd.	1.54%	500,000
Short-term notes and bills payable	E.SUN Commercial Bank, Ltd.	1.55%	3,000,000
Short-term notes and bills payable	Taishin International Bank Co., Ltd.	1.36%	1,000,000
			19,450,000
Less: Discount on short-term notes and bills payable			<u>(19,135)</u>
Total			<u>\$ 19,430,865</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021		
	Institutions	Interest rate	Amount
Short-term notes and bills payable	China Bills Finance Corporation	0.34%	\$ 2,100,000
Less: Discount on short-term notes and bills payable			(176)
Total			<u><u>\$ 2,099,824</u></u>

(k) Long-term debts

(i) Long-term debts consisted of the following:

	December 31, 2022			
	Currency	Interest rate	Expiration	Amount
Unsecured long-term debts	NTD	1.173%~1.52%	2023~2025	\$ 11,437,383
Secured long-term debts	NTD			(5,000,000)
Total				<u><u>\$ 6,437,383</u></u>

	December 31, 2021			
	Currency	Interest rate	Expiration	Amount
Unsecured long-term debts	NTD	0.893% ~4.075%	2022~2025	<u><u>\$ 4,187,592</u></u>

(ii) Issuance and redemption of loan

	Total
Balance of January 1, 2022	\$ 4,187,592
New issuance during the period	7,565,803
Repayments during the period	(316,012)
Balance of December 31, 2022	<u><u>\$ 11,437,383</u></u>

	Total
Balance of January 1, 2021	\$ 3,569,776
New issuance during the period	2,636,444
Repayment during the period	(2,000,000)
Effect of exchange rate charge	(18,628)
Balance of December 31, 2021	<u><u>\$ 4,187,592</u></u>

(iii) Secured bank loans

The assets pledged to secure loans are described in Note 8.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Bonds payable

(i) Bonds payable consisted of the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic unsecured nonconvertible corporate bonds	\$ 36,120,673	45,509,254
Less: current portion	<u>(8,846,341)</u>	<u>(9,395,685)</u>
Total	<u>\$ 27,274,332</u>	<u>36,113,569</u>
Expiry	<u>2023~2030</u>	<u>2022~2030</u>

(ii) Issuance and redemption of Domestic unsecured nonconvertible corporate bonds

1) Issuance

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Amount	\$ -	<u>7,500,000</u>
Interest rate	-	<u>0.460%、0.520%</u>
Expiry	-	<u>2026、2028</u>

2) Repayment

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Amount	\$ <u>9,400,000</u>	<u>2,900,000</u>

(iii) The terms of domestic corporate bonds as of December 31, 2022 and 2021 were as follows:

	<u>The third domestic unsecured nonconvertible corporate bond in 2012</u>	<u>The first domestic unsecured nonconvertible corporate bond in 2013</u>	<u>The second domestic unsecured nonconvertible corporate bond in 2013</u>	<u>The first domestic unsecured nonconvertible corporate bond in 2014</u>
Issue amount	\$ 9,000,000	11,500,000	8,500,000	6,000,000
2022.12.31 Ending balance	-	749,243	3,148,922	5,997,355
2022.12.31 Current portion	-	749,243	3,148,922	499,453
2021.12.31 Ending balance	1,249,403	1,497,728	6,297,747	5,996,261
2021.12.31 Current portion	1,249,403	748,485	3,148,825	-
Issuance date	November 5, 2012	June 10, 2013	November 8, 2013	May 21, 2014
Coupon rate	1.25%、1.39%、1.53%	1.23%、1.52%	1.42%、1.94%	1.83%、1.92%
Interest payment date	November 5	June 10	November 8,	May 21
Repayment method	Payable in 2 equal installments for each different coupon rate in 2016~2017, 2018~2019 and 2021~2022, respectively.	Payable in 2 equal installments for each different coupon rate in 2016~2017 and 2022~2023, respectively.	Payable in 2 equal installments for each different coupon rate in 2017~2018 and 2022~2023, respectively.	Payable in 2 equal installments for each different coupon rate in 2023~2024 and 2025~2026, respectively.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	The first domestic unsecured nonconvertible corporate bond in 2017	The first domestic unsecured nonconvertible corporate bond in 2018	The first domestic unsecured nonconvertible corporate bond in 2020	The first domestic unsecured nonconvertible corporate bond in 2021
Issue amount	\$ 7,000,000	9,300,000	8,350,000	7,500,000
2022.12.31 Ending balance	3,698,683	6,694,400	8,341,396	7,490,674
2022.12.31 Current portion	1,849,052	2,599,671	-	-
2021.12.31 Ending balance	5,347,366	9,292,423	8,339,615	7,488,711
2021.12.31 Current portion	1,649,631	2,599,341	-	-
Issuance date	May 19, 2017	June 26, 2018	June 22, 2020	September 15, 2021
Coupon rate	1.09%、1.32%	0.82%、0.93%、1.09%	0.58%、0.63%、0.67%	0.46%、0.52%
Interest payment date	May 19	June 26	June 22	September 15
Repayment method	Payable in 2 equal installments for each different coupon rate in 2021~2022 and 2023~2024, respectively.	Payable in 2 equal installments for each different coupon rate in 2022~2023, 2024~2025 and 2027~2028, respectively.	Payable in 2 equal installments for each different coupon rate in 2024~2025, 2026~2027 and 2029~2030, respectively.	Payable in 2 equal installments for each different coupon rate in 2025~2026, and 2026~2027, respectively.

(m) Lease liabilities

Lease liabilities consisted of the following:

	December 31, 2022	December 31, 2021
Current	<u>\$ 26,811</u>	<u>23,879</u>
Non-current financial assets	<u>\$ 607,619</u>	<u>123,728</u>

Please refer to Note 6 (u) the maturity analysis.

On December 31, 2022, the amounts of lease liabilities incurred from the rentals of land increased by \$627,248 thousand, with the interest rates of 1.80%~2.05%, maturing in October 2042. The amount of lease liabilities decreased due to early termination is \$93,349 thousand. On December 31, 2021, the amounts of lease liabilities incurred from the rentals of land increased by \$34,998 thousand, with the interest rates of 2.05% and 1.41% , maturing in October 2042 and December 31, 2022, respectively.

The amount recognized in profit or loss was as follows:

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 6,431</u>	<u>2,916</u>
Expenses relating to short-term leases	<u>\$ 126,894</u>	<u>127,816</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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The amount recognized in cash flows statement was as follows:

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	\$ 180,401	161,498

(i) Real estate leases

As of December 31, 2022, the Group leases land and buildings for Ship berthing, loading, unloading, storage and transfer operations. The leases typically run for a period of 2 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Certain leases provide for additional rent payments that are based on changes in the local price indices, or sales that the Group incurred at the leased store in the period ; others require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(ii) Other leases

The Group also leases its buildings with contract terms of one year. These leases are short-term and the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plan

The movements in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 8,805,303	9,286,451
Fair value of plan assets	(4,918,437)	(3,127,266)
Net defined benefit liabilities	\$ 3,886,866	6,159,185

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of the plan asset

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$4,882,595 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	For the years ended December 31,	
	2022	2021
Defined benefit obligations on January 1	\$ 9,286,451	9,421,525
Benefits paid	(596,555)	(540,731)
Current service and interest costs	129,313	179,283
Remeasurement of net defined benefit liabilities		
— actuarial losses arising from change in financial assumptions	114,990	408,010
Decrease due to transfer of related party employees	(128,896)	(181,636)
Defined benefit obligations on December 31	<u>\$ 8,805,303</u>	<u>9,286,451</u>

3) Movements in fair value of defined benefit plan assets

	For the years ended December 31,	
	2022	2021
Fair value of plan assets on January 1	\$ 3,127,266	2,860,594
Interest income	15,500	28,665
Remeasurement of net defined obligation assets		
— return on plan assets (excluding interest income)	258,375	19,323
Benefits already paid by the plan	(283,754)	(223,381)
Contributions from employer	1,801,050	442,065
Fair value of plan assets on December 31	<u>\$ 4,918,437</u>	<u>3,127,266</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expense recognized in profit or loss

The pension costs recognized in profit or loss for the years ended 2022 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current service costs	\$ 83,293	85,578
Interest costs	30,520	65,040
	<u>\$ 113,813</u>	<u>150,618</u>
Operating costs	\$ 80,907	106,316
Selling expenses	3,251	4,202
Administrative expenses	29,655	40,100
	<u>\$ 113,813</u>	<u>150,618</u>

5) Remeasurement of net defined benefit assets recognized in other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance of January 1,	\$ 2,665,850	2,277,163
Recognized in current period	(143,385)	388,687
Balance of December 31,	<u>\$ 2,522,465</u>	<u>2,665,850</u>

6) Actuarial assumptions

The following are the principal actuarial assumptions as of 2022:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	1.25 %	0.50 %
Rate of future salary increases	2.85 %	2.85 %

Based on the actuarial report, the Group is expected to make contributions of \$110,306 to the defined benefit plans for the one year period after the reporting date.

The weighted average duration of the defined benefit plan is 7.4 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group should use judgments and estimates in determining the related actuarial assumptions at balance sheet date, including discount rate, expected return on plan assets and future salary increases. Any changes in actuarial assumptions may significantly impact the present value of the defined benefit obligation.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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As of December 31, 2022 and 2021, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effect of defined benefit obligations	
	Increase Amount	Decrease Amount
December 31, 2022		
Discount rate (change 0.25%)	\$ (124,662)	128,681
Future salary increases (change 1.00%)	539,611	(486,133)
December 31, 2021		
Discount rate (change 0.25%)	(153,582)	158,929
Future salary increases (change 1.00%)	656,340	(585,755)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis adopts the same methods for determining the defined benefit assets at balance sheet date.

The same methods and assumptions are adopted in the two-year sensitivity analysis.

(ii) Defined contribution plan

The Group contributes an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Group is not required to bear the regulated or putative obligation subsequent to the payment of fixed-rate contribution.

The Group's pension costs under the defined contribution pension plan amounted to \$398,856 and \$357,602 for the years ended 2022 and 2021, respectively.

(o) Income tax

(i) The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current income tax expense	\$ 6,917,788	12,115,469
Deferred tax expense		
The origination of temporary differences	733,731	2,486,034
Income tax expense	\$ 7,651,519	14,601,503

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The income tax expense related to components of other comprehensive income for the years ended December 31, 2022 and 2021 was as follows:

	For the years ended December 31,	
	2022	2021
Remeasurement of defined benefit plan	\$ (28,677)	77,737
Items that will subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (154,405)	50,981

The income tax calculated at a statutory income tax rate on accounting income before income tax was reconciled with income tax expense recognized in profit or loss as follows:

	For the years ended December 31,	
	2022	2021
Income tax calculated based on pretax financial income	\$ 8,758,869	17,191,363
Effect of difference in income tax rate between foreign investee and the Company	854,142	2,733,681
Tax- exempt income	(1,688,366)	(601,043)
Tax effect on investment income recognized under equity method and Non-deductible expenses	(273,108)	(4,722,859)
Under provision in prior periods	(18)	361
Income tax expense	\$ 7,651,519	14,601,503

- (iii) Recognized deferred tax assets and liabilities

Movements in deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022	Beginning balance	Recognized in income or loss	Recognized in other comprehensive income	Ending balance
Deferred tax assets				
Unrealized gross loss	\$ 7,826	(7,826)	-	-
Unamortized fixed manufacturing expense	11,773	20,573	-	32,346
Accrued pension liability	1,310,337	(425,787)	(28,677)	855,873
Unamortized impairment loss on non-financial assets	220,420	(34,525)	-	185,895
Unrealized foreign currency exchange loss	9,699	15,098	-	24,797
Others	402,832	(249,908)	-	152,924
Total	\$ 1,962,887	(682,375)	(28,677)	1,251,835
Deferred tax liabilities				
Foreign investment income under equity method	\$ 18,945,319	64,701	-	19,010,020
Unrealized foreign currency exchange gain	7,996	(7,996)	-	-
Accumulated translation adjustment	131,040	-	154,405	285,445
Depreciation	79,436	(9,624)	-	69,812
Others	229	4,275	-	4,504
Total	\$ 19,164,020	51,356	154,405	19,369,781

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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<u>For the year ended December 31, 2021</u>	<u>Beginning balance</u>	<u>Recognized in income or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Deferred tax assets				
Unrealized gross loss	\$ 5,298	2,528	-	7,826
Unamortized fixed manufacturing expense	14,499	(2,726)	-	11,773
Accrued pension liability	1,390,686	(158,086)	77,737	1,310,337
Unrealized impairment loss on non-financial assets	257,257	(36,837)	-	220,420
Unrealized foreign currency exchange loss	34,348	(24,649)	-	9,699
Others	1,157,769	(754,937)	-	402,832
Total	<u>\$ 2,859,857</u>	<u>(974,707)</u>	<u>77,737</u>	<u>1,962,887</u>
Deferred tax liabilities				
Foreign investment income under equity method	\$ 17,409,468	1,535,851	-	18,945,319
Unrealized foreign currency exchange gain	27,092	(19,096)	-	7,996
Accumulated translation adjustment	182,021	-	(50,981)	131,040
Depreciation	84,831	(5,395)	-	79,436
Others	262	(33)	-	229
Total	<u>\$ 17,703,674</u>	<u>1,511,327</u>	<u>(50,981)</u>	<u>19,164,020</u>

(iv) The Company's income tax returns have been examined and approved through 2020 by the R.O.C tax authorities.

(p) Capital and other equity

As the year ended 2022 and 2021, the Company's government registered total authorized capital and issued capital stock both amounted to \$63,657,408, divided into \$6,365,741 thousand shares of stock with \$10 par value per share. All issued shares were paid up upon issuance.

(i) Capital surplus

The components of capital surplus were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Paid-in capital in excess of par value	\$ 8,130,081	8,130,081
Treasury stock transactions	16,263	16,263
Equity in capital surplus of investee companies	202,809	202,638
Overdue unpaid directors' remuneration and dividends	450,641	424,200
Paid in capital in excess of the par value derived from overseas corporate bond conversion	<u>2,997,503</u>	<u>2,997,503</u>
	<u>\$ 11,797,297</u>	<u>11,770,685</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Retained earnings

According to the Company's Articles of Association, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve shall also be set aside as necessary. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Shareholders' Meeting.

According to the Company's Articles of Association, the Board of Directors is authorized to distribute cash dividends by the attendance of at least two-thirds of the directors and the resolution of a majority of the directors attended, and to report the distribution to the Shareholders' Meeting; the distribution of stock dividends is proposed to the Shareholders' Meeting for resolution.

The Company also adopts a dividend distribution policy, under which, net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent (50%) of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

- 1) Legal reserve When a company incurs no loss, it may, pursuant to a resolution by a Shareholders' Meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.
- 2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of \$2,790,507 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of special reserve amounted to \$2,790,507 thousand as of December 31, 2022 and 2021.

According to the regulations of the FSC, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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3) Earnings distribution

The appropriation of earning in 2021 and 2020 were approved during the shareholders' meeting held on June 9, 2022 and July 29, 2021. The amounts of dividends distributed to owners were as follows:

	2021		2020	
	Dividends per share	Amount	Dividends per share	Amount
Dividends attributable to ordinary shareholders:				
Cash dividends	\$ 8.20	52,199,074	2.40	15,277,778

(iii) Other equity

	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through profit or loss	Gain (loss) on hedging instruments	Revaluation surplus	Total
Balance at January 1, 2022	\$ (12,738,403)	94,230,777	10,962	-	81,503,336
Exchange differences arising on translation of foreign operations	9,750,931	-	-	-	9,750,931
Share of exchange differences on associates and joint ventures accounted for using equity method	2,384,119	-	-	-	2,384,119
Share of unrealized gains or losses on associates accounted for using equity method and their financial assets at fair value through other comprehensive income	-	(11,872,202)	-	-	(11,872,202)
Unrealized gains on financial assets at fair value through other comprehensive income	-	(30,720,101)	-	-	(30,720,101)
Revaluation surplus accounted for using equity method	-	-	-	1,002,593	1,002,593
Share of cash flow hedge of associates and joint ventures	-	-	(88,872)	-	(88,872)
Balance at December 31, 2022	\$ (603,353)	51,638,474	(77,910)	1,002,593	51,959,804

	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through profit or loss	Gain (loss) on hedging instruments	Total
Balance at January 1, 2021	\$ (9,603,060)	76,471,804	37,988	66,906,732
Exchange differences arising on translation of foreign operations	(2,645,862)	-	-	(2,645,862)
Share of exchange differences on associates and joint ventures accounted for using equity method	(489,481)	-	-	(489,481)
Share of unrealized gains or losses on associates accounted for using equity method and their financial assets at fair value through other comprehensive income	-	4,486,645	-	4,486,645
Unrealized gains on financial assets at fair value through other comprehensive income	-	13,272,328	-	13,272,328
Share of cash flow hedge of associates and joint ventures	-	-	(27,026)	(27,026)
Balance at December 31, 2021	\$ (12,738,403)	94,230,777	10,962	81,503,336

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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(q) Earnings per share

The basic and diluted earnings per share was calculated as follows:

	For the years ended December 31,	
Basic earnings per share		
Profit attributable to ordinary shareholders	\$ 36,142,868	71,355,311
Weighted average number of outstanding ordinary shares (in thousands)	6,365,741	6,365,741
	\$ 5.68	11.21
Diluted earnings per share		
Profit attributable to ordinary shareholders	\$ 36,142,868	71,355,311
Weighted average number of outstanding ordinary share (basic) (in thousands)	6,365,741	6,365,741
Effect on employee's profit sharing bonus (in thousands)	921	1,152
Weighted average number of outstanding ordinary share (diluted) (in thousands)	6,366,662	6,366,893
	\$ 5.68	11.21

(r) Revenue from Contracts with Customers

(i) Revenue Segmentation

	For the years ended December 31, 2022						
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Total
Major market :							
Taiwan	\$ 26,978,955	11,967,519	6,304,047	7,772,232	17,658,688	3,176,048	73,857,489
Mainland China	20,654,619	19,065,379	21,688,909	20,793,031	1,063,497	697,223	83,962,658
Others	46,791,659	23,563,056	3,643,742	13,430,248	5,917,272	481,230	93,827,207
	\$ 94,425,233	54,595,954	31,636,698	41,995,511	24,639,457	4,354,501	251,647,354
Major goods :							
PVC	\$ 54,505,730	-	-	-	-	-	54,505,730
Liquid caustic soda	25,557,163	-	-	-	-	-	25,557,163
HDPE	-	13,738,016	-	-	-	-	13,738,016
LLDPE	-	18,307,564	-	-	-	-	18,307,564
EVA	-	22,388,140	-	-	-	-	22,388,140
PP	-	-	28,487,174	-	-	-	28,487,174
POM	-	-	3,149,524	-	-	-	3,149,524
AE	-	-	-	20,628,874	-	-	20,628,874
SAP	-	-	-	10,617,443	-	-	10,617,443
Carbon fiber	-	-	-	4,364,813	-	-	4,364,813
n-Butanol	-	-	-	3,383,921	-	-	3,383,921
AN	-	-	-	-	8,854,696	-	8,854,696
MMA	-	-	-	-	2,913,254	-	2,913,254
ECH	-	-	-	-	5,697,276	-	5,697,276
	14,362,340	162,234	-	3,000,460	7,174,231	4,354,501	29,053,766
	\$ 94,425,233	54,595,954	31,636,698	41,995,511	24,639,457	4,354,501	251,647,354

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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For the years ended December 31, 2021							
	Plastic division	Polyolefin division	Polypropylene division	Tairytan division	Chemistry division	Others divisions	Total
Major market :							
Taiwan	\$ 25,362,144	12,069,147	8,726,223	10,469,717	25,062,912	2,546,162	84,236,305
Mainland China	26,230,283	20,471,508	24,325,342	24,566,190	2,551,253	560,711	98,705,287
Others	41,088,637	25,366,530	6,565,552	11,430,147	5,798,673	407,170	90,656,709
	<u>\$ 92,681,064</u>	<u>57,907,185</u>	<u>39,617,117</u>	<u>46,466,054</u>	<u>33,412,838</u>	<u>3,514,043</u>	<u>273,598,301</u>
Major goods :							
PVC	\$ 66,239,455	-	-	-	-	-	66,239,455
Liquid caustic soda	14,345,326	-	-	-	-	-	14,345,326
HDPE	-	16,320,936	-	-	-	-	16,320,936
LLDPE	-	19,180,665	-	-	-	-	19,180,665
EVA	-	22,264,625	-	-	-	-	22,264,625
PP	-	-	36,955,845	-	-	-	36,955,845
POM	-	-	2,661,272	-	-	-	2,661,272
AE	-	-	-	28,610,686	-	-	28,610,686
SAP	-	-	-	6,862,280	-	-	6,862,280
Carbon fiber	-	-	-	3,577,242	-	-	3,577,242
n-Butanol	-	-	-	3,415,318	-	-	3,415,318
AN	-	-	-	-	16,182,862	-	16,182,862
MMA	-	-	-	-	4,146,842	-	4,146,842
ECH	-	-	-	-	5,866,548	-	5,866,548
Others	12,096,283	140,959	-	4,000,528	7,216,586	3,514,043	26,968,399
	<u>\$ 92,681,064</u>	<u>57,907,185</u>	<u>39,617,117</u>	<u>46,466,054</u>	<u>33,412,838</u>	<u>3,514,043</u>	<u>273,598,301</u>

(ii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	\$ 1,996,187	5,806,161	2,148,261
Accounts receivable (including related parties)	13,938,981	19,880,501	13,813,715
Less: allowance for doubtful receivables	(82,103)	(82,222)	(1,624)
Total	<u>\$ 15,853,065</u>	<u>25,604,440</u>	<u>15,960,352</u>

Please refer to Note 6(c) for the disclosure of accounts receivable and impairment.

(s) Employee bonus

According to the Company's articles, 0.05%~0.5% of the Company's profit, excluding employee compensations, and after being appropriated to offset accumulated deficits, if any, should be distributed as employee compensations.

For the years ended December 31, 2022 and 2021, the appropriated employee compensations amounted to \$55,483 thousand and \$110,563 thousand, respectively. These amounts were calculated based on the Company's articles of incorporation and the net profit before tax after deducting employee compensations, and were recognized under operating costs and operating expenses.

The employee compensations were consistent with the actual distributions. Related information can be accessed from the Market Observation Post System website.

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Notes to the Consolidated Financial Statements

(t) Non-operating income and expenses

(i) Interest income

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 189,372	120,048
Other interest income	190,645	116,116
Total Interest income	<u>\$ 380,017</u>	<u>236,164</u>

(ii) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 198,841	155,929
Dividends income	8,441,831	2,999,580
	<u>\$ 8,640,672</u>	<u>3,155,509</u>

(iii) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gain on disposal of property, plant and equipment	\$ 31,512	17,476
Foreign currency exchange gain (loss)	2,436,555	(458,754)
Gain (loss) on financial assets at fair value through profit or loss	192,016	(95,484)
Other gains	942,628	730,235
Other losses	(352,451)	(454,979)
Net of other gains and losses	<u>\$ 3,250,260</u>	<u>(261,506)</u>

(iv) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense	\$ 1,389,856	942,600
Less: capitalized interest	(352,802)	(152,161)
Interest expense from bank loans	<u>\$ 1,037,054</u>	<u>790,439</u>
Capitalized interest rate	<u>1.33%~1.394%</u>	<u>0.889%~1.394%</u>

(u) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The Group is exposed to credit risk primarily from financial assets and contract assets.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. Also, the Group mitigates its exposure by evaluating the customers' financial situation regularly.

3) Receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6(c).

(ii) Liquidity risk

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6~12months</u>	<u>1~2years</u>	<u>2~5years</u>	<u>Over 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 14,900,000	15,014,752	15,014,752	-	-	-	-
Unsecured Bonds payable	36,120,673	37,189,448	2,610,660	6,356,080	5,613,130	19,160,278	3,449,300
Short-term notes and bills payable	19,430,865	19,450,000	19,450,000	-	-	-	-
Long-term debts (including current portion)	11,437,383	11,650,904	-	5,062,500	6,588,404	-	-
Accounts payable (including related parties)	11,774,229	11,774,229	11,774,229	-	-	-	-
Other payables (including related parties)	8,665,570	8,665,570	8,665,570	-	-	-	-
Loans from related parties	11,208,420	12,060,932	-	12,060,932	-	-	-
Other current liabilities	9,386,661	9,386,661	9,386,661	-	-	-	-
Employees' savings	153,533	154,139	154,139	-	-	-	-
Lease liabilities	634,430	770,073	19,730	19,730	39,460	157,459	533,694
	<u>\$ 123,711,764</u>	<u>126,116,708</u>	<u>67,075,741</u>	<u>23,499,242</u>	<u>12,240,994</u>	<u>19,317,737</u>	<u>3,982,994</u>
December 31, 2021							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 8,564,996	8,877,555	4,394,316	-	-	4,483,239	-
Unsecured Bonds payable	45,509,254	47,079,823	5,025,353	4,480,235	9,104,800	18,732,685	9,736,750
Short-term notes and bills payable	2,099,824	2,100,000	2,100,000	-	-	-	-
Accounts payable (including related parties)	15,970,645	15,970,645	15,970,645	-	-	-	-
Other payables (including related parties)	12,573,831	12,573,831	12,573,831	-	-	-	-
Loans from related parties	13,568,100	13,946,379	-	-	13,946,379	-	-
Other current liabilities	9,484,981	9,484,981	9,484,981	-	-	-	-
Employees' savings	107,272	107,696	107,696	-	-	-	-
Lease liabilities	147,607	176,925	13,304	13,304	7,863	23,590	118,864
	<u>\$ 108,026,510</u>	<u>110,317,835</u>	<u>49,670,126</u>	<u>4,493,539</u>	<u>23,059,042</u>	<u>23,239,514</u>	<u>9,855,614</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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(iii) Currency risk

1) Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars
Financial assets:						
Monetary items						
USD	\$ 51,414	30.7080	1,578,821	658,356	27.6900	18,229,878
EUR	137	32.7026	4,480	6,989	31.5030	220,174
JPY	54,235	0.2306	12,507	18,812	0.2408	4,530
CNY	38	4.4091	168	339	4.3431	1,472
Financial liabilities						
Monetary items						
USD	72,899	30.7080	2,238,582	61,858	27.6900	1,712,848
EUR	199	32.7026	6,508	335	31.5030	10,554
JPY	23,333	0.2306	5,381	57,336	0.2408	13,807

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables which are denominated in different foreign currencies. A 1% depreciation of the NTD against the USD, EUR, JPY and CNY as the year ended of 2022 and 2021 would have decreased and increased the net income after tax by \$6,545 and \$167,188 for the years ended 2022 and 2021 respectively. This analysis is performed on the same basis assuming that all other variables remain constant and ignoring any impact of forecasted sales and purchases.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, foreign exchange gain and loss (including realized and unrealized portions) amounted to \$2,436,555 and \$458,754, respectively.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

An increase 1% in interest rates mainly from loans with floating interest rates at the reporting date would have decreased net income by \$224,000 thousand and \$85,650 thousand for the years ended December 31, 2022 and 2021 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(v) Other market price risk

If the securities price changes at the reporting date (sensitivity analyses were performed using the same basis for both twelve-month period ended December 31, 2022 and 2021, and other factors remain unchanged), impacts on comprehensive income are as below:

Prices of securities at the reporting date	For the years ended December 31,			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 869,482	-	1,093,169	-
Decreasing 1%	\$ (869,482)	-	(1,093,169)	-

(vi) Fair value

1) Types and fair value of financial instruments

The Group's financial assets and liabilities are listed as follows: (including (1) the information on the levels in fair value hierarchy, wherein, disclosures are not required for financial instruments not measured at fair value with a carrying value approximating its fair value; and (2) those equity investments in which the fair value cannot be reliably measured and without any quoted price in the open market)

	December 31, 2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily at FVTPL	\$ 1,562,720	-	1,562,720	-	1,562,720
Subtotal	1,562,720	-	1,562,720	-	1,562,720

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	December 31, 2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through OCI					
Listed stocks(Exchange and Mainboard)	\$ 86,772,334	86,772,334	-	-	86,772,334
Listed stocks(Emerging stock board)	175,825	-	175,825	-	175,825
Unquoted equity instruments at fair value	<u>16,564,214</u>	<u>-</u>	<u>-</u>	<u>16,564,214</u>	<u>16,564,214</u>
Subtotal	<u>103,512,373</u>	<u>86,772,334</u>	<u>175,825</u>	<u>16,564,214</u>	<u>103,512,373</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	17,110,163	-	-	-	-
Notes and accounts receivable (including related parties)	15,853,065	-	-	-	-
Other receivables (including related parties)	<u>11,973,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>44,936,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 150,011,355</u>	<u>86,772,334</u>	<u>1,738,545</u>	<u>16,564,214</u>	<u>105,075,093</u>
Financial liabilities measured at amortized cost					
Bonds payable (including current portion)	\$ 36,120,673	-	-	-	-
Short-term notes and bills payable	19,430,865	-	-	-	-
Short-term borrowings	14,900,000	-	-	-	-
Long-term debts(including current portion)	11,437,383	-	-	-	-
Loans from related parties	11,208,420	-	-	-	-
Notes and accounts payable (including related parties)	11,774,229	-	-	-	-
Other payables (including related parties)	8,665,570	-	-	-	-
Other current liabilities	9,386,661	-	-	-	-
Employees' savings	153,533	-	-	-	-
Lease liabilities	<u>634,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 123,711,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily at FVTPL	\$ 3,793,399	-	3,793,399	-	3,793,399
Subtotal	<u>3,793,399</u>	<u>-</u>	<u>3,793,399</u>	<u>-</u>	<u>3,793,399</u>
Financial assets at fair value through OCI					
Listed stocks(Exchange and Mainboard)	109,106,270	109,106,270	-	-	109,106,270
Listed stocks(Emerging stock board)	210,600	210,600	-	-	210,600
Unquoted equity instruments at fair value	<u>24,910,619</u>	<u>-</u>	<u>-</u>	<u>24,910,619</u>	<u>24,910,619</u>
Subtotal	<u>134,227,489</u>	<u>109,316,870</u>	<u>-</u>	<u>24,910,619</u>	<u>134,227,489</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	13,715,454	-	-	-	-
Notes and accounts receivable (including related parties)	25,604,440	-	-	-	-
Other receivables (including related parties)	<u>8,728,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>48,048,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 186,069,357</u>	<u>109,316,870</u>	<u>3,793,399</u>	<u>24,910,619</u>	<u>138,020,888</u>
Financial liabilities measured at amortized cost					
Bonds payable (including current portion)	\$ 45,509,254	-	-	-	-
Short-term notes and bills payable	2,099,824	-	-	-	-
Short-term borrowings	4,484,676	-	-	-	-
Long-term debts	4,187,592	-	-	-	-
Loans from related parties	13,568,100	-	-	-	-
Accounts payable (including related parties)	15,970,645	-	-	-	-
Other payables (including related parties)	12,573,831	-	-	-	-
Other current liabilities	9,484,981	-	-	-	-
Lease liabilities	<u>147,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 108,026,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

The fair value of the financial instruments traded in active markets is based on quoted market prices. The fair value of listed equity instruments is based on the market prices that were published at main stock exchanges.

If the financial instruments possessed by the Group have quoted market prices in active markets, the fair value was as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks).

4) Transfers between Level 1 and Level 2

Since the quoted prices in the emerging market were no longer active, the equity securities at fair value through other comprehensive income amounting to \$196,300 thousand was transferred from Level 1 to Level 2 for the twelve months ended December 31, 2022. There was no transfer between the fair value hierarchy levels for the twelve months ended December 31, 2021.

5) Movement of financial instruments grouped into level 3

	Financial assets at fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
January 1, 2022	\$ 24,910,619
Total gains and losses recognized:	
In other comprehensive income	(8,321,048)
Proceeds from capital reduction	(4,250)
Effect of exchange rate changes	<u>(21,107)</u>
December 31, 2022	<u>\$ 16,564,214</u>

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2021	\$ 18,647,715
Total gains and losses recognized:	
In other comprehensive income	6,265,407
Effect of exchange rate changes	(2,503)
December 31, 2021	\$ 24,910,619

6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price. According to the group's accounting policy, at the reporting date, the analysis of value changes of remeasured or reevaluated assets and liabilities is performed to ensure the reasonability of the evaluation results.

7) The quantitative information of significant unobservable inputs (Level 3)

Most of the group's financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investment with no-active markets have multiple significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

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- 8) Valuation model used in Level 3 fair value measurement - sensitivity analysis of the fair value to the reasonable replaceable assumption

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

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>122,719</u>	<u>(122,719)</u>
December 31, 2021				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>200,830</u>	<u>(200,830)</u>

- (v) Financial risk management

The Group seeks to ensure sufficient cost-efficient funding readily available when needed. The Group manages its exposure to credit risk, liquidity risk and market risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

- (i) Framework of risk management

<u>Items</u>	<u>Risk Management Department</u>	<u>Risk Detection</u>
1. Interest rate, exchange rate, and inflation	General manager department; accounting department; finance department; and general management department	Computer audit & regular self audit; monthly budget meeting; finance supervisors meeting; internal audit department; and board meeting
2. Investments of high risk and leverage, loans to others, guarantees and endorsements, and trade of derivatives	General manager department; finance department; and general management department	Computer audit & regular self audit; monthly budget meeting; finance supervisors meeting; internal audit department; and board meeting

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Items	Risk Management Department	Risk Detection
3.R&D plans	General manager department; technology department of each business division; and general management department	Purchase & sales meeting; operation performance meeting; R&D meeting; board meeting; and internal audit department
4.Changes on significant domestic and international policies and regulations	General manager department; manager department and technology department of each business division; legal department; and general management department	Purchases & sales meeting; operation performance meeting; board meeting; and internal audit department
5.Changes on technologies	General manager department; manager department of each business division; R&D center; and general management department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
6.Changes on corporate images	General manager department; manager department of each business division; and general management department	Purchase & sales meeting; operation performance meeting; and board meeting
7.Merge and reinvestments	General manager department; manager department of each business division; and general management department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
8.Expansion of factories	General manager department; factory affair department of each business division; manager department; and general management department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
9.Centralization of purchases and sales	General manager department; manager department of each business division; purchase department; and general management department	Weekly marker price meeting; purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
10.Changes of directors, controllers and major shareholders	General manager department; and shares management division of finance department	Operation management meeting and board meeting
11.Changes of management rights	General manager department; and general management department	Operation management meeting and board meeting
12.Litigation and other affairs	General manager department; general management department; and legal department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
13.Litigation and other affairs	General manager department; general management department; and legal department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting

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Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks.

1) Accounts receivable and other receivables

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer's financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

2) Investments

The Group mainly invests in Petrochemical Industry, which belongs to mature industry with lower risk. In addition, the Group's prudent management creates financial health without high-leveraged investment.

3) Guarantee

The Group's endorsement policy is limited to endorsement of subsidiaries or associates with business relationship. The endorsed items are usually related to financing and import duty guarantee. Due to associates' financial health created by prudent management, management of the Group believes that they are expecting no significant losses from endorsement.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalent, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

(iii) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes derivative financial instruments, including currency forward contracts and cross currency swaps, to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

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2) Interest rate risk

The Group is exposed to interest rate risk arising from long-term borrowings at floating interest rates. To reduce the risk caused by floating interest rates, the Group utilized interest rate swap contracts to partially hedge its exposure.

(w) Capital management

Although business operated by the Group has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment.

The Group's policy is to maintain adequate financial resources and operating plan to meet future operating capital, capital expenditure, research and development expenditure, loans reimbursement, and dividend distribution.

The Group uses debt to capital ratio to manage its capital. The debt to capital ratio is calculated by dividing the net liabilities by the total capital. Net liabilities derived from deducting cash and cash equivalents from total liabilities. Total capital includes common shares of stocks, capital surplus, retained earnings and net liabilities. The Group's debt to capital ratio at the end of the reporting period was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 153,569,544	140,488,648
Less: cash and cash equivalents	<u>(17,110,163)</u>	<u>(13,715,454)</u>
Net liabilities	136,459,381	126,773,194
Total equity	<u>357,684,863</u>	<u>403,190,274</u>
Debt to capital ratio	<u>38.15 %</u>	<u>31.44 %</u>

(x) Changes in liabilities come from financing activities

Changes of liabilities arising from financing activities were as follows:

	<u>January 1, 2022</u>	<u>Change in cash flows</u>	<u>Changes in non-cash</u>	<u>Effect of exchange rate changes</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ 4,484,676	10,415,324	-	-	14,900,000
Short-term notes and bills payable	2,099,824	17,350,000	(18,959)	-	19,430,865
Long term debts (including current portion)	4,187,592	7,249,791	-	-	11,437,383
Bonds payable (including current portion)	45,509,254	(9,400,000)	11,419	-	36,120,673
Lease liabilities	147,607	(53,507)	540,330	-	634,430
Loans from related parties	<u>13,568,100</u>	<u>(3,731,462)</u>	<u>-</u>	<u>1,371,782</u>	<u>11,208,420</u>
Total liabilities arising from financing activities	<u>\$ 69,997,053</u>	<u>21,830,146</u>	<u>532,790</u>	<u>1,371,782</u>	<u>93,731,771</u>

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	January 1, 2021	Change in cash flows	Changes in non-cash	Effect of exchange rate changes	December 31, 2021
Short-term borrowings	\$ 15,356,724	(10,864,717)	-	(7,331)	4,484,676
Short-term notes and bills payable	16,996,824	(14,900,000)	3,000	-	2,099,824
Long term debts (including current portion)	3,569,776	636,444	-	(18,628)	4,187,592
Bonds payable (including current portion)	40,910,455	4,600,000	(1,201)	-	45,509,254
Lease liabilities	143,375	(33,682)	37,914	-	147,607
Loans from related parties	<u>14,396,540</u>	<u>(137,792)</u>	<u>-</u>	<u>(690,648)</u>	<u>13,568,100</u>
Total liabilities arising from financing activities	<u>\$ 91,373,694</u>	<u>(20,699,747)</u>	<u>39,713</u>	<u>(716,607)</u>	<u>69,997,053</u>

(7) Related-party transactions:

(a) Name of related parties

<u>Name of related party</u>	<u>Relationship with Consolidated Company</u>
Formosa Petrochemical Corporation	Associates
Formosa Plastics Corp., U.S.A.	Associates
Formosa Heavy Industries Corp.	Associates
Mai Liao Power Corp.	Associates
Formosa Sumco Technology Corporation	Associates
Formosa Transportation Corp.	Associates
Wha Ya Park Management Consulting Corporation Ltd.	Associates
Formosa Resources Corporation	Associates
Formosa Group (Cayman) Limited	Associates
Hua Ya Power Corp.	Associates
Formosa Heavy Industries (Ningbo) Corp.	Associates
Japan Formosa Sumco Technology Corp.	Associates
Fujian Fuxin Special Steel Co., Ltd.	Associates
Formosa Transportation (Ningbo) Corp.	Associates
Formosa Automobile Corporation	Associates
Formosa Plastics Construction Corporation	Associates
Formosa Asahi Spandex Co., Ltd.	Joint venture
Formosa Daikin Advanced Chemical Co., Ltd.	Joint venture
Formosa Mitsui Advanced Chemical Co., Ltd.	Joint venture
Formosa Tokuyama Advanced Chemicals Co., Ltd.	Joint venture
Nan Ya Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Chang Gung Medical Foundation	Other related parties
Nan Ya PCB Corporation	Other related parties
PFG Fiber Glass Corporation	Other related parties
Nan Chung Petrochemical Corporation	Other related parties

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<u>Name of related party</u>	<u>Relationship with Consolidated Company</u>
Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties
Nan Ya Plastics (Nantong) Co., Ltd.	Other related parties
Nan Ya Plastics Film (Huizhou) Co., Ltd.	Other related parties
Nan Ya Plastics (Xiamen) Co., Ltd.	Other related parties
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other related parties
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Other related parties
Nan Ya Plastics (Ningbo) Co., Ltd.	Other related parties
Nan Ya Plastics (Indonesia) Co., Ltd.	Other related parties
Nan Ya Plastics Corporation America	Other related parties
Formosa Industries Corp., Vietnam	Other related parties
Formosa Taffeta Co., Ltd.	Other related parties
Formosa INEOS Chemicals Corporation	Other related parties
Formosa Biomedical Technology Corp.	Other related parties
Formosa Carpet Co., Ltd.	Other related parties
Formosa Idemitsu Petrochemical Corp.	Other related parties
Hong Jing Resources Corp.	Other related parties
Formosa Power (Ningbo) Co., Ltd.	Other related parties
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Other related parties
Formosa Plastics Marine Corp.	Other related parties
Formosa Group Ocean Marine Corp	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
Nan Ya Technology Corporation	Other related parties
Nan Ya Plastics Corporation USA	Other related parties
Inteplast Taiwan Corporation	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Xiamen Chang Gung hospital	Other related parties
Formosa Port (Ningbo) Co., Ltd.	Other related parties
Chang Gung Biotechnology Corporation	Other related parties
Formosa Technologies Corporation	Other related parties
INTEPLAST GROUP	Other related parties
Chang Gung University	Other related parties
Kaohsiung Cultural Foundation of Brothers Wang Yung-ching and Wang Yung-tsal Park	Other related parties

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant related-party transactions

(i) Sales to related parties

The Group's significant sales to related parties were as follows:

	For the years ended December 31,	
	2022	2021
Associates	\$ 14,931,649	10,107,578
Joint ventures	295,979	192,721
Other related parties	<u>26,573,001</u>	<u>31,741,244</u>
	<u>\$ 41,800,629</u>	<u>42,041,543</u>

The receivables from related parties were as follows:

	December 31, 2022	December 31, 2021
	Associates	\$ 2,039,652
Joint ventures	39,250	13,477
Other related parties	<u>2,118,486</u>	<u>3,344,308</u>
	<u>\$ 4,197,388</u>	<u>4,688,703</u>

The selling prices and collection terms for the sales to related parties are not significantly different from those third-party customers, and receivables are collected on the 27th of the month following the month of sales. The terms of receivables from other foreign related parties are O/A 60 days, O/A 90 days or L/C at sight.

(ii) Purchase from related parties

The Group's significant purchases from related parties were as follows:

	For the years ended December 31,	
	2022	2021
Associates		
Formosa Petrochemical Corporation	\$ 78,588,953	83,689,442
Other	9,646,525	9,884,975
Other related parties	<u>4,281,821</u>	<u>6,005,240</u>
	<u>\$ 92,517,299</u>	<u>99,579,657</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The payables from related parties were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Associates		
Formosa Petrochemical Corporation	\$ 5,562,011	7,340,397
Other	428,704	517,205
Other related parties	<u>337,610</u>	<u>344,145</u>
	<u>\$ 6,328,325</u>	<u>8,201,747</u>

The purchase price and payment terms for the purchase from related parties are not significantly different from those with third-party vendors, and payables are paid on the 27th of the month following the month of purchase.

(iii) Property plant and equipment

- 1) Sales of equipment (recognized as property, plant and equipment) from related parties were as follow :

	<u>For the years ended</u> <u>December 31</u>		<u>For the years ended</u> <u>December 31, 2021</u>	
	<u>Disposal</u> <u>price</u>	<u>Gain from</u> <u>disposal</u>	<u>Disposal</u> <u>price</u>	<u>Gain from</u> <u>disposal</u>
Joint ventures	\$ -	-	305	230
Other related parties	<u>-</u>	<u>-</u>	<u>9,346</u>	<u>53</u>
	<u>\$ -</u>	<u>-</u>	<u>9,651</u>	<u>283</u>

- 2) Purchase property, plant and equipment

Purchase of equipment (recognized as property, plant and equipment) from related parties were as follow :

	<u>For the years ended</u> <u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ 1,300,192</u>	<u>232,317</u>

The outstanding balance of the Group at the end of the period is as follow (recognized as other payable-related parties):

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Other related parties	<u>\$ 411</u>	<u>76,497</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Acquisition of financial assets

The Group has no related transactions for the years ended December 31, 2022.

	Financial Statement Account	Number of Shares (in thousands)	Transaction Shares	For the years ended December 31, 2021
Associates-				
Formosa Resources Corporation	Investments accounted for using equity method	88,453	Shares of stock of Formosa Resources Corporation shares	\$ 884,531
Joint ventures-				
Formosa Tokuyama Advanced Chemicals Co., Ltd.	Investments accounted for using equity method	37,500	Shares of stock of Formosa Resources Corporation shares	375,000
Formosa Mitsui Advanced Chemicals Co., Ltd.	Investments accounted for using equity method	-	Shares of stock of Formosa Tokuyama Advanced Chemicals Co., Ltd. shares	128,450
				<u>\$ 1,387,981</u>

(iv) Loans to related parties

The Group's significant financing transactions with related parties were as follows:

1)

	Due from related parties (recognized as other receivables-related parties)	
	December 31, 2022	December 31, 2021
Associates		
Formosa Heavy Industries Corp.	\$ 2,900,000	-
Formosa Heavy Industries (Ningbo) Corp	2,746,904	2,171,526
Joint ventures	690,474	691,848
Other related parties		
Formosa Group Ocean Marine Corp.	2,452,654	2,622,190
		<u>\$ 8,790,032</u>
		<u>5,485,564</u>

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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As of December 31, 2022 and 2021, the interest income receivables from the abovementioned transactions amounted to \$68,230 thousand and \$58,792 thousand, respectively, which was recognized as other receivables-related parties.

2)

	Due to related parties (recognized as other payables– related parties)	
	December 31, 2022	December 31, 2021
Associates		
Formosa Plastics Corp., U.S.A.	\$ 11,208,420	13,568,100

As of December 31, 2022 and 2021, the accrued interest expense from the abovementioned transactions amounted to \$52,769 thousand and \$15,703 thousand respectively, which was recognized as other current liabilities.

(v) Endorsements and guarantees

The Group's endorsements guarantees to secure related parties' loans were as follows:

	December 31, 2022	December 31, 2021
Associates		
Formosa Group (Cayman) Limited	\$ 7,677,000	6,922,500
Other related Parties		
Formosa Ha Tinh (Cayman) Ltd.	-	6,568,456
	\$ 7,677,000	13,490,956

(vi) Other transactions

1) The Group's income received from related parties, such as sewage treatment income, wharf usage income and utility and steam income was as follows:

	Other receivables–related parties	
	December 31, 2022	December 31, 2021
Associates	\$ 12	15
Joint ventures	4	1,090
Other related parties	43,372	22,618
	\$ 43,388	23,723

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) The Group's expenses paid to related parties, such as sewage treatment expense, wharf usage expense, utility and steam expenses, transportation expense and restoration expense were as follows:

	Other payables—related parties	
	December 31, 2022	December 31, 2021
Associates	\$ 2,659,669	1,917,444
Other related parties	269,627	227,503
	\$ 2,929,296	2,144,947

- (vii) Receivables from payment on behalf of related parties

- 1) The Group paid for construction design service fees on behalf of related parties as follows:

	Other receivables—related parties	
	December 31, 2022	December 31, 2021
Associates		
Fujian Fuxin Special steel Cor., Ltd	\$ 1,590,609	1,794,541

- (viii) Rental (recognized as other income)

The Group lease its office and building to related parties, and derived rental income thereon as follows:

	For the years ended December 31,	
	2022	2021
Associates		
Formosa Petrochemical Corporation	\$ 16,568	16,568
Formosa Heavy Industries Corp.	58,221	58,764
Other	2,325	7,209
Joint ventures		
Formosa Daikin Advanced Chemical Co., Ltd.	17,397	17,397
Other	8,625	9,033
Other related parties		
Nan Ya Plastics Corporation	25,839	23,520
Formosa Chemicals Industries (Ningbo) Co., Ltd.	39,009	33,225
Other	14,371	24,630
	\$ 182,355	190,346

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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The rentals charged to related parties are determined based on the local market prices, and rents are collected depending on the contract periods (e.g. monthly, semi-annually or annually).

(c) Compensation of key management

The compensation to key management was as follows:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 69,758	71,554

(8) Pledged assets:

The Group's assets pledged to secure loans were as follows:

Classification of assets	Nature of Pledged Assets	December 31, 2022	December 31, 2021
Property plant and equipment	Land and building	\$ 2,153,375	2,154,928
Refundable deposits (classified under other non-current assets)	Certificate of deposit	108,699	99,101
		\$ 2,262,074	2,254,029

(9) Commitments and contingencies:

(a) The amounts of endorsements and guarantees for related parties were as follows:

	December 31, 2022	December 31, 2021
Endorsements and guarantees	\$ 7,677,000	13,490,956

(b) The amounts of unused outstanding letters of credit for the importation of raw materials for related parties were as follows:

	December 31, 2022	December 31, 2021
Unused outstanding letters	\$ 342,113	979,156

(c)(i) As of December 31, 2022, the Company's investee, Formosa Ha Tinh (Cayman) Ltd. and Formosa Ha Tinh Steel Corporation, signed several contracts of syndicated credit lines with different banks amounting of US\$3,647,500 thousand and US\$2,453,500 thousand for its operational needs, respectively. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking and to manage the necessary funds to fulfill the repayment of obligations when needed.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) As of December 31, 2022, Formosa Steel IB Pty Ltd, the subsidiaries of the Company's investee Formosa Resources Corporation's, signed several contracts of syndicated credit lines with different banks amounting of US\$100,000 thousand for its operational needs. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking with its 25% of shareholding and to manage the necessary funds to fulfill the repayment of obligations when needed.
- (iii) As of December 31, 2022, the Company's investee, Formosa Resources Corporation, signed several contracts of syndicated credit lines with different bank amounting of US\$430,000 thousand for its operational needs, respectively. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking with its 25% of shareholding and to manage the necessary funds to fulfill the repayment of obligations when needed.
- (iv) As of December 31, 2022, Formosa Resources Australia Pty Ltd, the subsidiaries of the Company's investee Formosa Resources Corporation's, signed several contracts of syndicated credit lines with different bank amounting of US\$550,000 thousand for its operational needs, respectively. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking with its 25% of shareholding and to manage the necessary funds to fulfill the repayment of obligations when needed.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

- (a) The nature of operating costs and expenses of the Group was as follows:

	For the years ended December 31, 2022				For the years ended December 31, 2021			
	Operating costs	Operating expenses	Non-operating expenses	Total	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salaries	6,049,906	4,781,756	-	10,831,662	6,255,247	3,505,323	-	9,760,570
Labor and health insurance	504,415	297,846	-	802,261	493,994	288,192	-	782,186
Pension	348,665	164,004	-	512,669	343,386	164,834	-	508,220
Remuneration of directors	-	9,720	-	9,720	-	8,615	-	8,615
Others	321,691	99,559	-	421,250	329,166	121,408	-	450,574
Depreciation expenses	5,725,032	1,783,203	2,766	7,511,001	5,644,765	1,661,106	2,048	7,307,919
Amortization expenses	835,507	98,346	11,418	945,271	1,024,530	1,352	10,579	1,036,461

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The significant transactions required by the “Guidelines” for the Company were as follows:

(i) Fund financing to other parties (the amounts expressed in CNY are in thousands):

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	13,500,000	4,500,000	-	1.369% ~ 1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Formosa Chemicals & Fiber Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Nan Ya plastic Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	10,500,000	8,600,000	2,900,000	1.088% ~ 1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Formosa Group Ocean Marine Corp.	Other receivables-related parties	Yes	4,579,320	2,672,654	2,452,654	0.980% ~ 1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Japan Formosa Sumco Technology Corp.	Other receivables-related parties	Yes	700,000	-	-	1%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
1	Formosa Industries(Ningbo) Co., Ltd.	Formosa Mitsui Advanced Chemical Co., Ltd.	Other receivables-related parties	Yes	1,380,017 (CNY313,000)	690,449 (CNY156,600)	690,474 (CNY156,600)	2.920% ~ 3.080%	2	-	Short-term financing	-	-	-	21,583,109	53,957,771	Note 4
1	Formosa Industries (Ningbo) Co., Ltd.	Formosa Heavy Industries (Ningbo) Corp.	Other receivables-related parties	Yes	5,731,700 (CNY1,300,000)	5,731,700 (CNY1,300,000)	2,561,719 (CNY581,000)	2.920% ~ 3.080%	2	-	Short-term financing	-	-	-	21,583,109	53,957,771	Note 4
2	Formosa Electronics (Ningbo) Co., Ltd.	Formosa Heavy Industries (Ningbo) Corp.	Other receivables-related parties	Yes	207,223 (CNY47,000)	185,178 (CNY42,000)	185,185 (CNY42,000)	2.920%	2	-	Short-term financing	-	-	-	234,131	585,329	Note 4

Note 1: (1) Those with business contact please fill in 1

(2) Those necessary for short-term financing please fill in 2.

Note 2: (1) The maximum financing allowed should not exceed 50% of the Company's net equity, and the maximum short-term financing to companies with no transaction with the Company could not exceed 40% of the Company's net equity as of December 31, 2022.

(2) The Company grants financing to a related party even if the Company has no normal business transactions with the entity. However, such financing is limited to 25% of the related party's equity based on the current independent auditor's report.

(3) The Company grants financing to an entity even if the Company has no normal business transactions with the entity. However, such financing is limited to 50% of the Company's equity based on the current independent auditor's report.

(4) The ceiling on loans granted by a subsidiary to others shall not be more than 100% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

Note 3: The ending balance was approved by the Board of Directors.

Note 4: The exchange rate of New Taiwan dollars to CNY dollars was 4.409 to 1 for the highest balance of financing to other parties during the period and for the ending balance; and the exchange rate of New Taiwan dollars to CNY dollars was 4.4091549 to 1 for the actual usage during the period.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Formosa Group (Cayman) Limited	6	232,495,161	8,052,500	7,677,000	7,677,000	-	2.15 %	464,990,322	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	232,495,161	6,601,191	-	-	-	-	464,990,322	N	N	N

Note 1: The guarantees and endorsements of the Company and its subsidiaries were listed in the form of numbers with the rules below:

- (1) The Company is represented by 0.
- (2) The subsidiaries are represented numerically starting from 1.

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

- (1) The Company has business relationship.
- (2) The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.
- (3) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
- (4) Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endorsement and guarantees for each other.
- (5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.
- (7) According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several liability if take part in business of preconstruction real estate.

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 130% of the Company's net assets, the limit on endorsement/guarantee to a single party is 65% of the aforementioned total amount.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)			
The Company	Asian Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	68,743	2,289,142	16.17 %	2,289,142	16.17 %	
The Company	Mai-Liao Harbor Administration Corp.	-	Financial assets at fair value through other comprehensive income-non-current	39,574	1,342,032	17.99 %	1,342,032	17.99 %	
The Company	Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,103	13,981	0.81 %	13,981	0.81 %	
The Company	Chinese Television System Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,769	65,549	1.05 %	65,549	1.05 %	
The Company	China Investment & Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,287	9,836	0.80 %	9,836	0.80 %	
The Company	Formosa Plastics Development Corp.	-	Financial assets at fair value through other comprehensive income-non-current	19,769	262,338	18.00 %	262,338	18.00 %	

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Highest	Note	
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		Percentage of ownership (%)
The Company	Xiangho Aircraft Leasing Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	2,071	-	9.55 %	-	9.55 %	
The Company	Formosa Petrochemical Transportation Corporation, Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,642	85,994	12.00 %	85,994	12.00 %	
The Company	Formosa Technologies Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,925	180,789	12.50 %	180,789	12.50 %	
The Company	Formosa Plastics Marine Corp.	-	Financial assets at fair value through other comprehensive income-non-current	2,429	403,457	15.00 %	403,457	15.00 %	
The Company	Formosa Group Ocean Investment Corp.	-	Financial assets at fair value through other comprehensive income-non-current	3	3,757,055	19.00 %	3,757,055	19.00 %	
The Company	Formosa Plastics Maritime Corp.	-	Financial assets at fair value through other comprehensive income-non-current	354	368,706	18.11 %	368,706	18.11 %	
The Company	Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income-non-current	3,750	20,250	3.91 %	20,250	3.91 %	
The Company	Central Leasing International Corp.	-	Financial assets at fair value through other comprehensive income-non-current	2,373	-	1.43 %	-	1.43 %	
The Company	Inteplast Taiwan Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,160	46,871	18.00 %	46,871	18.00 %	
The Company	Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,075	16,040	1.97 %	16,040	1.97 %	
The Company	Minima Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	7,405	127,514	19.07 %	127,514	19.07 %	
The Company	Formosa Ha Tinh (Cayman) Limited	-	Financial assets at fair value through other comprehensive income-non-current	621,178	<u>7,439,305</u>	11.43 %	<u>7,439,305</u>	11.43 %	
The Company	Nan Ya Plastics Corporation	Other related parties	Current financial assets at fair value through other comprehensive income	783,357	<u>16,428,859</u> <u>55,618,337</u>	9.88 %	<u>16,428,859</u> <u>55,618,337</u>	- 9.88 %	
The Company	Formosa Chemicals & Fibre Corporation	-	Current financial assets at fair value through other comprehensive income	198,744	14,011,448	3.39 %	14,011,448	3.39 %	
The Company	Nan Ya Technology Corp.	-	Current financial assets at fair value through other comprehensive income	334,815	<u>17,142,549</u>	10.81 %	<u>17,142,549</u>	10.81 %	
The Company	Puriblood medical Co.,Ltd	-	Current financial assets at fair value through other comprehensive income	1,300	<u>86,772,334</u> <u>175,825</u>	9.14 %	<u>86,772,334</u> <u>175,825</u>	- 9.14 %	
The Company	Mega Prosperity Private Placement Fund	-	Current financial assets at fair value through profit or loss	4,554	<u>1,562,720</u>	25.00 %	<u>1,562,720</u>	25.00 %	
Formosa Plastics Corp. (Cayman Ltd)	Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	-	135,355	16.11 %	135,355	16.11 %	

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Mega Prosperity Private Placement Fund	Current financial assets at fair value through profit or loss			12,479	3,793,399	-	-	7,925	2,422,695	2,602,065	(179,370)	4,554	1,562,720 (Note 1)
The Company	Securities - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method			-	-	100,000	1,000,000	-	-	-	-	100,000	1,000,818 (Note 2)
The Company	Securities - Formosa Industries U.S.A Co. Ltd	Investments accounted for using equity method	Formosa Industries U.S.A Co. Ltd	Subsidiary	5	14,448,715	1	2,096,710	-	-	-	-	6	13,908,448 (Note 3, 4)

Note 1 : The ending balance includes the net gain of financial assets at fair value through profit or loss of \$371,386 thousand recognized at the end of the period.

Note 2 : The ending balance includes the share of profit of associates and joint ventures accounted for using equity method of \$818 thousand.

Note 3: The ending balance includes the share of profit of associates and joint ventures accounted for using equity method of \$(2,788,445) thousand and accumulated translation adjustment of \$151,648 thousand.

Note 4: The transaction has already been written off in the consolidated financial statement.

- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The company	6 lands and 2 buildings in Renwu Dist., Kaohsiung City	March 10, 2022	800,863	800,863	Nan Ya Plastics Corporation	Other related parties	NA	NA	NA	-	Refer to market value and appraisal report (Note)	Artificial intelligence research and development and application of medical and financial production center	none

Note: The value of lands and buildings are \$815,878 thousand, estimated by Zhan-Mao Real Estate Appraisers Firm.

- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 thousand or 20% of the capital stock: None

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nan Ya Plastics Corporation	Other related parties	(Sales)	(13,965,022)	(7.16)%	Before the 27th of the following month	-		988,313	7.26%	
The Company	Formosa Chemicals & Fiber Corporation	"	"	(5,704,632)	(2.92)%	Before the 27th of the following month	-		404,641	3.27%	

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Petrochemical Corporation	Associates	(Sales)	(8,180,194)	(4.19)%	Before the 27th of the following month	-		573,642	4.63%	
The Company	Formosa Heavy Industries Corp.	Associates	"	(248,035)	0.13 %	Before the 27th of the following month	-		6,244	0.05%	
The Company	Formosa Taffeta Co. Ltd.	Other related parties	"	(227,086)	(0.12)%	Before the 27th of the following month	-		11,195	0.09%	
The Company	Inteplast Taiwan Corporation	"	"	(240,571)	(0.12)%	Before the 27th of the following month	-		16,951	0.14%	
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties	"	(301,417)	(0.15)%	O/A 60 days	-		35,235	0.28%	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	"	"	(823,443)	(0.92)%	O/A 60 days	-		248,233	2.00%	
The Company	Formosa Industries Corp., Vietnam	"	"	(364,633)	(0.19)%	O/A 60 days	-		26,175	0.21%	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsidary	"	(10,818,840)	(5.55)%	O/A 90 days	-		815,430	6.59%	Note1
The Company	Formosa Plastics Corp., U.S.A.	Associates	"	(5,897,875)	(3.02)%	O/A 90 days	-		1,441,248	11.64%	
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsidary	"	(2,217,277)	(1.14)%	Before the 30th of the following month	-		29,172	0.24%	Note1
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	Other related parties	"	(901,889)	(0.46)%	Before the 30th of the following month	-		52,052	0.42%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	"	"	(294,463)	(0.15)%	Before the 30th of the following month	-		9,379	0.08%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	"	"	(457,854)	0.23 %	Before the 30th of the following month	-		93,852	0.76%	
Formosa Electronic (Ningbo) Co., Ltd.	Fujian Fuxin Special Steel Co., Ltd.	Associates	"	(348,439)	(0.19)%	Before the 30th of the following month	-		812	0.01%	
Formosa Industries U.S.A Co. Ltd	The Company	Parent-subsidary	"	(275,916)	(0.14)%	Before the 10th of the following month	-		28,730	0.23%	Note1
Formosa Industries U.S.A Co. Ltd	Inteplast Group	Other related parties	"	(2,674,353)	(1.37)%	Before the 10th of the following month	-		163,400	1.32%	
The Company	Nan Ya Plastics Corporation	Other related parties	Purchase	1,576,287	1.21 %	Before the 27th of the following month	-		(84,520)	(0.99)%	
The Company	Formosa Chemicals & Fiber Corporation	"	"	2,332,017	1.79 %	Before the 27th of the following month	-		(219,217)	(2.58)%	
The Company	Formosa Petrochemical Corporation	Associates	"	78,588,953	60.28 %	Before the 27th of the following month	-		(5,562,011)	(65.45)%	
The Company	Formosa Heavy Industries Corp.	"	"	1,547,139	1.19 %	Before the 27th of the following month	-		(8,789)	(0.10)%	

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Industries U.S.A Co. Ltd.	Parent-subsubsidiary	Purchase	275,916	0.21 %	Before the 90th of the following month	-		(28,730)	(0.34)%	Note1
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsubsidiary	"	25,889,513	19.86 %	O/A 90 days	-		(1,387,237)	(16.32)%	Note Note1
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics Corporation	Other related parties	"	107,899	0.08 %	O/A 90 days	-		-	-%	
Formosa Industries U.S.A Co. Ltd.	Formosa Plastics U.S.A Co. Ltd.	Associates	"	8,099,386	6.21 %	Before the 10th of the following month	-		419,916	(4.94)%	

Note : Including the purchases of raw materials on behalf of related parties.

Note1 : The transaction has already been written off in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of \$100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Nan Ya Plastics Corporation	Other related parties	988,313	11.03 %	-		988,313	-	
The Company	Formosa Chemicals & Fiber Corporation	"	404,641	11.43 %	-		404,641	-	
The Company	Formosa Petrochemical Corporation	Associates	573,642	12.74 %	-		573,642	-	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Other related parties	248,233	2.17 %	-		120,827	-	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsubsidiary	815,430	7.79 %	-		350,358	-	Note
The Company	Formosa Plastics Corp., U.S.A.	Associates	1,441,248	5.77 %	-		487,299	-	
The Company	Formosa Heavy Industries Corp.	Associates	2,900,000	-	-		-	-	
The Company	Formosa Group Ocean Marine Corp.	Other related parties	2,452,654	-	-		-	-	
The Company	Fujian Fuxin Special Steel Co., Ltd	Associates	1,590,609	-	-		-	-	
Formosa Industries (Ningbo) Co., Ltd.	Formosa Mitsui Advanced Chemical Co., Ltd.	joint venture	955,023	-	-		-	-	
Formosa Industries (Ningbo) Co., Ltd.	Formosa Heavy Industries(Ningbo) Corp	Associates	2,204,577	-	-		-	-	
Formosa Industries U.S.A Co. Ltd	INTEPLAST GROUP	Other related parties	163,400	- %	-		-	-	

Note : The transaction has already been written off in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(i) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Sales	10,818,840	O/A 90 days	4.30%
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Accounts receivable	815,430	"	0.16%
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Other revenue (Note 3)	15,070,673	O/A 60 days	5.99%
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Other receivables — related parties	571,807	"	0.11%
1	Formosa Industries (Ningbo) Co., Ltd	The Company	2	Sales	2,217,277	Before the 30th of the following month	0.88%
1	Formosa Industries (Ningbo) Co., Ltd	The Company	2	Accounts receivable	29,172	"	-%
2	Formosa Industries Corporation U.S.A	The Company	2	Sales	275,916	Before the 10th of the following month	0.11%
2	Formosa Industries Corporation U.S.A	The Company	2	Accounts receivable	28,730	"	0.01%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.
2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

1. Represents the parent company having transaction with a subsidiary.
2. Represents a subsidiary having transaction with the parent company.
3. Represents a subsidiary having transaction with a subsidiary.

Note 3: Other income is the payment for the purchase of raw materials on behalf of the Company.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Ownership	Carrying value				
The Company	Formosa Petrochemical Corporation	Taiwan	Petrochemicals	30,144,951	30,144,951	2,720,549	28.56 %	89,018,096	28.56 %	14,421,560	4,218,733	Note, Note 2
The Company	Formosa Plastics Corp., U.S.A.	U.S.A	Chemicals	5,614,024	5,614,024	70	22.66 %	75,212,016	22.66 %	17,641,231	3,997,097	Note, Note 2
The Company	Formosa Heavy Industries Corp.	Taiwan	Mechanical equipment	2,498,463	2,498,463	661,458	32.92 %	7,161,374	32.92 %	(1,762,047)	(590,385)	Note, Note 2
The Company	Sky Dragon Investment Limited	Samoa	Investment	13,221,416	13,221,416	425,800	50.00 %	3,122,370	50.00 %	(2,975,557)	(1,487,779)	Note, Note 2
The Company	Formosa Plastics Corp. (Cayman Ltd.)	Cayman	Investment	27,347,136	27,347,136	78	100.00 %	54,723,698	100.00 %	2,589,699	2,589,699	Note, Note 1
The Company	Mai Liao Power Corp.	Taiwan	Electricity	5,985,531	5,985,531	764,201	24.94 %	9,768,599	24.94 %	(4,514,707)	(1,126,063)	Note, Note 2
The Company	Formosa Sunco Technology Corp.	Taiwan	Electronics manufacture	1,709,987	1,709,987	112,708	29.06 %	7,216,118	29.06 %	4,821,749	1,401,186	Note, Note 2
The Company	Formosa Transportation Corp.	Taiwan	Transportation	110,664	110,664	6,566	33.33 %	1,210,265	33.33 %	(46,742)	(15,579)	Note, Note 2
The Company	Formosa Fairway Corp.	Taiwan	Transportation	33,330	33,330	4,698	33.33 %	22,825	33.33 %	(33,027)	(11,008)	Note 2
The Company	Yi-Jih Development Corp.	Taiwan	Construction	12,003	12,003	1,200	28.72 %	19,667	28.72 %	(51)	(15)	Note 2
The Company	Ya Tai Development Corp.	Taiwan	Development of land	54,034	54,034	1,306	45.04 %	19,662	45.04 %	652	294	Note 2
The Company	Formosa Asahi Spandex Co., Ltd.	Taiwan	Artificial fiber	501,752	501,752	50	50.00 %	1,261,244	50.00 %	7,102	3,551	Note 2
The Company	Formosa Automobile Corporation	Taiwan	Automobile	270,442	270,442	27,044	45.00 %	508,991	45.00 %	481,529	216,682	Note 2
The Company	Wha Ya Park Management Consulting Corporation Ltd.	Taiwan	Consulting service	341	341	33	33.00 %	4,140	33.00 %	1,267	419	Note 2
The Company	Formosa Daikin Advanced Chemical Co., Ltd.	Taiwan	Chemical industry	100,000	100,000	24	50.00 %	1,345,390	50.00 %	26,021	13,010	Note 2
The Company	Formosa Resources Corporation	Taiwan	Mining industry	8,300,471	8,300,471	830,047	25.00 %	8,358,827	25.00 %	(854,448)	(213,612)	Note, Note 2

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Ownership	Carrying value				
The Company	Formosa Environmental Technology Corporation	Taiwan	Environmental industry	417,145	417,145	41,714	24.34 %	231,815	24.34 %	10,626	2,586	Note, Note 2
The Company	Formosa Plastics Construction Corporation	Taiwan	Construction	600,000	600,000	60,000	33.33 %	578,907	33.33 %	(44,634)	(14,878)	Note 2
The Company	Formosa Group (Cayman) Limited	Cayman	Investment	377	377	13	25.00 %	766,964	25.00 %	127,156	31,789	Note, Note 2
The Company	Formosa Industries Corporation	U.S.A	Chemicals	17,736,955	15,640,245	6	100.00 %	13,908,448	100.00 %	(2,788,445)	(2,788,445)	Note, Note 1
The Company	Japan Tokuyama Co., Ltd.	Taiwan	Semiconductor	500,000	500,000	50,000	50.00 %	337,734	50.00 %	(238,729)	(119,365)	Note 2
The Company	Formosa Smart Energy Tech Corporation	Taiwan	Battery green energy	1,000,000	-	100,000	25.00 %	1,000,818	25.00 %	3,271	818	Note 2
Formosa Plastics Corp. (Cayman Ltd.)	Formosa Industries (Hong Kong) Limited	Hong Kong	Reinvestment	15,801,889 (USD501,902)	10,780,504 (USD334,902)	-	100.00 %	54,543,100 (USD1,776,185)	100.00 %	2,649,399 (USD88,752)	2,649,399 (USD88,752)	Note, Note 1, Note 3
Formosa Industries Corporation	Formosa Olefins, L.L.C.	U.S.A	Olefins	3,527,939 (USD108,075)	3,527,939 (USD108,075)	-	33.00 %	5,288,108 (USD172,206)	33.00 %	(1,705,678) (USD-57,138)	(562,875) (USD-18,856)	Note 2, Note 3
Formosa Industries Corporation	Lolita Packaging, L.L.C.	U.S.A	Transportation	306,478 (USD9,880)	306,478 (USD9,880)	-	38.00 %	250 (USD8)	38.00 %	200,542 (USD6,718)	76,206 (USD2,553)	Note 2, Note 3

Note : Including cumulative translation adjustments.

Note 1 : The transaction has already been written off in the consolidated financial statements.

Note 2 : Long-term equity investments under equity method.

Note 3 : The exchange rate of New Taiwan dollars to US dollars on December 30, 2022 was 30.7080 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 30, 2022, was 29.8517 to 1.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Formosa Industries (Ningbo) Co., Ltd.(note 2)	Plastics	31,188,509 (USD989,023)	(2)	26,928,755 (USD845,270)	-	-	26,928,755 (USD845,270)	2,538,404 (USD85,034)	100.00%	100.00 %	2,538,404 (USD85,034)	53,957,771 (USD1,757,124)	-
Formosa Electronic (Ningbo) Co., Ltd.(note 2)	Electronics	74,648 (USD2,260)	(2)	66,137 (USD2,000)	-	-	66,137 (USD2,000)	110,996 (USD3,718)	100.00%	100.00 %	110,996 (USD3,718)	585,329 (USD19,061)	-
Formosa Mitsui Advanced Chemical Co., Ltd.	Electrolyte	501,096 (USD17,400)	(2)	250,548 (USD8,700)	-	-	250,548 (USD8,700)	(119,074) (USD-3,988)	50.00%	50.00 %	(59,537) (USD-1,994)	21,425 (USD698)	-
Fujian Fuxin Special Steel Co., Ltd	Steel	34,347,344 (USD1,460,000)	(2)	13,221,416 (USD425,800)	-	-	13,221,416 (USD425,800)	(5,101,355) (USD-170,890)	29.16%	29.16 %	(1,487,779) (USD-49,839)	3,121,914 (USD101,665)	-
Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd.	Carbon fiber	616,986 (USD19,000)	(2)	99,993 (USD3,060)	-	-	99,993 (USD3,060)	(39,701) (USD-1,330)	16.11%	16.11 %	-	135,355 (USD4,408)	-

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

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

Note 2 : The transaction has already been written off in the consolidated financial statements.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note1)	Upper Limit on Investment (Note 2)
	40,566,849 (USD1,284,830)	43,735,654 (USD1,424,243)	-

Note: The exchange rate of New Taiwan dollars to US dollars on December 30, 2022, was 30.7080 to 1.

Note 1: Including USD\$ 139,413 thousand approved capital increase out of retained earnings.

Note 2: The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chang Gung Medical Foundation		601,011,035	9.44 %
Formosa Chemicals and Fiber Corporation		486,978,694	7.64 %
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of Credit Suisse Bank-Credit Suisse Singapore Branch investment account		398,731,554	6.26 %

(i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(ii) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account, The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Information on investment in mainland China:

Operating segments are combined and reconciled as follows:

	For the years ended December 31, 2022							Total
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	
Revenue:								
From external customers	\$ 94,425,233	54,595,954	31,636,698	41,995,511	24,639,457	4,352,816	1,685	251,647,354
From sales among intersegments	<u>2,002,004</u>	<u>25,561</u>	<u>64,515</u>	<u>97,551</u>	<u>1,710,778</u>	<u>10,618,925</u>	<u>(14,519,334)</u>	-
Total revenue	<u>\$ 96,427,237</u>	<u>54,621,515</u>	<u>31,701,213</u>	<u>42,093,062</u>	<u>26,350,235</u>	<u>14,971,741</u>	<u>(14,517,649)</u>	<u>251,647,354</u>
Interest expense	\$ 155	616	23,918	47,442	15,704	949,219	-	1,037,054
Depreciation and amortization	2,022,991	650,937	863,238	1,339,296	354,092	3,225,718	-	8,456,272
Reportable segment profit or loss	<u>\$ 18,813,922</u>	<u>5,412,819</u>	<u>(713,729)</u>	<u>4,807,124</u>	<u>1,720,206</u>	<u>(1,547,734)</u>	<u>15,301,779</u>	<u>43,794,387</u>
Capital expenditure of non-current assets	\$ 878,373	1,316,457	4,383,836	299,489	123,298	7,785,192	-	14,786,645
Reportable segment assets	<u>\$ 31,938,806</u>	<u>14,304,251</u>	<u>32,076,306</u>	<u>23,323,015</u>	<u>5,920,254</u>	<u>473,425,670</u>	<u>(69,733,895)</u>	<u>511,254,407</u>
Reportable segment liabilities	<u>\$ 5,609,538</u>	<u>1,751,558</u>	<u>1,990,148</u>	<u>1,924,637</u>	<u>381,174</u>	<u>142,373,347</u>	<u>(460,858)</u>	<u>153,569,544</u>
	For the years ended December 31, 2021							
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Revenue:								
From external customers	\$ 92,681,064	57,907,185	39,617,117	46,466,054	33,412,838	3,513,054	989	273,598,301
From sales among intersegments	<u>1,413,631</u>	<u>32,658</u>	<u>59,262</u>	<u>138,143</u>	<u>1,950,309</u>	<u>8,166,337</u>	<u>(11,760,340)</u>	-
Total revenue	<u>\$ 94,094,695</u>	<u>57,939,843</u>	<u>39,676,379</u>	<u>46,604,197</u>	<u>35,363,147</u>	<u>11,679,391</u>	<u>(11,759,351)</u>	<u>273,598,301</u>
Interest expense	\$ 44,538	48,793	8,749	94,620	12,609	581,130	-	790,439
Depreciation and amortization	1,868,174	628,378	792,798	1,971,048	322,558	2,761,424	-	8,344,380
Reportable segment profit or loss	<u>\$ 27,293,950</u>	<u>13,264,405</u>	<u>3,478,509</u>	<u>11,439,068</u>	<u>9,624,926</u>	<u>(556,160)</u>	<u>21,412,116</u>	<u>85,956,814</u>
Capital expenditure of non-current assets	\$ 703,011	400,895	2,122,857	270,381	104,234	14,679,916	-	18,281,294
Reportable segment assets	<u>\$ 34,093,526</u>	<u>12,959,643</u>	<u>28,142,922</u>	<u>27,288,862</u>	<u>7,271,518</u>	<u>483,587,745</u>	<u>(49,665,294)</u>	<u>543,678,922</u>
Reportable segment liabilities	<u>\$ 6,276,177</u>	<u>2,215,097</u>	<u>1,737,805</u>	<u>2,171,072</u>	<u>433,148</u>	<u>129,116,388</u>	<u>(1,461,039)</u>	<u>140,488,648</u>

(a) Geographic area information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are as follows:

Geographic	For the years ended December 31,	
	2022	2021
Revenue from external customers:		
Taiwan	\$ 73,857,489	84,236,305
Mainland China	83,962,658	98,705,287
Others	<u>93,827,207</u>	<u>90,656,709</u>
	<u>\$ 251,647,354</u>	<u>273,598,301</u>

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Geographic	For the years ended December 31,	
	2022	2021
Non-current assets:		
Taiwan	\$ 59,096,566	53,084,542
United States of America	18,831,318	17,771,439
Mainland China	42,214,609	38,062,071
Total	\$ 120,142,493	108,918,052

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, but do not include financial instruments and deferred tax assets.

(b) Major customers

There is no single customer's sale which exceeds 10% of the Group's revenue.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

FORMOSA PLASTICS CORPORATION

Parent Company Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

Address: No.100, Shuiguan Rd., Renwu Dist., Kaohsiung City 814, Taiwan (R.O.C.)
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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Formosa Plastics Corporation:

Opinion

We have audited the financial statements of Formosa Plastics Corporation (the “Company”) which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and 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 auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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, and we do not provide a separate opinion on these matters. Key audit matters for the Company's financial statements are stated as follows:

1. Revenue recognition

As the control of products transfers at different points in time, it exposes the risk wherein revenue may not be recognized within the proper period. For this reason, revenue recognition is considered to be one of our key audit matters. The accounting policies and the related information for revenue recognition were discussed in Notes 4(o) and 6(r) to the financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the rationality of accounting treatment for revenue recognition; vouching the original sales documents according to the transactions with the customers during a selected period of time before and after the balance sheet date to evaluate whether the revenue is recorded appropriately.



2. Valuation of Inventories

The Group measured the cost and net realizable value of inventory and recognized a loss on the balance sheet date according to IAS 2 (including loss on obsolescence of inventories); however, to determine whether or not the loss of inventories should be recognized depends on the subjective judgment of the management. For this reason, the valuation of inventories is considered to be one of the key audit matters. The accounting policies and the related information for the valuation of inventories were discussed in Notes 4(g), 5 and 6(e) to the financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the appropriateness of the policy on inventory valuation and slack loss recognition; ensuring whether the process of inventory valuation is in conformity with the accounting policies, confirming the sales price adopted by the management and the changes in the market price of inventory in the period after the balance sheet date; and sampling procedures to assess the reasonableness of the net realizable value of inventory.

Other Matter

We did not audit the financial statements of certain investee companies under equity method and the relevant information on the reinvestment business in Note 13 of the financial report has not been checked by this accountant, but is checked by other accountants. The Company's investments in the aforementioned investee companies constituted 33.57% and 32.65% of the total assets as of December 31, 2022 and 2021, respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies constituted 19.29% and 24.35% of the income before tax for the years ended December 31, 2022 and 2021, respectively. The financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors.

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 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 the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Hui-chih Kou and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (Note 6(a))	\$ 8,979,747	2	5,946,231	1	2100 Short-term borrowings (Note 6(i))	\$ 14,900,000	3	4,484,676	1
1110 Current financial assets at fair value through profit or loss (Note 6(b))	1,562,720	-	3,793,399	1	2110 Short-term notes and bills payable (Note 6(j))	19,430,865	4	2,099,824	-
1120 Current financial assets at fair value through other comprehensive income (Note 6(b))	86,948,159	18	109,316,870	21	2170 Accounts payable	2,519,710	1	4,253,157	1
1170 Notes and accounts receivable, net (Note 6(c))	7,694,413	2	11,430,079	2	2180 Accounts payable—related parties (Note 7)	5,978,718	1	7,994,840	1
1180 Accounts receivable—related parties (Notes 6(c) and 7)	4,687,408	1	6,295,311	1	2200 Other payables	5,574,796	1	9,380,901	2
1200 Other receivables (Note 6(d))	1,205,377	-	1,333,041	-	2220 Other payables—related parties (Note 7)	1,822,200	-	1,228,772	-
1210 Other receivables—related parties (Notes 6(d) and 7)	7,523,237	1	5,117,317	1	2280 Current lease liabilities (Note 6(m))	26,811	-	23,879	-
130X Inventories (Note 6(e))	14,302,555	3	14,317,296	3	2321 Current portion of bonds payable (Note 6(l))	8,846,341	2	9,395,685	2
1470 Other current assets	3,908,290	1	2,504,367	1	2322 Current portion of long-term borrowings (Notes 6(k) and 8)	5,000,000	1	-	-
Total current assets	<u>136,811,906</u>	<u>28</u>	<u>160,053,911</u>	<u>31</u>	2399 Other current liabilities	13,718,278	3	13,531,605	3
Non-current assets:					Total current liabilities	<u>77,817,719</u>	<u>16</u>	<u>52,393,339</u>	<u>10</u>
1510 Financial assets at fair value through other comprehensive income-non-current (Note 6(b))	16,428,859	3	24,749,907	5	Non-current liabilities:				
1550 Investments accounted for using equity method (Notes 6(f) and 7)	275,797,968	57	277,781,251	54	Bonds payable (Note 6(l))	27,274,332	6	36,113,569	7
1600 Property, plant and equipment (Notes 6(g), 7 and 8)	51,626,928	11	46,142,880	9	Long-term debts (Notes 6(k) and 8)	2,500,000	-	-	-
1755 Right-of-use assets (Note 6(h))	631,554	-	145,095	-	Deferred income tax liabilities (Note 6(o))	19,369,512	4	19,163,791	4
1780 Intangible assets	140,000	-	124,762	-	Non-current lease liabilities (Note 6(m))	607,619	-	123,728	-
1840 Deferred income tax assets (Note 6(o))	1,098,911	-	1,560,055	-	Net defined benefit liabilities-non-current (Note 6(n))	3,886,866	1	6,159,185	1
1900 Other non-current assets (Note 8)	6,698,084	1	6,671,805	1	Other non-current liabilities	93,299	-	85,780	-
Total non-current assets	<u>352,422,304</u>	<u>72</u>	<u>357,175,755</u>	<u>69</u>	Total non-current liabilities	<u>53,731,628</u>	<u>11</u>	<u>61,646,053</u>	<u>12</u>
					Total liabilities	<u>131,549,347</u>	<u>27</u>	<u>114,039,392</u>	<u>22</u>
					Equity (Note 6(p)):				
					Ordinary shares	63,657,408	13	63,657,408	12
					Capital surplus	11,797,297	2	11,770,685	2
					Retained earnings:				
					Legal reserve	74,910,988	15	67,780,313	13
					Special reserve	82,520,970	17	71,352,267	14
					Unappropriated retained earnings	72,838,396	15	107,126,265	21
					Total retained earnings	230,270,354	47	246,258,845	48
					Other equity	51,959,804	11	81,503,336	16
					Total equity	<u>357,684,863</u>	<u>73</u>	<u>403,190,274</u>	<u>78</u>
Total assets	<u>\$ 489,234,210</u>	<u>100</u>	<u>\$ 517,229,666</u>	<u>100</u>	Total liabilities and equity	<u>\$ 489,234,210</u>	<u>100</u>	<u>\$ 517,229,666</u>	<u>100</u>

(English Translation of Financial Statements and Report Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(r) and 7)	\$ 195,086,831	100	210,675,530	100
5000	Operating costs (Notes 6(e), (g), (h), (n), (s) and 7)	<u>156,000,801</u>	<u>80</u>	<u>148,982,375</u>	<u>71</u>
	Gross profit from operations	39,086,030	20	61,693,155	29
5920	Add: Realized profit (loss) on from sales	<u>60,304</u>	<u>-</u>	<u>(12,640)</u>	<u>-</u>
	Gross profit from operations	<u>39,146,334</u>	<u>20</u>	<u>61,680,515</u>	<u>29</u>
	Operating expenses (Notes 6(c), (g), (h), (n), (s) and 7):				
6100	Selling expenses	7,021,560	4	7,322,880	3
6200	Administrative expenses	4,845,580	2	4,945,270	2
6300	Research and development expenses	1,893,058	1	1,713,289	1
6450	Expected credit loss	<u>236</u>	<u>-</u>	<u>63,492</u>	<u>-</u>
	Total operating expenses	<u>13,760,434</u>	<u>7</u>	<u>14,044,931</u>	<u>6</u>
	Operating income	<u>25,385,900</u>	<u>13</u>	<u>47,635,584</u>	<u>23</u>
	Non-operating income and expenses (Notes 6(f), (n), (t) and 7):				
7100	Interest income	127,158	-	62,838	-
7010	Other income	8,630,525	4	3,155,509	1
7020	Other gains and losses	3,020,269	2	(384,433)	-
7050	Finance costs	(689,196)	-	(595,976)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	<u>6,108,735</u>	<u>3</u>	<u>32,444,780</u>	<u>15</u>
	Total non-operating income and expenses	<u>17,197,491</u>	<u>9</u>	<u>34,682,718</u>	<u>16</u>
	Profit from continuing operations before income tax	42,583,391	22	82,318,302	39
6400	Less: Income tax expenses (Note 6(o))	<u>6,440,523</u>	<u>3</u>	<u>10,962,991</u>	<u>5</u>
	Profit	<u>36,142,868</u>	<u>19</u>	<u>71,355,311</u>	<u>34</u>
8300	Other comprehensive income (loss) (Notes 6(n), (o) and (p)):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	143,385	-	(388,687)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	(30,685,509)	(16)	13,217,196	6
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(10,932,325)	(6)	4,801,129	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>28,677</u>	<u>-</u>	<u>(77,737)</u>	<u>-</u>
		<u>(41,503,126)</u>	<u>(22)</u>	<u>17,707,375</u>	<u>8</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	9,905,336	5	(2,696,843)	(1)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,295,247	1	(516,507)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>154,405</u>	<u>-</u>	<u>(50,981)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>12,046,178</u>	<u>6</u>	<u>(3,162,369)</u>	<u>(1)</u>
8300	Other comprehensive income (loss)	<u>(29,456,948)</u>	<u>(16)</u>	<u>14,545,006</u>	<u>7</u>
	Total comprehensive income (loss)	<u>\$ 6,685,920</u>	<u>3</u>	<u>85,900,317</u>	<u>41</u>
		<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
9710	Basic/Diluted earnings per share (NT dollars) (Note 6(q))	<u>\$ 6.69</u>	<u>5.68</u>	<u>12.93</u>	<u>11.21</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital				Retained earnings				Total other equity interest				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Revaluation surplus				
Balance on January 1, 2021	\$ 63,657,408	11,742,124	65,791,185	68,879,676	55,559,015	(9,603,060)	76,471,804	37,988	-	332,536,140			
Net Income for the period	-	-	-	-	71,355,311	-	-	-	-	71,355,311			
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	(51,598)	(3,135,343)	17,758,973	(27,026)	-	14,545,006			
Total comprehensive income (loss) for the period	-	-	-	-	71,303,713	(3,135,343)	17,758,973	(27,026)	-	85,900,317			
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,989,128	-	(1,989,128)	-	-	-	-	-			
Special reserve appropriated	-	-	-	2,472,591	(2,472,591)	-	-	-	-	-			
Cash dividends of ordinary share	-	-	-	-	(15,277,778)	-	-	-	-	(15,277,778)			
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	3,034	-	-	-	-	3,034			
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	527	-	-	-	-	-	-	-	527			
Other changes in capital surplus	-	28,034	-	-	-	-	-	-	-	28,034			
Balance on December 31, 2021	63,657,408	11,770,685	67,780,313	71,352,267	107,126,265	(12,738,403)	94,230,777	10,962	-	403,190,274			
Net Income for the period	-	-	-	-	36,142,868	-	-	-	-	36,142,868			
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	86,584	12,135,050	(42,592,303)	(88,872)	1,002,593	(29,456,948)			
Total comprehensive income (loss) for the period	-	-	-	-	36,229,452	12,135,050	(42,592,303)	(88,872)	1,002,593	6,685,920			
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	7,130,675	-	(7,130,675)	-	-	-	-	-			
Special reserve appropriated	-	-	-	11,168,703	(11,168,703)	-	-	-	-	-			
Cash dividends of ordinary share	-	-	-	-	(52,199,074)	-	-	-	-	(52,199,074)			
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(18,869)	-	-	-	-	(18,869)			
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	171	-	-	-	-	-	-	-	171			
Other changes in capital surplus	-	26,441	-	-	-	-	-	-	-	26,441			
Balance on December 31, 2022	\$ 63,657,408	11,797,297	74,910,988	82,520,970	72,838,396	(603,353)	51,638,474	(77,910)	1,002,593	357,684,863			

See accompanying notes to financial statements.

(English Translation of and Report Originally Issued in Chinese)

FORMOSA PLASTICS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 42,583,391	82,318,302
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,111,118	3,969,927
Amortization expense	266,160	310,774
Expected credit loss	236	63,492
Interest expense	689,196	595,976
Net (gain) loss on financial assets at fair value through profit	(192,016)	95,484
Interest revenue	(127,158)	(62,838)
Dividend income	(8,441,831)	(2,999,580)
Share of profit of associates and joint ventures accounted for using equity method	(6,108,735)	(32,444,780)
Gain on disposal of property, plant and equipment	(34,240)	(22,606)
Gain on early termination of contract	(2,319)	-
Realized (gain) loss from sales	(60,304)	12,640
Unrealized foreign exchange loss (gain)	123,984	(123,237)
Unrealized gain from affiliated company	(419,631)	-
Total adjustments to reconcile profit	<u>(10,195,540)</u>	<u>(30,604,748)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	3,735,430	(4,081,607)
Accounts receivable due from related parties	1,607,903	(1,918,046)
Other receivables	151,245	(457,413)
Other receivables due from related parties	330,086	618,030
Inventories	(27,122)	(4,863,996)
Other current assets	(1,403,923)	650,539
Total changes in operating assets	<u>4,393,619</u>	<u>(10,052,493)</u>
Changes in operating liabilities:		
Accounts payable	(1,841,141)	692,286
Accounts payable to related parties	(2,032,412)	1,169,463
Other payables	84,904	24,704
Other payables to related parties	593,428	148,486
Other current liabilities	1,614,418	2,038,898
Net defined benefit liability	(2,128,934)	(790,433)
Total changes in operating liabilities	<u>(3,709,737)</u>	<u>3,283,404</u>
Total changes in operating assets and liabilities	<u>683,882</u>	<u>(6,769,089)</u>
Total adjustments	<u>(9,511,658)</u>	<u>(37,373,837)</u>
Cash inflow generated from operations	33,071,733	44,944,465
Interest received	98,035	55,267
Dividends received	20,940,421	5,259,139
Interest paid	(718,942)	(603,419)
Income taxes paid	(9,433,672)	(2,479,847)
Net cash flows from operating activities	<u>43,957,575</u>	<u>47,175,605</u>
Cash flows (used in) from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(91,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	2,422,695	-
Acquisition of investments accounted for using equity method	(3,096,710)	(1,387,981)
Proceeds from capital reduction of investments accounted for using equity method	-	43,895
Acquisition of property, plant and equipment	(9,506,929)	(8,013,993)
Proceeds from disposal of property, plant and equipment	37,625	36,564
(Increase) Decrease in other receivables due from related parties	(2,730,465)	1,620,896
Acquisition of intangible assets	(15,873)	-
Increase in other non-current assets	(268,607)	(986,387)
Net cash flows used in investing activities	<u>(13,154,014)</u>	<u>(8,778,006)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	129,692,300	193,642,107
Decrease in short-term borrowings	(119,276,976)	(203,784,041)
Increase (Decrease) in short-term notes and bills payable	17,350,000	(14,900,000)
Proceeds from issuing bonds	-	7,500,000
Repayments of bonds	(9,400,000)	(2,900,000)
Proceeds from long-term debt	7,500,000	-
Repayments of long-term debt	-	(2,000,000)
Payment of lease liabilities	(47,076)	(30,766)
(Decrease) Increase in other non-current liabilities	(1,433,847)	1,432,348
Cash dividends paid	(52,172,634)	(15,282,289)
Net cash flows used in financing activities	<u>(27,788,233)</u>	<u>(36,322,641)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>18,188</u>	<u>102,946</u>
Net increase in cash and cash equivalents	<u>3,033,516</u>	<u>2,177,904</u>
Cash and cash equivalents at beginning of period	<u>5,946,231</u>	<u>3,768,327</u>
Cash and cash equivalents at end of period	<u>\$ 8,979,747</u>	<u>5,946,231</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Formosa Plastics Corporation (the “Company”) was incorporated on November 5, 1954, and established its factories in Kaohsiung City. The Company engages in the manufacture and sale of plastic raw materials, chemical fibers, and petrochemical products. The Company has gone through several capital increases and established many divisions, and become a well-diversified enterprise.

(2) Approval date and procedures of the financial statements:

The accompanying financial statements of the Company for the years ended 2022 were approved and authorized for issue by the Board of Directors on March 10, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following significant accounting policies were applied consistently throughout the periods presented in these financial statements.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C (hereinafter referred to IFRSs as endorsed by the FSC).

(b) Basis of preparation

Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- (i) Financial assets at fair value through other comprehensive income are measured at fair value;
- (ii) The defined benefit liabilities (assets) are measured as the fair value of the plan assets, less the present value of the defined benefit obligation.

Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The financial statements are presented in NTD, which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria. and all other liabilities are classified as non-current.

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

FORMOSA PLASTICS CORPORATION

Notes to the Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the or Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes, of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(i) Subsidiaries

The Company accounts the investee companies that it possesses control using the equity. Net income, other comprehensive income, and shareholder's equity in the financial reports of the Company and the net income, other comprehensive income, and shareholder's equity that belongs to the Consolidated Company in the consolidated financial reports should be the same.

The Company accounts the changes in equity, under the condition that control is still present, as equity transactions between the proprietors. When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(j) Joint venture

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Company qualifies for exemption from that Standard. Please refer to note 4(h) for the application of the equity method.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings and constructions: 3 to 55 years.
- 2) Machinery and equipment: 2 to 25 years.
- 3) Other facilities: 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset,
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of plant and building that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(m) Intangible assets

(i) Recognition and measurement

Acquired Yung Chia Chemical Industries Corp. Goodwill and other intangible assets are measured by the excess of original investment cost over the fair value of net assets acquired.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods—plastic raw materials, chemical fibers, and petrochemical products.

The Company manufactures and sells plastic raw materials, chemical fibers, and petrochemical products to downstream manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Construction contracts

The Company enters into contracts to the development of electronic components and software products. Because its customers controls the development process of the said items, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Contract costs

(i) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current tax comprises the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously; in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

Deferred tax asset are recognized for the carry forward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding.

(t) Operating segments

The Company discloses its information on operating segments in its consolidated financial statements, so it need not disclose such information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Judgment of whether the Group has substantive control over its investees, the Company discloses its information on operating segments in its consolidated financial statements by 2022.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Cash on hand	\$ 298	287
Bank deposit	2,079,851	2,622,839
Cash equivalents		
Time deposits	-	3,323,105
Repurchase bonds	<u>6,899,598</u>	<u>-</u>
	<u>\$ 8,979,747</u>	<u>5,946,231</u>

Please refer to Note 6(u) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(b) Financial assets at fair value through profit or loss and other comprehensive income

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
(i) Mandatorily at FVTPL		
Private fund	<u>\$ 1,562,720</u>	<u>3,793,399</u>

Please refer to Notes 6(t) for amount of remeasurement at FVTPL.

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
(ii) Equity investments at fair value through other comprehensive income		
Current:		
Listed stocks (Exchange and Mainboard)	\$ 86,772,334	109,106,270
Listed stocks (Emerging stock board)	175,825	210,600
Non-current:		
Non-listed stocks	5,232,499	6,161,696
Non-domestic stocks	<u>11,196,360</u>	<u>18,588,211</u>
Total	<u>\$ 103,377,018</u>	<u>134,066,777</u>

Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity instruments as at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term for strategic purposes.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

On May 12, 2021, the Company's Board of Director approved to obtain 1,300 thousand shares of PuriBlood Medical Co., Ltd., a domestic non-listed company, at a par value of \$70 per share, amounting to \$91,000 thousand, with the shareholding ratio of 9.14%, which was listed on the Emerging stock board on November 5, 2021.

No strategic investments were disposed as of December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(c) Notes receivable and accounts receivable:

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	\$ 178,029	107,109
Accounts receivable (including related parties) – at amortized cost	12,141,515	17,507,909
Account receivables -at fair value through other comprehensive income	127,506	175,365
Less : allowance for doubtful receivables	<u>(65,229)</u>	<u>(64,993)</u>
	<u>\$ 12,381,821</u>	<u>17,725,390</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2022 and 2021. To measure the expected credit losses, notes receivables and accounts receivables have been grouped based on shared credit risk characteristics according to the customers contract regulations of payment ability on due date; and the days past due, as well as the incorporated forward-looking information. The Company's note receivables and account receivables expected credit losses are analysed as follows: The loss allowance provision were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 12,036,577	0.192%	21,652
1 to 30 days past due	351,204	4.384%	15,398
31 to 60 days past due	36,669	34.373%	12,607
More than 61 days past due	<u>22,600</u>	68.902%	<u>15,572</u>
	<u>\$ 12,447,050</u>		<u>65,229</u>
	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 16,515,035	0.001~0.145%	21,210
1 to 30 days past due	1,226,474	2.836%	34,787
31 to 60 days past due	<u>48,874</u>	18.406%	<u>8,996</u>
	<u>\$ 17,790,383</u>		<u>64,993</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The movement of the allowance for doubtful receivable were as follows:

	For the years ended December 31,	
	2022	2021
	Beginning balance	\$ 64,993
Impairment losses recognized	236	63,492
Ending balance	\$ 65,229	64,993

The Company entered into a factoring and financing agreement (without-recourse) with a financial institution. According to the contract, the net accounts receivable that have matured but are still uncollected will be paid by the financial institution, except for those affected by trade disputes. As of December 31, 2022, the outstanding accounts receivable factoring transaction between The Company and the financial institution was as follows:

		December 31, 2022				
	Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
KC de Mexico	CITIBANK	USD 4,152,199	288,000	-		None

		December 31, 2021				
	Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
KC de Mexico	CITIBANK	USD 7,304,880	288,000	-	-	None

(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivable — loans to related parties	\$ 5,352,654	2,622,190
Other receivable — related parties	2,170,583	2,495,127
Other receivables	1,205,377	1,333,041
	\$ 8,728,614	6,450,358

As of December 31, 2022 and 2021, the aging analysis of other receivables were not recognized which estimated by the Company.

(e) Inventories

	December 31, 2022	December 31, 2021
Finished goods	\$ 9,518,797	9,061,937
Work in process	1,542,207	2,049,399
Raw materials	1,291,295	1,338,604
Supplies	243,065	64,247
Machinery and accessories in process	1,698,273	1,794,318
Others	8,918	8,791
	\$ 14,302,555	14,317,296

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

Change of net realizable value of inventories

	For the years ended	
	December 31,	
	2022	2021
Loss from devaluation of inventories	\$ 438,590	11,693

The changes in net realizable value of the above inventories have been recognized as cost of goods sold.

(f) Investments accounted for using equity method

The components of the investments accounted for using equity method were as follows:

	December 31,	December 31,
	2022	2021
Subsidiaries		
Formosa Plastics Corp. (Cayman Ltd.)	\$ 54,723,698	51,336,239
Formosa Industries Corporation	13,908,448	13,189,737
Associates		
Formosa Petrochemical Corporation	89,018,096	101,830,792
Formosa Plastics Corp., U.S.A.	75,212,016	67,037,893
Formosa Heavy Industries Corp.	7,161,374	7,603,943
Sky Dragon Investment Limited	3,122,370	4,531,408
Mai Liao Power Corp.	9,768,599	12,820,290
Formosa Sumco Technology Corporation	7,216,118	6,059,749
Formosa Transportation Corp.	1,210,265	1,209,845
Formosa Fairway Corp.	22,825	49,214
Yi-Jih Development Corp.	19,667	19,682
Ya Tai Development Corp.	19,662	19,368
Formosa Automobile Corporation	508,991	468,645
Wha Ya Park Management Consulting Corporation Ltd.	4,140	3,196
Formosa Environmental Technology Corporation	231,815	228,808
Formosa Resources Corporation	8,358,827	6,860,325
Formosa Plastics Construction Corporation	578,907	593,785
Formosa Group (Cayman) Limited	766,964	662,099
Formosa Smart Energy Tech Corporation	1,000,818	-
Joint ventures		
Formosa Asahi Spandex Co., Ltd.	1,261,244	1,467,538
Formosa Daikin Advanced Chemical Co., Ltd.	1,345,390	1,331,596
Formosa Tokuyama Advanced Chemicals Co., Ltd.	337,734	457,099
	\$ 275,797,968	277,781,251

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

For the years ended 2022 and 2021, the share of net income (loss) of subsidiaries, associates and joint ventures were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Formosa Plastics Corp. (Cayman Ltd.)	\$ 2,589,699	8,532,508
Formosa Industries Corporation	(2,788,445)	2,766,854
Associates		
Formosa Petrochemical Corporation	4,218,733	13,981,333
Formosa Plastics Corp., U.S.A.	3,997,097	6,067,104
Formosa Heavy Industries Corp.	(590,385)	69,809
Sky Dragon Investment Limited	(1,487,779)	(163,514)
Mai Liao Power Corp.	(1,126,063)	77,016
Formosa Sumco Technology Corporation	1,401,186	409,966
Formosa Transportation Corp.	(15,579)	80,127
Formosa Fairway Corp.	(11,008)	(21,230)
Yi-Jih Development Corp.	(15)	(30)
Ya Tai Development Corp.	294	1,270
Formosa Automobile Corporation	216,682	212,364
Wha Ya Park Management Consulting Corporation Ltd.	419	638
Formosa Environmental Technology Corporation	2,586	2,438
Formosa Resources Corporation	(213,612)	74,748
Formosa Plastics Construction Corporation	(14,878)	8,592
Formosa Group (Cayman) Limited	31,789	31,866
Formosa Smart Energy Tech Corporation	818	-
Joint ventures		
Formosa Asahi Spandex Co., Ltd.	3,551	232,786
Formosa Daikin Advanced Chemical Co., Ltd.	13,010	122,970
Formosa Tokuyama Advanced Chemicals Co., Ltd.	(119,365)	(42,835)
	\$ 6,108,735	32,444,780

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(i) Subsidiaries

- 1) On July 29, 2022, the Company participated in the capital increase by cash of Formosa Industries Corporation, by acquiring additional shares of stock amounting to US\$70,000 thousand (equivalent to \$2,096,710).
- 2) On July 2, 2021, the Company participated in the capital increase by cash of Formosa Plastics Corp. (Cayman Ltd.), by acquiring additional shares of stock amounting to US\$4,600 thousand (equivalent to \$128,450 thousand)

(ii) Associates

- 1) The information of the major associate of the investments accounted for using the equity method was as follows:

<u>Associates</u>	<u>Relationship</u>	<u>Registration Country</u>	<u>Percentage of ownership</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
Formosa Petrochemical Corporation	Formosa Petrochemical Corporation, the supplier of raw materials for the Company, engages in the manufacturing and sales of petroleum products and petrochemical raw materials.	Taiwan	28.56 %	28.56 %
Formosa Plastic Corp. U.S.A.	Formosa Plastics Corp., U.S.A, engages in the manufacturing and sales of oil, plastic raw materials, and petrochemical raw materials, and is also the sales target of the Company.	U.S.A	22.66 %	22.66 %

The fair value of investments in publicly traded stocks of the major associate was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Formosa Petrochemical Corporation	<u>\$ 218,460,086</u>	<u>260,900,650</u>

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The financial information of Formosa Petrochemical Corporation was as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current assets	\$ 267,202,843	289,585,609
Non-current assets	154,578,625	169,171,499
Current liabilities	(69,784,532)	(57,922,472)
Non-current liabilities	<u>(34,711,571)</u>	<u>(39,067,548)</u>
Net asset	<u>\$ 317,285,365</u>	<u>361,767,088</u>
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	<u>\$ 4,796,931</u>	<u>4,352,620</u>
Net asset contributed to Formosa Petrochemical Corporation	<u>\$ 312,488,434</u>	<u>357,414,468</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue	<u>\$ 848,048,496</u>	<u>620,062,326</u>
Net income	\$ 14,399,662	49,363,882
Other comprehensive (loss) income	<u>(22,673,007)</u>	<u>5,403,718</u>
Total comprehensive (loss) income	<u>\$ (8,273,345)</u>	<u>54,767,600</u>
Comprehensive income (loss) allocated to non-controlling interest of Formosa Petrochemical Corporation	<u>\$ 448,211</u>	<u>(166,074)</u>
Comprehensive (loss) income allocated to Formosa Petrochemical Corporation	<u>\$ (8,721,556)</u>	<u>54,933,674</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance of share of net assets of associates at January 1	<u>\$ 101,830,792</u>	<u>87,874,676</u>
Total comprehensive (loss) income allocated to the Company	(2,483,120)	15,557,682
Dividend Received	<u>(10,338,086)</u>	<u>(1,605,124)</u>
Share of net assets of affiliates as of December 31	89,009,586	101,827,234
Add : share premium acquired not according to holding percentage	168	524
Add : adjustment of net value	<u>8,342</u>	<u>3,034</u>
Total carrying amount of equity of the major associate as of December 31	<u>\$ 89,018,096</u>	<u>101,830,792</u>

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The financial information of Formosa Plastics Corp., U.S.A. was as follows:

	December 31, 2022	December 31, 2021
Current assets	\$ 129,941,885	118,602,999
Non-current assets	271,584,500	243,722,396
Current liabilities	(18,827,535)	(19,018,738)
Non-current liabilities	<u>(40,225,300)</u>	<u>(36,664,966)</u>
Net asset	<u>\$ 342,473,550</u>	<u>306,641,691</u>
Net asset contributed to non-controlling interest of Formosa Plastics Corp., U.S.A.	<u>\$ 11,108,281</u>	<u>10,769,237</u>
Net asset contributed to Formosa Plastics Corp., U.S.A.	<u>\$ 331,365,269</u>	<u>295,872,454</u>

	For the years ended December 31,	
	2022	2021
Revenue	<u>\$ 199,665,842</u>	<u>185,459,285</u>
Net income	\$ 16,829,791	30,663,514
Other comprehensive (loss) income	<u>(8,521,735)</u>	<u>6,731,228</u>
Total comprehensive income	<u>\$ 8,308,056</u>	<u>37,394,742</u>
Comprehensive (loss) income allocated to non-controlling interest of Formosa Plastics Corp., U.S.A.	<u>\$ (811,459)</u>	<u>3,886,314</u>
Comprehensive income allocated to Formosa Plastics Corp., U.S.A.	<u>\$ 9,119,515</u>	<u>33,508,428</u>

	For the years ended December 31,	
	2022	2021
Beginning balance of share of net assets of associates at January 1	\$ 67,037,893	61,291,795
Total comprehensive income allocated to the Company	9,523,955	5,746,098
Dividend Received	<u>(1,349,832)</u>	<u>-</u>
Total carrying amount of equity of the major associate as of December 31	<u>\$ 75,212,016</u>	<u>67,037,893</u>

- 2) The information of the minor associate of the investments accounted for using the equity method was as follows:

	December 31, 2022	December 31, 2021
Total carrying amount of equity of the minor associates	<u>\$ 39,991,342</u>	<u>41,130,357</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

	For the years ended	
	December 31,	
	2022	2021
Attributable to the Company:		
Net (loss) income	\$ (1,805,545)	784,060
Other comprehensive income	<u>270,187</u>	<u>877,206</u>
Total comprehensive (loss) income	<u>\$ (1,535,358)</u>	<u>1,661,266</u>

- 3) On May 31, 2022, the Company acquired 25 percentage equity ownership of Formosa Smart Energy Tech Corporation through cash investment of \$1,000,000 thousand.
- 4) On March 10, 2021, the Company participated in the capital increase by cash of Formosa Resources Corporation, an associate owned by the Group, with the total investment amounting to USD\$31,250 thousand (equivalent to \$884,531 thousand) based on its original shareholding ratio of 25%.
- 5) On December 21, 2020, Yi-Jih Development Corp. reduced its capital, resulting in the Company to receive the amount of \$43,895 thousand on January 17, 2021, with its shareholding ratio remains unchanged.

(iii) Joint ventures

The Company's investments in joint ventures are not significant. The financial information of the minor joint ventures of the investments accounted for using equity method was as follows:

	December 31,	December 31,
	2022	2021
Total carrying amount of investments in the minor joint ventures	<u>\$ 2,944,368</u>	<u>3,256,233</u>

	For the years ended December 31,	
	2022	2021
Attributable to the Company:		
Net (loss) income	\$ (102,804)	312,921
Other comprehensive loss	<u>(2,045)</u>	<u>(4,274)</u>
Total comprehensive (loss) income	<u>\$ (104,849)</u>	<u>308,647</u>

On May 12, 2021, the Company participated in the capital increase by cash of Formosa Tokuyama Advanced Chemicals Co., Ltd. by acquiring additional shares of stock amounting to \$375,000 thousand, based on its original shareholding ratio of 50%.

(iv) Collaterals

There are no investments accounted for using the equity method which were pledged to banks as collateral to secure the Company's bank loans as of December 31, 2022 and 2021.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(g) Property, plant and equipment

The movements of cost and accumulated depreciation and impairments of property, plant and equipment of the Company for the years ended 2022 were as follows:

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Cast:						
Balance as of January 1, 2022	\$ 10,983,940	22,683,893	138,477,163	6,406,968	9,905,333	188,457,297
Additions	787,095	167,342	794,163	546,249	7,212,080	9,506,929
Disposals	-	(68,414)	(956,438)	(89,057)	-	(1,113,909)
Reclassification	-	-	2,132,291	140,991	(2,230,485)	42,797
Balance as of December 31, 2022	<u>\$ 11,771,035</u>	<u>22,782,821</u>	<u>140,447,179</u>	<u>7,005,151</u>	<u>14,886,928</u>	<u>196,893,114</u>
Balance as of January 1, 2021	\$ 10,395,277	22,592,063	135,970,231	5,950,626	6,631,054	181,539,251
Additions	591,329	4,209	938,688	383,437	6,096,330	8,013,993
Disposals	(2,666)	(6,773)	(1,219,163)	(142,512)	-	(1,371,114)
Reclassification	-	94,394	2,787,407	215,417	(2,822,051)	275,167
Balance as of December 31, 2021	<u>\$ 10,983,940</u>	<u>22,683,893</u>	<u>138,477,163</u>	<u>6,406,968</u>	<u>9,905,333</u>	<u>188,457,297</u>
Accumulated depreciation/impairment:						
Balance as of January 1, 2022	\$ -	16,547,009	121,466,459	4,300,949	-	142,314,417
Depreciation for the year	-	633,789	2,943,262	484,307	-	4,061,358
Disposals	-	(68,414)	(953,550)	(88,560)	-	(1,110,524)
Reclassification	-	669	547	(281)	-	935
Balance as of December 31, 2022	<u>\$ -</u>	<u>17,113,053</u>	<u>123,456,718</u>	<u>4,696,415</u>	<u>-</u>	<u>145,266,186</u>
Balance as of January 1, 2021	\$ -	15,909,236	119,798,058	4,027,690	-	139,734,984
Depreciation for the year	-	643,811	2,877,284	417,108	-	3,938,203
Disposals	-	(6,772)	(1,207,951)	(142,433)	-	(1,357,156)
Reclassification	-	734	(932)	(1,416)	-	(1,614)
Balance as of December 31, 2021	<u>\$ -</u>	<u>16,547,009</u>	<u>121,466,459</u>	<u>4,300,949</u>	<u>-</u>	<u>142,314,417</u>
Carrying amounts :						
Balance as of December 31, 2022	<u>\$ 11,771,035</u>	<u>5,669,768</u>	<u>16,990,461</u>	<u>2,308,736</u>	<u>14,886,928</u>	<u>51,626,928</u>
Balance as of December 31, 2021	<u>\$ 10,983,940</u>	<u>6,136,884</u>	<u>17,010,704</u>	<u>2,106,019</u>	<u>9,905,333</u>	<u>46,142,880</u>

(i) Collaterals

The property, plant and equipment pledged to secure bank loans as of December 31, 2022 and 2021, are described in Note 8.

(ii) As of December 31, 2022 and 2021, the Company's parcels of land with title temporarily registered under the names of third parties for trust purpose had carrying value as of \$33,529 thousand which were recorded under property, plant and equipment. The Company has implemented a deed of trust with the authorities to secure the Company's rights related to the abovementioned properties.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(iii) Please refer to Note 6(t) for further information about the capitalized interest on borrowings for the purchase of the property, plant and equipment and gain on disposal of property, plant and equipment.

(h) Right-of-use assets

The Company leases many assets including land and buildings, vehicle and machinery Information about cost, depreciation and impairment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 167,923	-	167,923
Additions	627,248	-	627,248
Disposals	<u>(147,323)</u>	<u>-</u>	<u>(147,323)</u>
Balance at December 31, 2022	<u>\$ 647,848</u>	<u>-</u>	<u>647,848</u>
Balance at January 1, 2021	\$ 213,200	-	213,200
Additions	34,998	-	34,998
Disposals	<u>(80,275)</u>	<u>-</u>	<u>(80,275)</u>
Balance at December 31, 2021	<u>\$ 167,923</u>	<u>-</u>	<u>167,923</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 22,828	-	22,828
Depreciation for the period	49,760	-	49,760
Disposals	<u>(56,294)</u>	<u>-</u>	<u>(56,294)</u>
Balance at December 31, 2022	<u>\$ 16,294</u>	<u>-</u>	<u>16,294</u>
Balance at January 1, 2021	\$ 71,379	-	71,379
Depreciation for the period	31,724	-	31,724
Disposals	<u>(80,275)</u>	<u>-</u>	<u>(80,275)</u>
Balance at December 31, 2021	<u>\$ 22,828</u>	<u>-</u>	<u>22,828</u>
Carrying amount:			
Balance at December 31, 2022	<u>\$ 631,554</u>	<u>-</u>	<u>631,554</u>
Balance at December 31, 2021	<u>\$ 145,095</u>	<u>-</u>	<u>145,095</u>

For the years ended December 31, 2022 and 2021, the Company increased the right-of-use assets, please refer to Notes 6(m).

(i) Short-term borrowings

(i) Short-term borrowings consisted of the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured short-term borrowings	\$ 14,900,000	4,377,404
Employees' savings	-	107,272
Total	<u>\$ 14,900,000</u>	<u>4,484,676</u>
Interest rate	<u>0.776%~1.540%</u>	<u>0.730%~0.860%</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Issuance and redemption of loans

	Total
Balance as of January 1, 2022	\$ 4,484,676
New issuance during the period	129,692,300
Repayments during the period	<u>(119,276,976)</u>
Balance as of December 31, 2022	<u>\$ 14,900,000</u>
	Total
Balance as of January 1, 2021	\$ 14,627,108
New issuance during the period	193,642,107
Repayments during the period	(203,784,041)
Effect of exchange rate change	<u>(498)</u>
Balance as of December 31, 2021	<u>\$ 4,484,676</u>

(j) Short-term notes and bills payable

	December 31, 2022		
	Institutions	Interest rate	Amount
Short-term notes and bills payable	Bank SinoPac	1.52%	\$ 950,000
Short-term notes and bills payable	Union Bank of Taiwan Co., Ltd.	1.50%~1.54%	600,000
Short-term notes and bills payable	International Bills Finance Corporation	1.52%~1.54%	7,500,000
Short-term notes and bills payable	China Bills Finance Corporation	1.52%~1.54%	2,850,000
Short-term notes and bills payable	Grand Bills Finance Corporation	1.52%~1.54%	1,950,000
Short-term notes and bills payable	CTBC Bank Co., Ltd	1.52%	1,100,000
Short-term notes and bills payable	Yuanta Commercial Bank Co., Ltd.	1.54%	500,000
Short-term notes and bills payable	E.SUN Commercial Bank, Ltd.	1.55%	3,000,000
Short-term notes and bills payable	Taishin International Bank Co., Ltd.	1.36%	<u>1,000,000</u>
			19,450,000
Less: Discount on short-term notes and bills payable			<u>(19,135)</u>
Total			<u>\$ 19,430,865</u>
	December 31, 2021		
	Institutions	Interest rate	Amount
Short-term notes and bills payable	China bills Finance Corporation	0.34%	\$ 2,100,000
Less: Discount on short-term notes and bills payable			<u>(176)</u>
Total			<u>\$ 2,099,824</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(k) Long-term debts

(i) Long-term debts consisted of the following:

	December 31, 2022	December 31, 2021
Unsecured long-term debts	\$ 7,500,000	-
Less: Current portion	(5,000,000)	-
Total	\$ 2,500,000	-
Repayment period	2024	
Interest rate	1.173%~1.52%	

(ii) Issuance and redemption of loan

	Total
Balance of January 1, 2022	\$ -
New issuance during the period	7,500,000
Balance of December 31, 2022	\$ 7,500,000
	Total
Balance of January 1, 2021	\$ 2,000,000
New issuance during the period	-
Repayment during the period	(2,000,000)
Balance of December 31, 2021	\$ -

(iii) Secured bank loans

The assets pledged to secure long-term loans are described in Note 8.

(l) Bonds payable

(i) Bonds payable consisted of the following:

	December 31, 2022	December 31, 2021
Domestic unsecured nonconvertible corporate bonds	\$ 36,120,673	45,509,254
Less: current portion	(8,846,341)	(9,395,685)
Total	\$ 27,274,332	36,113,569
Expiry	2023~2030	2022~2030

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Issuance and redemption of Domestic unsecured nonconvertible corporate bonds

1) Issuance

	<u>2022</u>	<u>2021</u>
Amount	\$ -	<u>7,500,000</u>
Interest rate	-	<u>0.460%、0.520%</u>
Expiry	-	<u>2026、2028</u>

2) Repayment

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Amount	<u>\$ 9,400,000</u>	<u>2,900,000</u>

3) The term of domestic corporate bonds as December 31, 2022 and 2021 were as follows:

	<u>The third domestic unsecured nonconvertible corporate bond in 2012</u>	<u>The first domestic unsecured nonconvertible corporate bond in 2013</u>	<u>The second domestic unsecured nonconvertible corporate bond in 2013</u>	<u>The first domestic unsecured nonconvertible corporate bond in 2014</u>
Issue amount	9,000,000	11,500,000	8,500,000	6,000,000
2022.12.31 Ending balance	-	749,243	3,148,922	5,997,355
2022.12.31 Current portion	-	749,243	3,148,922	499,453
2021.12.31 Ending balance	1,249,403	1,497,728	6,297,747	5,996,261
2021.12.31 Current portion	1,249,403	748,485	3,148,825	-
Issuance date	November 5, 2012	June 10, 2013	November 8, 2013	May 21, 2014
Coupon rate	1.25%、1.39%、1.53%	1.23%、1.52%	1.42%、1.94%	1.83%、1.92%
Interest payment date	November 5	June 10	November 8	May 21
Repayment method	Payable in 2 equal installments for each different coupon rate in 2016~2017, 2018~2019 and 2021~2022, respectively.	Payable in 2 equal installments for each different coupon rate in 2016~2017 and 2022~2023, respectively.	Payable in 2 equal installments for each different coupon rate in 2017~2018 and 2022~2023, respectively.	Payable in 2 equal installments for each different coupon rate in 2023~2024 and 2025~2026, respectively.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

	The first domestic unsecured nonconvertible corporate bond in 2017	The first domestic unsecured nonconvertible corporate bond in 2018	The first domestic unsecured nonconvertible corporate bond in 2020	The first domestic unsecured nonconvertible corporate bond in 2021
Issue amount	7,000,000	9,300,000	8,350,000	7,500,000
2022.12.31 Ending balance	3,698,683	6,694,400	8,341,396	7,490,674
2022.12.31 Current portion	1,849,052	2,599,671	-	-
2021.12.31 Ending balance	5,347,366	9,292,423	8,339,615	7,488,711
2021.12.31 Current portion	1,649,631	2,599,341	-	-
Issuance date	May 19, 2017	June 26, 2018	June 22, 2020	June 26, 2018
Coupon rate	1.09%、1.32%	0.82%、0.93%、1.09%	0.58%、0.63%、0.67%	0.46%、0.52%
Interest payment date	May 19	June 26	June 22	September 15
Repayment method	Payable in 2 equal installments for each different coupon rate in 2021~2022 and 2023~2024, respectively.	Payable in 2 equal installments for each different coupon rate in 2022~2023, 2024~2025 and 2027~2028, respectively.	Payable in 2 equal installments for each different coupon rate in 2024~2025, 2026~2027 and 2029~2030, respectively.	Payable in 2 equal installments for each different coupon rate in 2025~2026, and 2026~2027, respectively.

(m) Lease liabilities

Lease liabilities consisted of the following:

	December 31, 2022	December 31, 2021
Current	\$ 26,811	\$ 23,879
Non-current financial assets	\$ 607,619	\$ 123,728

Please refer to Note 6 (u) the maturity analysis.

On December 31, 2022, the amounts of lease liabilities incurred from the rentals of land increased by \$627,248 thousand, with the interest rates of 1.80%~2.05%, maturing in October 2042. The amount of lease liabilities decreased due to early termination is \$93,349 thousand. On December 31, 2021, the amounts of lease liabilities incurred from the rentals of land increased by \$34,998 thousand, with the interest rates of 2.05% and 1.41% , maturing in October 2042 and December 31, 2022, respectively.

The amount recognized in profit or loss was as follows:

	December 31, 2022	December 31, 2021
Interest on lease liabilities	\$ 6,431	\$ 2,916
Expenses relating to short-term leases	\$ 101,277	\$ 102,229

The amount recognized in cash flows statement was as follows:

	December 31, 2022	December 31, 2021
Total cash outflow for leases	\$ 154,784	\$ 135,911

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(i) Real estate leases

As of December 31, 2022, the Company leases land and buildings for Ship berthing, loading, unloading, storage and transfer operations. The leases typically run for a period of 2 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Certain leases provide for additional rent payments that are based on changes in the local price indices, or sales that the Company incurred at the leased store in the period ; others require the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(ii) Other leases

The Company also leases its buildings with contract terms of one year. These leases are short-term and the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plan

The movements in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 8,805,303	9,286,451
Fair value of plan assets	<u>(4,918,437)</u>	<u>(3,127,266)</u>
Net defined benefit liabilities	<u>\$ 3,886,866</u>	<u>6,159,185</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of the plan asset

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$4,882,595 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

	For the years ended December 31,	
	2022	2021
Defined benefit obligations on January 1	\$ 9,286,451	9,421,525
Benefits paid	(596,555)	(540,731)
Current service and interest costs	129,313	179,283
Remeasurement of net defined benefit liabilities		
— actuarial losses arising from change in financial assumptions	114,990	408,010
Decrease due to transfer of related party employees	(128,896)	(181,636)
Defined benefit obligations on December 31	<u>\$ 8,805,303</u>	<u>9,286,451</u>

3) Movements in fair value of defined benefit plan assets

	For the years ended December 31,	
	2022	2021
Fair value of plan assets on January 1	\$ 3,127,266	2,860,594
Interest income	15,500	28,665
Remeasurement of net defined obligation assets		
— return on plan assets (excluding interest income)	258,375	19,323
Benefits already paid by the plan	(283,754)	(223,381)
Contributions from employer	1,801,050	442,065
Fair value of plan assets on December 31	<u>\$ 4,918,437</u>	<u>3,127,266</u>

4) Expense recognized in profit or loss

The pension costs recognized in profit or loss for the years ended 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service costs	\$ 83,293	85,578
Interest costs	30,520	65,040
	<u>\$ 113,813</u>	<u>150,618</u>
Operating costs	\$ 80,907	106,316
Selling expenses	3,251	4,202
Administrative expenses	29,655	40,100
	<u>\$ 113,813</u>	<u>150,618</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

- 5) Remeasurement of net defined benefit assets recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Balance of January 1,	\$ 2,665,850	2,277,163
Recognized in current period	(143,385)	388,687
Balance of December 31,	<u>\$ 2,522,465</u>	<u>2,665,850</u>

- 6) Actuarial assumptions

The following are the principal actuarial assumptions as of 2022:

	For the years ended December 31,	
	2022	2021
Discount rate	1.25 %	0.50 %
Rate of future salary increases	2.85 %	2.85 %

Based on the actuarial report, the Company is expected to make contributions of \$110,306 thousand to the defined benefit plans for the one year period after the reporting date.

The weighted average duration of the defined benefit plan is 7.4 years.

- 7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company should use judgments and estimates in determining the related actuarial assumptions at balance sheet date, including discount rate, employment turnover rate and future salary increases. Any changes in actuarial assumptions may significantly impact the present value of the defined benefit obligation.

As the year ended of 2022 and 2021, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effect of defined benefit obligations	
	Increase	Decrease
December 31, 2022		
Discount rate (change 0.25%)	\$ (124,662)	128,681
Future salary increases (change 1.00%)	539,611	(486,133)
December 31, 2021		
Discount rate (change 0.25%)	(153,582)	158,929
Future salary increases (change 1.00%)	656,340	(585,755)

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis adopts the same methods for determining the defined benefit assets at balance sheet date.

The same methods and assumptions are the same with last period.

(ii) Defined contribution plan

The Company contributes an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed-rate contribution.

The Company's pension costs under the defined contribution pension plan amounted to \$265,095 thousand and \$256,257 thousand for the years ended 2022 and 2021, respectively.

(o) Income tax

(i) The details of income tax expense for the years ended 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current income tax expense	\$ 5,956,740	9,231,861
Deferred tax expense		
The origination of temporary differences	<u>483,783</u>	<u>1,731,130</u>
Income tax expense	<u>\$ 6,440,523</u>	<u>10,962,991</u>

The income tax expense related to components of other comprehensive income for the years ended 2022 and 2021 was as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Items that could not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	<u>\$ (28,677)</u>	<u>77,737</u>
Items that will subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ (154,405)</u>	<u>50,981</u>

(Continued)

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Notes to the Financial Statements

The income tax calculated at a statutory income tax rate on accounting income before income tax was reconciled with income tax expense recognized in profit or loss as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Income tax calculated based on pretax financial income	\$ 8,516,678	16,463,660
Effect of difference in income tax rate between foreign investee and the Company	(154,405)	(170,650)
Tax- exempt income	(1,688,366)	(601,043)
Tax effect on investment income recognized under equity method and Non-deductible expenses	(233,366)	(4,728,862)
Over provision in prior periods	<u>(18)</u>	<u>(114)</u>
Income tax expense	<u>\$ 6,440,523</u>	<u>10,962,991</u>

(ii) Recognized deferred tax assets and liabilities

Movements in deferred tax assets and liabilities were as follows:

<u>For the year ended December 31, 2022</u>	<u>Beginning balance</u>	<u>Recognized in income or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Deferred tax assets				
Unrealized gross loss	\$ 7,826	(7,826)	-	-
Unamortized fixed manufacturing expense	11,773	20,573	-	32,346
Accrued pension liability	1,310,337	(425,787)	(28,677)	855,873
Unrealized impairment loss on financial assets	220,420	(34,525)	-	185,895
Unrealized foreign currency exchange loss	9,699	15,098	-	24,797
Total	<u>\$ 1,560,055</u>	<u>(432,467)</u>	<u>(28,677)</u>	<u>1,098,911</u>
Deferred tax liabilities				
Foreign investment income under equity method	\$ 18,945,319	64,701	-	19,010,020
Unrealized foreign currency exchange gain	7,996	(7,996)	-	-
Cumulative translation adjustment	131,040	-	154,405	285,445
Depreciation	79,436	(9,624)	-	69,812
Unrealized gross profit	-	4,235	-	4,235
Total	<u>\$ 19,163,791</u>	<u>51,316</u>	<u>154,405</u>	<u>19,369,512</u>
<u>For the year ended December 31, 2021</u>	<u>Beginning balance</u>	<u>Recognized in income or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Deferred tax assets				
Unrealized gross loss	\$ 5,298	2,528	-	7,826
Unamortized fixed manufacturing expense	14,499	(2,726)	-	11,773
Accrued pension liability	1,390,686	(158,086)	77,737	1,310,337
Unrealized impairment loss on financial assets	257,257	(36,837)	-	220,420
Unrealized foreign currency exchange loss	34,348	(24,649)	-	9,699
Total	<u>\$ 1,702,088</u>	<u>(219,770)</u>	<u>77,737</u>	<u>1,560,055</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

<u>For the year ended December 31, 2021</u>	<u>Beginning balance</u>	<u>Recognized in income or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Deferred tax liabilities				
Foreign investment income under equity method	\$ 17,409,468	1,535,851	-	18,945,319
Unrealized foreign currency exchange gain	27,092	(19,096)	-	7,996
Cumulative translation adjustment	182,021	-	(50,981)	131,040
Depreciation	<u>84,831</u>	<u>(5,395)</u>	<u>-</u>	<u>79,436</u>
Total	<u>\$ 17,703,412</u>	<u>1,511,360</u>	<u>(50,981)</u>	<u>19,163,791</u>

(iii) The Company's income tax returns have been examined and approved through 2020 by the ROC tax authorities.

(p) Capital and other equity

As the year ended of 2022 and 2021, the Company's government registered total authorized capital and issued capital stock both amounted to \$63,657,408 thousand, divided into 6,365,741 thousand shares of stock with \$10 par value per share. All issued shares were paid up upon issuance.

(i) Capital surplus

The components of capital surplus were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Paid-in capital in excess of par value	\$ 8,130,081	8,130,081
Treasury stock transactions	16,263	16,263
Equity in capital surplus of investee companies	202,809	202,638
Overdue unpaid directors' remuneration and dividends	450,641	424,200
Paid in capital in excess of the par value derived from overseas corporate bond conversion	<u>2,997,503</u>	<u>2,997,503</u>
	<u>\$ 11,797,297</u>	<u>11,770,685</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Retained earnings

According to the Company's Articles of Association, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve shall also be set aside as necessary. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Shareholders' Meeting.

According to the Company's Articles of Association, the Board of Directors is authorized to distribute cash dividends by the attendance of at least two-thirds of the directors and the resolution of a majority of the directors attended, and to report the distribution to the Shareholders' Meeting; the distribution of stock dividends is proposed to the Shareholders' Meeting for resolution.

The Company also adopts a dividend distribution policy, under which, net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent (50%) of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

- 1) Legal reserve When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.
- 2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of \$2,790,507, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of special reserve amounted to \$2,790,507 thousand both as of 2022 and 2021.

According to the regulations of the FSC, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

3) Earnings distribution

The appropriations of earnings in 2021 and 2020 were approved during the shareholders' meetings held on June 9, 2022, and July 29, 2021, respectively. The amounts of appropriation of dividend per share were as follows:

	2021		2020	
	Dividends per share	Amount	Dividends per share	Amount
Dividends attributable to ordinary shareholders:				
Cash dividends	\$ 8.20	52,199,074	2.40	15,277,778

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through profit or loss	Gain (loss) on hedging instruments	Revaluation surplus	Total
Balance at January 1, 2022	\$ (12,738,403)	94,230,777	10,962	-	81,503,336
Exchange differences arising on translation of foreign operations	9,750,931	-	-	-	9,750,931
Share of exchange differences on associates and joint ventures accounted for using equity method	2,384,119	-	-	-	2,384,119
Unrealized gains on financial assets at fair value through other comprehensive income	-	(30,685,509)	-	-	(30,685,509)
Share of unrealized gains or losses on associates accounted for using equity method and their financial assets at fair value through other comprehensive income	-	(11,906,794)	-	-	(11,906,794)
Revaluation surplus accounted for using equity method	-	-	-	1,002,593	1,002,593
Share of cash flow hedge of associates and joint ventures	-	-	(88,872)	-	(88,872)
Balance at December 31, 2022	\$ (603,353)	51,638,474	(77,910)	1,002,593	51,959,804

	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through profit or loss	Gain (loss) on hedging instruments	Total
Balance at January 1, 2021	\$ (9,603,060)	76,471,804	37,988	66,906,732
Exchange differences arising on translation of foreign operations	(2,645,862)	-	-	(2,645,862)
Share of exchange differences on associates and joint ventures accounted for using equity method	(489,481)	-	-	(489,481)
Unrealized gains on financial assets at fair value through other comprehensive income	-	13,217,196	-	13,217,196
Share of unrealized gains or losses on associates accounted for using equity method and their financial assets at fair value through other comprehensive income	-	4,541,777	-	4,541,777
Share of cash flow hedge of associates and joint ventures	-	-	(27,026)	(27,026)
Balance at December 31, 2021	\$ (12,738,403)	94,230,777	10,962	81,503,336

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(q) Earnings per share

The basic and diluted earnings per share was calculated as follows:

	For the years ended December 31,	
	2022	2021
Profit attributable to ordinary shareholders	\$ 36,142,868	71,355,311
Weighted average number of outstanding ordinary shares (in thousands)	6,365,741	6,365,741
Basic earnings per share	\$ 5.68	11.21
Profit attributable to ordinary shareholders	\$ 36,142,868	71,355,311
Weighted average number of outstanding ordinary share (basic) (in thousands)	6,365,741	6,365,741
Effect on employee's profit sharing bonus (in thousands)	921	1,152
Weighted average number of outstanding ordinary share (diluted) (in thousands)	6,366,662	6,366,893
Diluted earnings per share	\$ 5.68	11.21

(r) Revenue from Contracts with Customers

(i) Revenue Segmentation

	For the years ended December 31, 2022						
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Total
Major market :							
Taiwan	\$ 26,976,726	11,967,519	6,302,961	7,772,232	17,658,688	3,176,048	73,854,174
Mainland China	15,047,958	13,533,210	6,077,241	6,470,953	1,063,497	11,515	42,204,374
Others	46,522,834	10,837,600	3,640,221	11,629,127	5,917,272	481,229	79,028,283
	\$ 88,547,518	36,338,329	16,020,423	25,872,312	24,639,457	3,668,792	195,086,831
Major goods :							
PVC	\$ 40,314,826	-	-	-	-	-	40,314,826
Liquid caustic soda	25,557,163	-	-	-	-	-	25,557,163
HDPE	-	13,580,368	-	-	-	-	13,580,368
LLDPE	-	5,677,864	-	-	-	-	5,677,864
EVA	-	16,917,863	-	-	-	-	16,917,863
PP	-	-	12,870,899	-	-	-	12,870,899
POM	-	-	3,149,524	-	-	-	3,149,524
AE	-	-	-	8,793,942	-	-	8,793,942
SAP	-	-	-	6,346,274	-	-	6,346,274
Carbon fiber	-	-	-	4,364,813	-	-	4,364,813
n-Butanol	-	-	-	5,756,867	-	-	5,756,867
AN	-	-	-	-	8,854,696	-	8,854,696
MMA	-	-	-	-	2,913,254	-	2,913,254
ECH	-	-	-	-	5,697,276	-	5,697,276
Others	22,675,529	162,234	-	610,416	7,174,231	3,668,792	34,291,202
	\$ 88,547,518	36,338,329	16,020,423	25,872,312	24,639,457	3,668,792	195,086,831

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

		For the years ended December 31, 2021						
		Plastic division	Polyolefin division	Polypropylene division	Tairytan division	Chemistry division	Others divisions	Total
Major market :								
Taiwan	\$	25,345,936	12,069,147	8,726,223	10,469,717	25,062,912	2,546,162	84,220,097
Mainland China		19,458,421	14,438,834	6,887,646	6,935,356	2,551,253	20,824	50,292,334
Others		40,120,510	13,362,913	6,556,848	9,916,985	5,798,673	407,170	76,163,099
	\$	<u>84,924,867</u>	<u>39,870,894</u>	<u>22,170,717</u>	<u>27,322,058</u>	<u>33,412,838</u>	<u>2,974,156</u>	<u>210,675,530</u>
Major goods :								
PVC	\$	48,428,260	-	-	-	-	-	48,428,260
Liquid caustic soda		14,345,326	-	-	-	-	-	14,345,326
HDPE		-	16,287,118	-	-	-	-	16,287,118
LLDPE		-	7,084,479	-	-	-	-	7,084,479
EVA		-	16,358,337	-	-	-	-	16,358,337
PP		-	-	19,509,445	-	-	-	19,509,445
POM		-	-	2,661,272	-	-	-	2,661,272
AE		-	-	-	12,886,655	-	-	12,886,655
SAP		-	-	-	4,070,482	-	-	4,070,482
Carbon fiber		-	-	-	3,577,242	-	-	3,577,242
n-Butanol		-	-	-	5,764,461	-	-	5,764,461
AN		-	-	-	-	16,182,862	-	16,182,862
MMA		-	-	-	-	4,146,842	-	4,146,842
ECH		-	-	-	-	5,866,548	-	5,866,548
Others		22,151,281	140,960	-	1,023,218	7,216,586	2,974,156	33,506,201
	\$	<u>84,924,867</u>	<u>39,870,894</u>	<u>22,170,717</u>	<u>27,322,058</u>	<u>33,412,838</u>	<u>2,974,156</u>	<u>210,675,530</u>

(ii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	\$ 178,029	107,109	56,306
Accounts receivable (including related parties)	12,269,021	17,683,274	11,720,885
Less: allowance for doubtful receivables	(65,229)	(64,993)	(1,501)
Total	<u>\$ 12,381,821</u>	<u>17,725,390</u>	<u>11,775,690</u>

Please refer to Note 6(c) for the disclosure of accounts receivable and impairment.

(s) Employee bonus

According to the Company's articles, 0.05%~0.5% of the Company's profit, excluding employee compensations, and after being appropriated to offset accumulated deficits, if any, should be distributed as employee compensations.

For the years ended December 31, 2022 and 2021, the appropriated employee compensations amounted to \$55,483 thousand and \$110,563 thousand, respectively. These amounts were calculated based on the Company's articles of incorporation and the net profit before tax after deducting employee compensations, and was recognized under operating costs and operating expenses. The employee compensations were consistent with the actual distributions. Related information can be accessed from the Market Observation Post System website.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(t) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	\$ 24,979	8,196
Other interest income	102,179	54,642
Total Interest income	\$ 127,158	62,838

(ii) Other income

	2022	2021
Rental income	\$ 188,694	155,929
Dividends income	8,441,831	2,999,580
	\$ 8,630,525	3,155,509

(iii) Other gains and losses

	2022	2021
Gain on disposal of property, plant and equipment	\$ 34,240	22,606
Foreign currency exchange gain (loss)	2,508,771	(498,187)
Gain (loss) on financial assets at fair value through profit or loss	192,016	(95,484)
Other gains	502,259	350,815
Other losses	(217,017)	(164,183)
Net of other gains and losses	\$ 3,020,269	(384,433)

(iv) Finance costs

	2022	2021
Interest expense	\$ 818,426	666,570
Less: capitalized interest	(129,230)	(70,594)
Interest expense from bank loans	\$ 689,196	595,976
Capitalized interest rate	1.060%~1.150%	0.800%~1.290%

(u) Financial instruments

(i) Credit risk

1) Maximum credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk exposure.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

2) Concentration of credit risk

The company's revenue was not attributable to sales transactions with a single customer or to sales in a specific region. Therefore, accounts receivable have no obvious concentrated credit risk. To reduce credit risk, the Company regularly monitors and reviews the recoverable amount of the trade receivables to its clients, but the company usually doesn't ask its clients to provide collateral.

3) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(c).

(ii) Liquidity risk

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	Within 6 months	6~12months	1~2years	2~5years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 14,900,000	15,014,752	15,014,752	-	-	-	-
Unsecured Bonds payable	36,120,673	37,189,448	2,610,660	6,356,080	5,613,130	19,160,278	3,449,300
Short-term notes and bills payable	19,430,865	19,450,000	19,450,000	-	-	-	-
Long-term debts (including current portion)	7,500,000	7,621,150	-	5,062,500	2,558,650	-	-
Accounts payable (including related parties)	8,498,428	8,498,428	8,498,428	-	-	-	-
Other payables (including related parties)	7,396,996	7,396,996	7,396,996	-	-	-	-
Other current liabilities	8,529,924	8,529,924	8,529,924	-	-	-	-
Employees' savings	153,533	154,139	154,139	-	-	-	-
Lease liabilities	634,430	770,073	19,730	19,730	39,460	157,459	533,694
	<u>\$ 103,164,849</u>	<u>104,624,910</u>	<u>61,674,629</u>	<u>11,438,310</u>	<u>8,211,240</u>	<u>19,317,737</u>	<u>3,982,994</u>
December 31, 2021							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 4,377,404	4,394,316	4,394,316	-	-	-	-
Unsecured Bonds payable	45,509,254	47,079,823	5,025,353	4,480,235	9,104,800	18,732,685	9,736,750
Short-term notes and bills payable	2,099,824	21,000,000	21,000,000	-	-	-	-
Accounts payable (including related parties)	12,247,997	12,247,997	12,247,997	-	-	-	-
Other payables (including related parties)	10,609,673	10,609,673	10,609,673	-	-	-	-
Other current liabilities	8,681,142	8,681,142	8,681,142	-	-	-	-
Employees' savings	107,272	107,696	107,696	-	-	-	-
Lease liabilities	147,607	176,925	13,304	13,304	7,863	23,590	118,864
	<u>\$ 83,780,173</u>	<u>104,297,572</u>	<u>62,079,481</u>	<u>4,493,539</u>	<u>9,112,663</u>	<u>18,756,275</u>	<u>9,855,614</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(Continued)

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Notes to the Financial Statements

(iii) Currency risk

1) Exposure to currency risk

The Company's exposure to significant foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars
Financial assets:						
Monetary items						
USD	\$ 60,626	30.7080	1,861,695	680,665	27.6900	18,847,614
EUR	3,904	32.7026	127,685	6,989	31.5030	220,174
JPY	54,235	0.2306	12,507	18,812	0.2408	4,530
CNY	38	4.4091	168	339	4.3431	1,472
Financial liabilities						
Monetary items						
USD	23,281	30.7080	714,917	40,842	27.6900	1,130,915
EUR	194	32.7026	6,355	188	31.5030	5,923
JPY	22,949	0.2306	5,292	56,566	0.2408	13,621

2) Sensitivity analysis

The Company exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the USD, EUR, JPY and CNY as of December 31, 2022 and 2021 would have increased (decreased) net profit before tax by \$12,755 thousand and \$179,233 thousand. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2022 and 2021.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$2,508,771 thousand and \$498,187 thousand, respectively.

(Continued)

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Notes to the Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the company's net income would have decreased or increased by \$224,000 thousand and by \$43,774 thousand for the year ended December 31, 2022 and 2021, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Other market price risk

If the securities price changes at the reporting date (sensitivity analyses were performed using the same basis for both twelve-month period ended December 31, 2022 and 2021, and other factors remain unchanged), impacts on comprehensive income are as below:

	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 1%	\$ 869,482	-	1,093,169	-
Decreasing 1%	\$ (869,482)	-	(1,093,169)	-

(vi) Fair value

1) Types and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis.

(Continued)

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Notes to the Financial Statements

The Company's financial assets and liabilities are listed as follows: (including (1) the information on the levels in fair value hierarchy, wherein, disclosures are not required for financial instruments not measured at fair value with a carrying value approximating its fair value; and (2) those equity investments in which the fair value cannot be reliably measured and without any quoted price in the open market)

	December 31, 2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily at FVTPL	\$ 1,562,720	-	1,562,720	-	1,562,720
Subtotal	<u>1,562,720</u>	<u>-</u>	<u>1,562,720</u>	<u>-</u>	<u>1,562,720</u>
Financial assets at fair value through OCI					
Listed stocks(Exchanged and Mainboard)	86,772,334	86,772,334	-	-	86,772,334
Listed stocks(Emerging stock board)	175,825	-	175,825	-	175,825
Unquoted equity instruments at fair value	<u>16,428,859</u>	<u>-</u>	<u>-</u>	<u>16,428,859</u>	<u>16,428,859</u>
Subtotal	<u>103,377,018</u>	<u>86,772,334</u>	<u>175,825</u>	<u>16,428,859</u>	<u>103,377,018</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	8,979,747	-	-	-	-
Notes and accounts receivable (including related parties)	12,381,821	-	-	-	-
Other receivables (including related parties)	<u>8,728,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>30,090,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 135,029,920</u>	<u>86,772,334</u>	<u>1,738,545</u>	<u>16,428,859</u>	<u>104,939,738</u>
Financial liabilities measured at amortized cost					
Bonds payable (including current portion)	\$ 36,120,673	-	-	-	-
Short-term notes and bills payable	19,430,865	-	-	-	-
Short-term borrowings	14,900,000	-	-	-	-
Long-term debts (including current portion)	7,500,000	-	-	-	-
Accounts payable (including related parties)	8,498,428	-	-	-	-
Other payables (including related parties)	7,396,996	-	-	-	-
Other current liabilities	8,529,924	-	-	-	-
Employees' savings	153,533	-	-	-	-
Lease liabilities	<u>634,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 103,164,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

	December 31, 2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily at FVTPL	\$ 3,793,399	-	3,793,399	-	3,793,399
Subtotal	<u>3,793,399</u>	<u>-</u>	<u>3,793,399</u>	<u>-</u>	<u>3,793,399</u>
Financial assets at fair value through OCI					
Listed stocks(Exchange and Mainboard)	109,106,270	109,106,270	-	-	109,106,270
Listed stocks(Emerging stock board)	210,600	210,600	-	-	210,600
Unquoted equity instruments at fair value	<u>24,749,907</u>	<u>-</u>	<u>-</u>	<u>24,749,907</u>	<u>24,749,907</u>
Subtotal	<u>134,066,777</u>	<u>109,316,870</u>	<u>-</u>	<u>24,749,907</u>	<u>134,066,777</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	5,946,231	-	-	-	-
Notes and accounts receivable (including related parties)	17,725,390	-	-	-	-
Other receivables (including related parties)	<u>6,450,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>30,121,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 167,982,155</u>	<u>109,316,870</u>	<u>3,793,399</u>	<u>24,749,907</u>	<u>137,860,176</u>
Financial liabilities measured at amortized cost					
Bonds payable (including current portion)	\$ 45,509,254	-	-	-	-
Short-term notes and bills payable	2,099,824	-	-	-	-
Short-term borrowings	4,484,676	-	-	-	-
Accounts payable (including related parties)	12,247,997	-	-	-	-
Other payables (including related parties)	10,609,673	-	-	-	-
Other current liabilities	8,681,142	-	-	-	-
Lease liabilities	<u>147,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 83,780,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

3) Valuation techniques for financial instruments measured at fair value

The fair value of the financial instruments traded in active markets is based on quoted market prices. The fair value of listed equity instruments is based on the market prices that were published at main stock exchanges.

If the financial instruments possessed by the Company have quoted market prices in active markets, the fair value was as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks).

Except for financial instruments traded in active market, Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor.

4) There were no transfer between the fair value hierarchy levels for the years ended 2022 and 2021.

5) Movement of financial instruments grouped into level 3

	Financial assets at fair value through other comprehensive income Unquoted equity instruments
January 1, 2022	\$ 24,749,907
Total gains and losses recognized:	
In other comprehensive income	(8,316,798)
Proceeds from capital reduction	(4,250)
December 31, 2022	<u>\$ 16,428,859</u>
January 1, 2021	\$ 18,539,632
Total gains and losses recognized:	
In other comprehensive income	6,210,275
December 31, 2021	<u>\$ 24,749,907</u>

6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make the results close to the current market conditions, to confirm whether the resource of information is independent, reliable and in line with other resources, and to represent the independent information as the exercisable price. According to the Company's accounting policy, the analysis on the value changes of remeasured or reevaluated assets and liabilities is performed to ensure the reasonability of the evaluation results at the reporting date.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

7) The quantitative information of significant unobservable inputs (Level 3)

Most of the Company's financial instruments that use Level 3 inputs have only one significant unobservable input, except for equity investment without an active market which have multiple significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

8) Valuation model used in Level 3 fair value measurement - sensitivity analysis of the fair value to the reasonable replaceable assumption

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. The following is the effect of other comprehensive income from financial assets and liabilities categorized within Level 3 when the inputs used to valuation models have changed:

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>121,366</u>	<u>(121,366)</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

December 31, 2021	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets at fair value through other comprehensive income unquoted equity instruments	Price to earnings ratio multiple price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability		<u>\$ 199,223</u>	<u>(199,223)</u>

(v) Financial risk management

The Company seeks to ensure sufficient cost-efficient funding readily available when needed. The Company manages its exposure to credit risk, liquidity risk and market risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

(i) Framework of risk management

<u>Items</u>	<u>Risk Management Department</u>	<u>Risk Detection</u>
1. Interest rate, exchange rate, and inflation	General manager department; accounting department; finance department; and general management department	Computer audit & regular self audit; monthly budget meeting; finance supervisors meeting; internal audit department; and board meeting
2. Investments of high risk and leverage, loans to others, guarantees and endorsements, and trade of derivatives	General manager department; finance department; and general management department	Computer audit & regular self audit; monthly budget meeting; finance supervisors meeting; internal audit department; and board meeting
3. R&D plans	General manager department; technology department of each business division; and general management department	Purchase & sales meeting; operation performance meeting; R&D meeting; board meeting; and internal audit department
4. Changes on significant domestic and international policies and regulations	General manager department; manager department and technology department of each business division; legal department; and general management department	Purchases & sales meeting; operation performance meeting; board meeting; and internal audit department
5. Changes on technologies	General manager department; and manager department of each business division; R&D center; and general management department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
6. Changes on corporate images	General manager department; and manager department of each business division; and general management department	Purchase & sales meeting; operation performance meeting; and board meeting

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

<u>Items</u>	<u>Risk Management Department</u>	<u>Risk Detection</u>
7. Merge and reinvestments	General manager department; manager department of each business division; and general management department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
8. Expansion of factories	General manager department; factory affair department of each business division; manager department; and general management department	Purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
9. Centralization of purchases and sales	General manager department; manager department of each business division; purchase department; and general management department	Weekly marker price meeting; purchase & sales meeting; operation performance meeting; internal audit department; and board meeting
10. Changes of directors, controllers and major shareholders	General manager department; and shares management division of finance department	Operation management meeting and board meeting
11. Changes of management rights	General manager department; and general management department	Operation management meeting and board meeting
12. Litigation and other affairs	General manager department; general management department; and legal department	Purchase & sales meeting, operation performance meeting, internal audit department, and board meeting.
13. Information security	General manager department; general management department; and legal department	Purchase & sales meeting, operation performance meeting, internal audit department, and board meeting.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks.

1) Accounts receivable and other receivables

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer's financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

2) Investments

The Company mainly invests in Petrochemical Industry, which belongs to mature industry with lower risk. In addition, the Company's prudent management creates financial health without high-leveraged investment.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

3) Guarantee

The Company's endorsement policy is limited to endorsement of subsidiaries or associates with business relationship. The endorsed items are usually related to financing and import duty guarantee. Due to associates' financial health created by prudent management, management of the Company believes that they are expecting no significant losses from endorsement.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalent, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

(iii) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative financial instruments, including currency forward contracts and cross currency swaps, to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

2) Interest rate risk

The Company is exposed to interest rate risk arising from long-term borrowings at floating interest rates. To reduce the risk caused by floating interest rates, the Company utilized interest rate swap contracts to partially hedge its exposure.

(w) Capital management

Although business operated by the Company has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment.

The Company's policy is to maintain adequate financial resources and operating plan to meet future operating capital, capital expenditure, research and development expenditure, loans reimbursement, and dividend distribution.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

The Company uses debt to capital ratio to manage its capital. The debt to capital ratio is calculated by dividing the net liabilities by the total capital. Net liabilities derived from deducting cash and cash equivalents from total liabilities. Total capital includes common shares of stocks, capital surplus, retained earnings and net liabilities. The Company's debt to capital ratio at the end of the reporting period was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 131,549,347	114,039,392
Less: cash and cash equivalents	<u>(8,979,747)</u>	<u>(5,946,231)</u>
Net liabilities	122,569,600	108,093,161
Total equity	<u>357,684,863</u>	<u>403,190,274</u>
Debt to capital ratio	<u>34.27 %</u>	<u>26.81 %</u>

(x) Changes of liabilities arising from financing activities

Changes of liabilities arising from financing activities were as follows:

	<u>2022.1.1</u>	<u>Change in cash flows from financing activities</u>	<u>Changes in non-cash</u>	<u>Effect of exchange rate changes</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ 4,484,676	10,415,324	-	-	14,900,000
Short-term notes and bills payable	2,099,824	17,350,000	(18,959)	-	19,430,865
Long-term debts (including current portion)	-	7,500,000	-	-	7,500,000
Bonds payable (including current portion)	45,509,254	(9,400,000)	11,419	-	36,120,673
Lease liabilities	<u>147,607</u>	<u>(53,507)</u>	<u>540,330</u>	<u>-</u>	<u>634,430</u>
Total liabilities arisings from financing activities	<u>\$ 52,241,361</u>	<u>25,811,817</u>	<u>532,790</u>	<u>-</u>	<u>78,585,968</u>

	<u>2021.1.1</u>	<u>Change in cash flows from financing activities</u>	<u>Changes in non-cash</u>	<u>Effect of exchange rate changes</u>	<u>December 31, 2021</u>
Short-term borrowings	\$ 14,627,108	(10,141,934)	-	(498)	4,484,676
Short-term notes and bills payable	16,996,824	(14,900,000)	3,000	-	2,099,824
Long-term debts (including current portion)	2,000,000	(2,000,000)	-	-	-
Bonds payable (including current portion)	40,910,455	4,600,000	(1,201)	-	45,509,254
Lease liabilities	<u>143,375</u>	<u>(33,682)</u>	<u>37,914</u>	<u>-</u>	<u>147,607</u>
Total liabilities arisings from financing activities	<u>\$ 74,677,762</u>	<u>(22,475,616)</u>	<u>39,713</u>	<u>(498)</u>	<u>52,241,361</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(7) Related-party transactions:

(a) Name of related parties

<u>Name of related party</u>	<u>Relationship with Consolidated Company</u>
Formosa Plastics Corp. (Cayman Ltd.)	Subsidiary
Formosa Industries Corporation	Subsidiary
Formosa Industries (Hong Kong) Limited	Subsidiary
Formosa Industries (Ningbo) Co., Ltd.	Subsidiary
Formosa Petrochemical Corporation	Associates
Formosa Plastics Corp., U.S.A.	Associates
Formosa Heavy Industries Corp.	Associates
Mai Liao Power Corp.	Associates
Formosa Sumco Technology Corporation	Associates
Formosa Transportation Corp.	Associates
Ya Tai Development Corp.	Associates
Wha Ya Park Management Consulting Corporation Ltd.	Associates
Formosa Environmental Technology Corporation	Associates
Formosa Resources Corporation	Associates
Formosa Group (Cayman) Limited	Associates
Hua Ya Power Corp.	Associates
Formosa Plastics Construction Corporation	Associates
Japan Formosa Sumco Technology Corp.	Associates
Formosa Automobile Corp.	Associates
Fujian Fuxin Special Steel Co., Ltd.	Associates
Formosa Asahi Spandex Co., Ltd.	Joint venture
Formosa Daikin Advanced Chemical Co., Ltd.	Joint venture
Formosa Tokuyama Advanced Chemicals Co., Ltd.	Joint venture
Nan Ya Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Chang Gung Medical Foundation	Other related parties
Nan Ya PCB Corporation	Other related parties
Nan Chung Petrochemical Corporation	Other related parties
PFG Fiber Glass Corporation	Other related parties
Nan Ya Plastics (Hong Kong) Co., Ltd.	Other related parties
Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties
Nan Ya Plastics (Nantong) Co., Ltd.	Other related parties
Nan Ya Plastics Corporation America	Other related parties
Formosa Industries Corp., Vietnam	Other related parties

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with Consolidated Company</u>
Formosa Taffeta Co., Ltd.	Other related parties
Formosa BP Chemicals Corp.	Other related parties
Formosa Biomedical Technology Corp.	Other related parties
Formosa Carpet Co., Ltd.	Other related parties
Formosa Idemitsu Petrochemical Corp.	Other related parties
Hong Jing Resources Corp.	Other related parties
Formosa ABS Plastics (Ningbo) Co., Ltd.	Other related parties
Formosa Plastics Marine Corp.	Other related parties
Formosa Group Ocean Marine Corp.	Other related parties
Nan Ya Technology Corporation	Other related parties
Inteplast Taiwan Corporation	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Formosa Technologies Corporation	Other related parties
Formosa Petrochemical Transportation Corporation, Ltd.	Other related parties
Chang Gung Biotechnology Corporation	Other related parties
Nan Ya Plastics Corporation USA	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
Chang Gung University	Other related parties
Kaohsiung Cultural Foundation of Brothers Wang Yung-ching and Wang Yung-tsal Park	Other related parties

(b) Significant related-party transactions

(i) Sales to related parties

Significant sales to related parties and the balance of accounts receivable were as follows:

	<u>Sales for the years ended</u>		<u>Accounts receivable</u>	
	<u>December 31,</u>		<u>-related parties</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31,</u>	<u>December 31,</u>
			<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 10,818,840	12,718,298	815,430	1,961,704
Associates	14,537,740	9,957,511	2,038,840	1,330,918
Joint ventures	287,674	184,894	39,250	13,477
Other related parties	22,101,447	27,166,881	1,793,888	2,989,212
	<u>\$ 47,745,701</u>	<u>50,027,584</u>	<u>4,687,408</u>	<u>6,295,311</u>

The selling prices and collection terms for the sales to related parties are not significantly different from those third-party customers, and receivables are collected on the 27th of the month following the month of sales. The terms of receivables from subsidiaries are O/A 90 days and from other foreign related parties are O/A 60 days or L/C at sight.

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Purchase from related parties

Purchases from related parties and the balance of accounts payables were as follows:

	Purchases for the years ended December 31,		Accounts payable –related parties	
	2022	2021	December 31, 2022	December 31, 2021
Subsidiaries	\$ 2,493,193	2,410,223	57,901	346,509
Associates				
Formosa Petrochemical Corporation	78,588,953	83,689,442	5,562,011	7,340,397
Others	1,547,139	1,310,296	8,789	4,547
Other related parties	4,116,617	4,687,965	350,017	303,387
	<u>\$ 86,745,902</u>	<u>92,097,926</u>	<u>5,978,718</u>	<u>7,994,840</u>

The purchase price and payment terms for the purchase from related parties are not significantly different from those with third-party vendors, and payables are paid on the 27th of the month following the month of purchase. The terms of receivables are O/A 90 days for subsidiaries.

(iii) Property plant and equipment

- 1) Disposals of lands and equipment (recognized as property, plant and equipment) to related parties were as follow, there were no related transactions for the year ended December 31, 2022.

	For the year ended December 31			
	2022		2021	
	Disposal price	Gain from disposal	Disposal price	Gain from disposal
Other	\$ -	-	305	230

There were no receivables on December 31, 2022 and 2021.

- 2) Property, plant and equipment

Purchase of lands and equipment (recognized as property, plant and equipment) from related parties and the balance of accounts payable were as follow:

	For the years ended December 31,		Other payables –related parties	
	2022	2021	December 31, 2022	December 31, 2021
Other related parties	\$ <u>1,300,192</u>	<u>232,317</u>	<u>411</u>	<u>76,497</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

3) Acquisition of financial assets

	<u>Financial Statement Account</u>	<u>Number of Shares (in thousands)</u>	<u>Transaction Shares</u>	<u>For the year ended December 31, 2022</u>
Subsidiaries				
Formosa Industries Corporation	Investments accounted for using equity method	1	Shares of stock of Formosa Industries Corporation	<u>\$ 2,096,710</u>
	<u>Financial Statement Account</u>	<u>Number of Shares (in thousands)</u>	<u>Transaction Shares</u>	<u>For the year ended December 31, 2021</u>
Subsidiaries				
Formosa Plastics Corp. (Cayman Ltd.)	Investments accounted for using equity method	-	Shares of stock of Formosa Plastics Corp. (Cayman Ltd.)	\$ 128,450
Associates				
Formosa Resources Corporation	Investments accounted for using equity method	88,453	Shares of stock of Formosa Resources Corporation	884,531
Joint ventures				
Formosa Tokuyama Advanced Chemicals Co., Ltd.	Investments accounted for using equity method	37,500	Shares of stock of Formosa Tokuyama Advanced Chemicals Co., Ltd.	<u>375,000</u>
				<u>\$ 1,387,981</u>

(iv) Financing transactions

Financing transactions with related parties were as follows:

	<u>Due from related parties (recognized as other receivables—related parties)</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties		
Formosa Group Ocean Marine Corp.	\$ 2,452,654	2,622,190
Formosa Heavy Industries Corp.	<u>2,900,000</u>	<u>-</u>
	<u>\$ 5,352,654</u>	<u>2,622,190</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

As the year ended of 2022 and 2021, the interest receivable from the abovementioned transactions amounted to \$8,166 thousand and \$2,183 thousand, respectively, which was recognized as other receivables–related parties.

(v) Endorsements and guarantees

1) The Company's endorsements guarantees to secure related parties' loans were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Associates		
Formosa Group (Cayman) Limited	\$ 7,677,000	6,922,500
Formosa Resources Corporation	-	-
Other Related Parties		
Formosa Ha Tinh (Cayman) Ltd.	-	6,568,456
	<u>\$ 7,677,000</u>	<u>13,490,956</u>

(vi) Purchases of raw materials on behalf of related parties

The detailed information of buying raw materials on behalf of related parties were as follows:

	<u>Amount of purchases of raw</u> <u>materials on behalf for the</u> <u>years ended December 31,</u>		<u>Other receivables</u> <u>–related parties</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Subsidiaries	<u>\$ 15,070,674</u>	<u>15,300,079</u>	<u>571,808</u>	<u>698,403</u>

(vii) Other transactions

The Company's utility and steam expenses paid to related parties were as follow:

	<u>Other payables–related parties</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Associates		
Formosa Petrochemical Corporation	<u>\$ 1,821,789</u>	<u>1,152,275</u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(viii) Receivables from payment on behalf of related parties

The Company paid for construction design service fees on behalf of related parties as follows:

	Other receivables – related parties	
	December 31, 2022	December 31, 2021
Associates		
Fujian Fuxin Special Steel Corporation	\$ <u>1,590,609</u>	<u>1,794,541</u>

(ix) Rental (recognized as other income)

The Company lease its office and building to related parties, and derived rental income thereon as follows:

	For the years ended December 31,	
	2022	2021
Associates		
Formosa Petrochemical Corporation	\$ 16,568	16,568
Formosa Heavy Industries Corp.	58,221	58,764
Others	34,634	6,969
Joint ventures		
Formosa Daikin Advanced Chemical Co., Ltd.	17,397	17,397
Others	8,625	8,049
Other related parties		
Nan Ya Plastics Corporation	20,817	23,520
Others	<u>14,371</u>	<u>14,334</u>
	\$ <u>170,633</u>	<u>145,601</u>

The rentals charged to related parties are determined based on the local market prices, and rents are collected depending on the contract periods (e.g. monthly, semi-annually or annually).

(c) Compensation of key management

The compensation to key management was as follows:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ <u>69,758</u>	<u>71,554</u>

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(8) Pledged assets:

The Company's assets pledged to secure loans were as follows:

<u>Classification of assets</u>	<u>Nature of Pledged Assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	land and building	\$ 2,153,375	2,154,928
Refundable deposits (recognized as non-current assets)	Certificate of deposit	108,699	99,101
		<u>\$ 2,262,074</u>	<u>2,254,029</u>

(9) Commitments and contingencies:

(a) The amounts of endorsements and guarantees for related parties were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Endorsements and guarantees	<u>\$ 7,677,000</u>	<u>13,490,956</u>

(b) The amounts of unused outstanding letters of credit for the importation of raw materials for related parties were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unused outstanding letters	<u>\$ 342,113</u>	<u>979,156</u>

(c) (i) As of December 31, 2022, the Company's investee, Formosa Ha Tinh (Cayman) Ltd. and Formosa Ha Tinh Steel Corporation, signed several contracts of syndicated credit lines with different banks amounting of US\$3,647,500 thousand and US\$2,453,500 thousand for its operational needs, respectively. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking and to manage the necessary funds to fulfill the repayment of obligations when needed.

(ii) As of December 31, 2022, Formosa Steel IB Pty Ltd, the subsidiaries of the Company's investee Formosa Resources Corporation's, signed several contracts of syndicated credit lines with different banks amounting of US\$100,000 thousand for its operational needs. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking with its 25% of shareholding and to manage the necessary funds to fulfill the repayment of obligations when needed.

(iii) As of December 31, 2022, the Company's investee, Formosa Resources Corporation, signed several contracts of syndicated credit lines with different bank amounting of US\$430,000 thousand for its operational needs, respectively. According to the requirement of the bank consortium, the Company, together with the other related parties, have to issue a letter of undertaking with its 25% of shareholding and to manage the necessary funds to fulfill the repayment of obligations when needed.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

- (iv) As of December 31, 2022, Formosa Resources Australia Pty Ltd, the subsidiaries of the Company's investee Formosa Resources Corporation's, signed several contracts of syndicated credit lines with different bank amounting of US\$550,000 thousand for its operational needs, respectively. According to the requirement of the bank consortium, the Company, together with the other related parties.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

- (a) The nature of operating costs and expenses of the Company were as follows:

	For the year ended December 31, 2022				For the year ended December 31, 2021			
	Operating costs	Operating expenses	Non-operating expenses	Total	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salaries	5,228,735	4,534,933	-	9,763,668	5,440,525	3,263,118	-	8,703,643
Labor and health insurance	366,521	264,465	-	630,986	369,839	261,274	-	631,113
Pension	239,859	139,049	-	378,908	259,501	147,374	-	406,875
Remuneration of directors	-	9,720	-	9,720	-	8,615	-	8,615
Others	165,393	96,011	-	261,404	197,041	118,633	-	315,674
Depreciation expenses	3,764,422	346,696	-	4,111,118	3,659,951	309,976	-	3,969,927
Amortization expenses	254,742	-	11,418	266,160	300,195	-	10,579	310,774

The Company's number of employees and additional information on employee benefits were as follows:

	2022	2021
Number of employees	<u><u>6,820</u></u>	<u><u>6,830</u></u>
Number of directors who were not employees	<u><u>11</u></u>	<u><u>11</u></u>
The average employee benefit	<u><u>\$ 1,621</u></u>	<u><u>1,475</u></u>
The average salaries and wages	<u><u>\$ 1,434</u></u>	<u><u>1,276</u></u>
Adjustment of the average salaries and wages	<u><u>12.38 %</u></u>	<u><u>15.27 %</u></u>
Remuneration of supervisors	<u><u>\$ -</u></u>	<u><u>-</u></u>

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(i) Policy for directors' remuneration:

- 1) The Company's independent directors will receive the remuneration monthly, and they are also provided with transportation allowances based on their board meeting attendance. However, no variable remuneration was paid by the Company.
- 2) According to the Company's articles, the directors' remuneration is approved by the board of directors in accordance with the degree of participation and value of contributions of each director to the operation of the Company, as well as the salary standards of the same peer or industry. Also, they are provided with transportation allowances based on their board meeting attendance. However, no variable remuneration was paid by the Company
- 3) On June 5, 2009, the Company had approved to abolish the appropriation earnings for directors and supervisors as remuneration at the annual stockholders' meeting.

(ii) Policy for remuneration to supervisors:

On June 25, 2015, the Company has established an Audit Committee to replace its supervisors.

(iii) Policy for managers' remuneration:

According to the Company's articles and Article 29 of the R.O.C. Company Act, the Company's managers will receive a monthly remuneration, annual bonus, performance bonus and managers' bonus. Also, The Company monthly allocates retirement pension (including both old and new) and welfare payments to their personal accounts in accordance with the provisions of the Company's Pension. Furthermore, an additional remuneration will be provided to managers under exceptional situations, such as executive retirement bonuses, severance payment, etc. Also, a fixed monthly remuneration will be adjusted based on the annual standard adjustment for general employees. Besides, the chairman of the board of directors will propose the adjustment to the remuneration committee after considering and evaluating the overall performance of the manager's responsibilities (including operational effectiveness, financial performance, industrial safety incidents, environmental sustainability, energy saving, etc.) as well as the achievement of the individual's "annual work target".

(iv) Policy for employee remuneration:

The Company's employees are paid monthly. They will also receive their annual bonus, festival bonus, performance bonus and managers' bonus, depending on the business condition of the Company. Besides, the monthly wages are adjusted with reference to the Consumer Price Index (CPI), industry salary level, and relevant economic data.

(Continued)

FORMOSA PLASTICS CORPORATION

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The significant transactions required by the “Guidelines” for the Company were as follows:

(i) Fund financing to other parties (the amounts expressed in CNY are in thousands):

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	13,500,000	4,500,000	-	1.369%~1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Formosa Chemicals & Fiber Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Nan Ya plastic Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	10,500,000	8,600,000	2,900,000	1.088%~1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Formosa Group Ocean Marine Corp.	Other receivables-related parties	Yes	4,579,320	2,672,654	2,452,654	0.980%~1.791%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
0	The Company	Japan Formosa Sumco Technology Corp.	Other receivables-related parties	Yes	700,000	-	-	1%	2	-	Short-term financing	-	-	-	71,536,973	143,073,945	
1	Formosa Industries(Ningbo) Co., Ltd.	Formosa Mitsui Advanced Chemical Co., Ltd.	Other receivables-related parties	Yes	1,380,017 (CNY313,000)	690,449 (CNY156,600)	690,474 (CNY156,600)	2.920%~3.080%	2	-	Short-term financing	-	-	-	21,583,109	53,957,771	Note 4
1	Formosa Industries (Ningbo) Co., Ltd.	Formosa Heavy Industries (Ningbo) Corp.	Other receivables-related parties	Yes	5,731,700 (CNY1,300,000)	5,731,700 (CNY1,300,000)	2,561,719 (CNY581,000)	2.920%~3.080%	2	-	Short-term financing	-	-	-	21,583,109	53,957,771	Note 4
2	Formosa Electronics (Ningbo) Co., Ltd.	Formosa Heavy Industries (Ningbo) Corp.	Other receivables-related parties	Yes	207,223 (CNY47,000)	185,178 (CNY42,000)	185,185 (CNY42,000)	2.920%	2	-	Short-term financing	-	-	-	234,131	585,329	Note 4

Note 1: (1) Those with business contact please fill in 1

(2) Those necessary for short-term financing please fill in 2.

Note 2: (1) The maximum financing allowed should not exceed 50% of the Company's net equity, and the maximum short-term financing to companies with no transaction with the Company could not exceed 40% of the Company's net equity as of December 31, 2022.

(2) The Company grants financing to a related party even if the Company has no normal business transactions with the entity. However, such financing is limited to 25% of the related party's equity based on the current independent auditor's report.

(3) The Company grants financing to an entity even if the Company has no normal business transactions with the entity. However, such financing is limited to 50% of the Company's equity based on the current independent auditor's report.

(4) The ceiling on loans granted by a subsidiary to others shall not be more than 100% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

Note 3: The ending balance was approved by the Board of Directors.

Note 4: The exchange rate of New Taiwan dollars to CNY dollars was 4.409 to 1 for the highest balance of financing to other parties during the period and for the ending balance; and the exchange rate of New Taiwan dollars to CNY dollars was 4.4091549 to 1 for the actual usage during the period.

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Formosa Group (Cayman) Limited	6	232,495,161	8,052,500	7,677,000	7,677,000	-	2.15 %	464,990,322	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	232,495,161	6,601,191	-	-	-	-	464,990,322	N	N	N

Note 1: The guarantees and endorsements of the Company and its subsidiaries were listed in the form of numbers with the rules below:

- (1) The Company is represented by 0.
- (2) The subsidiaries are represented numerically starting from 1.

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

- (1) The Company has business relationship.
- (2) The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.
- (3) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
- (4) Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endorsement and guarantees for each other.
- (5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.
- (7) According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several liability if take part in business of preconstruction real estate.

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 130% of the Company's net assets, the limit on endorsement/guarantee to a single party is 65% of the aforementioned total amount.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Asian Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	68,743	2,289,142	16.17 %	2,289,142	
The Company	Mai-Liao Harbor Administration Corp.	-	Financial assets at fair value through other comprehensive income-non-current	39,574	1,342,032	17.99 %	1,342,032	
The Company	Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,103	13,981	0.81 %	13,981	
The Company	Chinese Television System Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,769	65,549	1.05 %	65,549	
The Company	China Investment & Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,287	9,836	0.80 %	9,836	
The Company	Formosa Plastics Development Corp.	-	Financial assets at fair value through other comprehensive income-non-current	19,769	262,338	18.00 %	262,338	

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
The Company	Xiangho Aircraft Leasing Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	2,071	-	9.55 %	-
The Company	Formosa Petrochemical Transportation Corporation, Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,642	85,994	12.00 %	85,994
The Company	Formosa Technologies Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,925	180,789	12.50 %	180,789
The Company	Formosa Plastics Marine Corp.	-	Financial assets at fair value through other comprehensive income-non-current	2,429	403,457	15.00 %	403,457
The Company	Formosa Group Ocean Investment Corp.	-	Financial assets at fair value through other comprehensive income-non-current	3	3,757,055	19.00 %	3,757,055
The Company	Formosa Plastics Maritime Corp.	-	Financial assets at fair value through other comprehensive income-non-current	354	368,706	18.11 %	368,706
The Company	Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income-non-current	3,750	20,250	3.91 %	20,250
The Company	Central Leasing International Corp.	-	Financial assets at fair value through other comprehensive income-non-current	2,373	-	1.43 %	-
The Company	Inteplast Taiwan Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,160	46,871	18.00 %	46,871
The Company	Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,075	16,040	1.97 %	16,040
The Company	Minima Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	7,405	127,514	19.07 %	127,514
The Company	Formosa Ha Tinh (Cayman) Limited	-	Financial assets at fair value through other comprehensive income-non-current	621,178	<u>7,439,305</u>	11.43 %	<u>7,439,305</u>
The Company	Nan Ya Plastics Corporation	Other related parties	Current financial assets at fair value through other comprehensive income	783,357	<u>16,428,859</u>	9.88 %	<u>16,428,859</u>
The Company	Formosa Chemicals & Fibre Corporation	-	Current financial assets at fair value through other comprehensive income	198,744	14,011,448	3.39 %	14,011,448
The Company	Nan Ya Technology Corp.	-	Current financial assets at fair value through other comprehensive income	334,815	<u>17,142,549</u>	10.81 %	<u>17,142,549</u>
The Company	Puriblood medical Co.,Ltd	-	Current financial assets at fair value through other comprehensive income	1,300	<u>86,772,334</u> <u>175,825</u>	9.14 %	<u>86,772,334</u> <u>175,825</u>
The Company	Mega Prosperity Private Placement Fund	-	Current financial assets at fair value through profit or loss	4,554	<u>1,562,720</u>	25.00 %	<u>1,562,720</u>

(Continued)

FORMOSA PLASTICS CORPORATION

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Formosa Plastics Corp. (Cayman Ltd)	Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	-	135,355	16.11 %	135,355	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Mega Prosperity Placement Fund	Current financial assets at fair value through profit or loss			12,479	3,793,399	-	-	7,925	2,422,695	2,602,065	(179,370)	4,554	1,562,720 (Note 1)
The Company	Securities - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method			-	-	100,000	1,000,000	-	-	-	-	100,000	1,000,818 (Note 2)
The Company	Securities - Formosa Industries U.S.A Co. Ltd	Investments accounted for using equity method	Formosa Industries U.S.A Co. Ltd	Subsidiary	5	14,448,715	1	2,096,710	-	-	-	-	6	13,908,448 (Note 3)

Note 1 : The ending balance includes the net gain of financial assets at fair value through profit or loss of \$371,386 thousand recognized at the end of the period.

Note 2 : The ending balance includes the share of profit of associates and joint ventures accounted for using equity method of \$818 thousand.

Note 3: The ending balance includes the share of profit of associates and joint ventures accounted for using equity method of \$(2,788,445) thousand and accumulated translation adjustment of \$151,468 thousand.

- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The company	6 lands and 2 buildings in Renwu Dist., Kaohsiung City	March 10, 2022	800,863	800,863	Nan Ya Plastics Corporation	Other related parties	NA	NA	NA	-	Refer to market value and appraisal report (Note)	Artificial intelligence research and development and application of medical and financial production center	none

Note: The value of lands and buildings are \$815,878 thousand, estimated by Zhan-Mao Real Estate Appraisers Firm.

- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 thousand or 20% of the capital stock: None

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nan Ya Plastics Corporation	Other related parties	(Sales)	(13,965,022)	(7.16)%	Before the 27th of the following month	-		988,313	7.26%	
The Company	Formosa Chemicals & Fiber Corporation	"	"	(5,704,632)	(2.92)%	Before the 27th of the following month	-		404,641	3.27%	
The Company	Formosa Petrochemical Corporation	Associates	"	(8,180,194)	(4.19)%	Before the 27th of the following month	-		573,642	4.63%	

(Continued)

FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Heavy Industries Corp.	Associates	(Sales)	(248,035)	0.13 %	Before the 27th of the following month	-		6,244	0.05%	
The Company	Formosa Taffeta Co. Ltd.	Other related parties	"	(227,086)	(0.12)%	Before the 27th of the following month	-		11,195	0.09%	
The Company	Inteplast Taiwan Corporation	"	"	(240,571)	(0.12)%	Before the 27th of the following month	-		16,951	0.14%	
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties	"	(301,417)	(0.15)%	O/A 60 days	-		35,235	0.28%	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	"	"	(823,443)	(0.92)%	O/A 60 days	-		248,233	2.00%	
The Company	Formosa Industries Corp., Vietnam	"	"	(364,633)	(0.19)%	O/A 60 days	-		26,175	0.21%	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsidary	"	(10,818,840)	(5.55)%	O/A 90 days	-		815,430	6.59%	
The Company	Formosa Plastics Corp., U.S.A.	Associates	"	(5,897,875)	(3.02)%	O/A 90 days	-		1,441,248	11.64%	
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsidary	"	(2,217,277)	(1.14)%	Before the 30th of the following month	-		29,172	0.24%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	Other related parties	"	(901,889)	(0.46)%	Before the 30th of the following month	-		52,052	0.42%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	"	"	(294,463)	(0.15)%	Before the 30th of the following month	-		9,379	0.08%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	"	"	(457,854)	(0.23)%	Before the 30th of the following month	-		93,852	0.76%	
Formosa Electronic (Ningbo) Co., Ltd.	Fujian Fuxin Special Steel Co., Ltd.	Associates	"	(348,439)	(0.19)%	Before the 30th of the following month	-		812	0.01%	
Formosa Industries U.S.A Co. Ltd	The Company	Parent-subsidary	"	(275,916)	(0.14)%	Before the 10th of the following month	-		28,730	0.23%	
Formosa Industries U.S.A Co. Ltd	Inteplast Group	Other related parties	"	(2,674,353)	(1.37)%	Before the 10th of the following month	-		163,400	1.32%	
The Company	Nan Ya Plastics Corporation	Other related parties	Purchase	1,576,287	1.21 %	Before the 27th of the following month	-		(84,520)	(0.99)%	
The Company	Formosa Chemicals & Fiber Corporation	"	"	2,332,017	1.79 %	Before the 27th of the following month	-		(219,217)	(2.58)%	
The Company	Formosa Petrochemical Corporation	Associates	"	78,588,953	60.28 %	Before the 27th of the following month	-		(5,562,011)	(65.45)%	
The Company	Formosa Heavy Industries Corp.	"	"	1,547,139	1.19 %	Before the 27th of the following month	-		(8,789)	(0.10)%	
The Company	Formosa Industries U.S.A Co. Ltd.	Parent-subsidary	"	275,916	0.21 %	Before the 90th of the following month	-		(28,730)	(0.34)%	

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FORMOSA PLASTICS CORPORATION

Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsidary	Purchase	25,889,513	19.86 %	O/A 90 days	-		(1,387,237)	(16.32)%	Note
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics Corporation	Other related parties	"	107,899	0.08 %	O/A 90 days	-		-	-%	
Formosa Industries U.S.A Co. Ltd.	Formosa Plastics U.S.A Co. Ltd.	Associates	"	8,099,386	6.21 %	Before the 10th of the following month	-		419,916	(4.94)%	

Note : Including the purchases of raw materials on behalf of related parties.

(viii) Receivables from related parties with amounts exceeding the lower of \$100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Nan Ya Plastics Corporation	Other related parties	988,313	11.03 %	-	-	988,313	-	
The Company	Formosa Chemicals & Fiber Corporation	"	404,641	11.43 %	-	-	404,641	-	
The Company	Formosa Petrochemical Corporation	Associates	573,642	12.74 %	-	-	573,642	-	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Other related parties	248,233	2.17 %	-	-	120,827	-	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsidary	815,430	7.79 %	-	-	350,358	-	
The Company	Formosa Plastics Corp., U.S.A.	Associates	1,441,248	5.77 %	-	-	487,299	-	
The Company	Formosa Group Ocean Marine Corp.	Other related parties	2,452,654	-	-	-	-	-	
The Company	Formosa Heavy Industries Corp.	"	2,900,000	-	-	-	-	-	
The Company	Fujian Fuxin Special Steel Co., Ltd	Associates	1,590,609	-	-	-	-	-	
Formosa Industries (Ningbo) Co., Ltd.	Formosa Mitsui Advanced Chemical Co., Ltd.	joint venture	955,023	-	-	-	-	-	
Formosa Industries (Ningbo) Co., Ltd.	Formosa Heavy Industries(Ningbo) Corp	Associates	2,204,577	-	-	-	-	-	
Formosa Industries U.S.A Co. Ltd	INTEPLAST GROUP	Other related parties	163,400	-	-	-	-	-	

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Ownership	Carrying value			
The Company	Formosa Petrochemical Corporation	Taiwan	Petrochemicals	30,144,951	30,144,951	2,720,549	28.56 %	89,018,096	14,421,560	4,218,733	Note 1, Note 2
The Company	Formosa Plastics Corp., U.S.A.	U.S.A	Chemicals	5,614,024	5,614,024	70	22.66 %	75,212,016	17,641,231	3,997,097	Note 1, Note 2
The Company	Formosa Heavy Industries Corp.	Taiwan	Mechanical equipment	2,498,463	2,498,463	661,458	32.92 %	7,161,374	(1,762,047)	(590,385)	Note 1, Note 2
The Company	Sky Dragon Investment Limited	Samoa	Investment	13,221,416	13,221,416	425,800	50.00 %	3,122,370	(2,975,557)	(1,487,779)	Note 1, Note 2
The Company	Formosa Plastics Corp. (Cayman Ltd.)	Cayman	Investment	27,347,136	27,347,136	78	100.00 %	723,698	2,589,699	2,589,699	Note 1, Note 2
The Company	Mai Liao Power Corp.	Taiwan	Electricity	5,985,531	5,985,531	764,201	24.94 %	9,768,599	(4,514,707)	(1,126,063)	Note 1, Note 2
The Company	Formosa Sunco Technology Corp.	Taiwan	Electronics manufacture	1,709,987	1,709,987	112,708	29.06 %	7,216,118	4,821,749	1,401,186	Note 1, Note 2
The Company	Formosa Transportation Corp.	Taiwan	Transportation	110,664	110,664	6,566	33.33 %	1,210,265	(46,742)	(15,579)	Note 1, Note 2
The Company	Formosa Fairway Corp.	Taiwan	Transportation	33,330	33,330	4,698	33.33 %	22,825	(33,027)	(11,008)	Note 2

(Continued)

FORMOSA PLASTICS CORPORATION

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Ownership	Carrying value			
The Company	Yi-Jih Development Corp.	Taiwan	Construction	12,003	12,003	1,200	28.72 %	19,667	(51)	(15) Note 2	
The Company	Ya Tai Development Corp.	Taiwan	Development of land	54,034	54,034	1,306	45.04 %	19,662	652	294 Note 2	
The Company	Formosa Asahi Spandex Co., Ltd.	Taiwan	Artificial fiber	501,752	501,752	50	50.00 %	1,261,244	7,102	3,551 Note 2	
The Company	Formosa Automobile Corporation	Taiwan	Automobile	270,442	270,442	27,044	45.00 %	508,991	481,529	216,682 Note 2	
The Company	Wha Ya Park Management Consulting Corporation Ltd.	Taiwan	Consulting service	341	341	33	33.00 %	4,140	1,267	419 Note 2	
The Company	Formosa Daikin Advanced Chemical Co., Ltd.	Taiwan	Chemical industry	100,000	100,000	24	50.00 %	1,345,390	26,021	13,010 Note 2	
The Company	Formosa Resources Corporation	Taiwan	Mining industry	8,300,471	8,300,471	830,047	25.00 %	8,358,827	(854,448)	(213,612) Note 1, Note 2	
The Company	Formosa Environmental Technology Corporation	Taiwan	Environmental industry	417,145	417,145	41,714	24.34 %	231,815	10,626	2,586 Note 1, Note 2	
The Company	Formosa Plastics Construction Corporation	Taiwan	Construction	600,000	600,000	60,000	33.33 %	578,907	(44,634)	(14,878) Note 2	
The Company	Formosa Group (Cayman) Limited	Cayman	Investment	377	377	13	25.00 %	766,964	127,156	31,789 Note 1, Note 2	
The Company	Formosa Industries Corporation	U.S.A	Chemicals	17,736,955	15,640,245	6	100.00 %	13,908,448	(2,788,445)	(2,788,445) Note 1, Note 2	
The Company	Japan Tokuyama Co., Ltd.	Taiwan	Semiconductor	500,000	500,000	50,000	50.00 %	337,734	(238,729)	(119,365) Note 2	
The Company	Formosa Smart Energy Tech Corporation	Taiwan	Battery green energy	1,000,000	-	100,000	25.00 %	1,000,818	3,271	818 Note 2	
Formosa Plastics Corp. (Cayman Ltd.)	Formosa Industries (Hong Kong) Limited	Hong Kong	Reinvestment	15,801,889	15,801,889	-	100.00 %	54,543,100	2,649,399	2,649,399 Note 1, Note 2	
Formosa Industries Corporation	Formosa Olefins, L.L.C.	U.S.A	Olefins	(USD501,902)	(USD501,902)	-	33.00 %	(USD1,776,185)	(USD88,752)	(USD88,752) Note 2, Note 3	
Formosa Industries Corporation	Formosa Olefins, L.L.C.	U.S.A	Olefins	3,527,939	3,527,939	-	33.00 %	5,288,108	(1,705,678)	(562,875) Note 2, Note 3	
Formosa Industries Corporation	Lolita Packaging, L.L.C.	U.S.A	Transportation	(USD108,075)	(USD108,075)	-	38.00 %	(USD172,206)	(USD-57,138)	(USD-18,856) Note 2, Note 3	
Formosa Industries Corporation	Lolita Packaging, L.L.C.	U.S.A	Transportation	306,478	306,478	-	38.00 %	250	200,542	76,206 Note 2, Note 3	
				(USD9,880)	(USD9,880)			(USD8)	(USD6,718)	(USD2,553)	

Note 1 : Including cumulative translation adjustments.

Note 2 : Long-term equity investments under equity method.

Note 3 : The exchange rate of New Taiwan dollars to US dollars on December 30, 2022 was 30.7080 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2022, was 29.8517 to 1.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Formosa Industries (Ningbo) Co., Ltd.(note 2)	Plastics	31,188,509 (USD989,023)	(2)	26,928,755 (USD845,270)	-	-	26,928,755 (USD845,270)	2,538,404 (USD85,034)	100.00%	2,538,404 (USD85,034)	53,957,771 (USD1,757,124)	-
Formosa Electronic (Ningbo) Co., Ltd.(note 2)	Electronics	74,648 (USD2,260)	(2)	66,137 (USD2,000)	-	-	66,137 (USD2,000)	110,996 (USD3,718)	100.00%	110,996 (59,537)	585,329 (USD19,061)	-
Formosa Mitsui Advanced Chemical Co., Ltd.	Electrolyte	501,096 (USD17,400)	(2)	250,548 (USD8,700)	-	-	250,548 (USD8,700)	(119,074) (USD-3,988)	50.00%	(59,537) (USD-1,994)	21,425 (USD698)	-
Fujian Fuxin Special Steel Co., Ltd	Steel	34,347,344 (USD1,460,000)	(2)	13,221,416 (USD425,800)	-	-	13,221,416 (USD425,800)	(5,101,355) (USD-170,890)	29.16%	(1,487,779) (USD-49,839)	3,121,914 (USD101,665)	-
Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd.	Carbon fiber	616,986 (USD19,000)	(2)	99,993 (USD3,060)	-	-	99,993 (USD3,060)	(39,701) (USD-1,330)	16.11%	-	135,355 (USD4,408)	-

Note1 : Investment methods are classified into the following three categories.

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

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FORMOSA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note1)	Upper Limit on Investment (Note 2)
40,566,849 (USD1,284,830)	43,735,654 (USD1,424,243)	-

Note: The exchange rate of New Taiwan dollars to US dollars on December 30, 2022, was 30.708 to 1.

Note 1: Including US\$ 139,413 thousand approved capital increase out of retained earnings.

Note 2: The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chang Gung Medical Foundation		601,011,035	9.44 %
Formosa Chemicals and Fiber Corporation		486,978,694	7.64 %
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of Credit Suisse Bank-Credit Suisse Singapore Branch investment account		398,731,554	6.26 %

- (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.
- (ii) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account, The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial statements in 2022.

Formosa Plastics Corporation

Chairman: Jason Lin