

**FORMOSA CHEMICALS & FIBRE
CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2022 AND 2021**

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

FORMOSA CHEMICALS & FIBRE CORPORATION

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000318

To the Board of Directors and Shareholders of FORMOSA CHEMICALS & FIBRE CORPORATION

Opinion

We have audited the accompanying parent company only balance sheets of FORMOSA CHEMICALS & FIBRE CORPORATION (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter – *Audits of the Other Independent Auditors* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of loss allowance for accounts receivable

Description

Refer to Note 4(9) of parent company only financial statements for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, and Note 6(4) for details of loss allowance for accounts receivable. As of December 31, 2022, the Company's accounts receivable amounted to NT\$17,371,084 thousand, net of loss allowance in the amount of NT\$67,152 thousand.

The Company assesses expected credit impairment loss on accounts receivable based on historical experience, forward-looking information and known reason or existing objective evidences. For those accounts which are considered uncollectible, the Company recognises impairment with a credit to accounts receivable. Management evaluates the reasonableness of estimated provision periodically. As the estimation of loss allowance is subject to management's judgement and business indicators, the amount of provision is based on the collectability of accounts receivable, and considering that accounts receivable and loss allowance are material to the financial statements, we considered the loss allowance for accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the overdue aging report used when management assessed the expected credit impairment loss, assessed whether the logic of data source was consistently applied, and tested its accuracy with proper documents.
2. Assessed the reasonableness of estimates used by management in calculating expected credit impairment loss and obtained supporting documents, including forward-looking information, disputed accounts, overdue accounts, subsequent collection, and other indicators that would show that the customer would be unable to repay on schedule.

3. Performed subsequent collection test in order to verify the adequacy of loss allowance provided for accounts receivable.

Valuation of inventories

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for detailed information on allowance for inventory valuation losses. As of December 31, 2022, the inventory and allowance for inventory valuation losses were NT\$20,413,776 thousand and NT\$1,241,314 thousand, respectively. The Company is primarily engaged in the manufacture and sales of petrochemical plastic products, fibers weaving and cords. Because the price of petrochemical plastic products is subject to the fluctuations in international crude oil prices, and the textile market is competitive, there is a higher risk of inventory valuation loss. The Company recognises inventories at the lower of cost and net realisable value, and the net realisable value is calculated based on average price less selling expenses. Since the net realisable value used in inventory valuation involves subjective judgement and high uncertainty in estimation, and the allowance for inventory valuation loss is material to the financial statements, we considered the valuation of inventory as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures on allowance for inventory valuation loss, including the reasonableness of classification of inventory in determining the net realisable value;
2. Obtained an understanding of the Company's warehousing control procedures, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of inventory and internal control over inventory.
3. Checked the method in calculating the net realisable value of inventory and assessed the reasonableness of allowance for valuation loss.

Other matter – audits of the other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to NT\$112,548,005 thousand and NT\$126,366,526 thousand, both constituting 25% of total assets as of December 31, 2022 and 2021, respectively, and comprehensive (loss) income was (NT\$4,470,574) thousand and NT\$14,884,187 thousand, constituting 12% and 24% of total comprehensive (loss) income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent auditors.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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 auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Juanlu, Man-Yu

Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

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

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	10,524,194	2	\$	2,791,166	1
1110	Financial assets at fair value through profit or loss - current	6(2)		1,562,719	-		3,793,036	
1120	Current financial assets at fair value through other comprehensive income	6(3)		91,204,762	21		115,266,234	23
1150	Notes receivable, net	6(4)		198,376	-		258,148	-
1160	Notes receivable - related parties	6(4) and 7		186,163	-		318,393	-
1170	Accounts receivable, net	6(4)		6,517,260	2		7,504,916	1
1180	Accounts receivable - related parties	6(4) and 7		10,853,824	2		17,617,929	3
1200	Other receivables	7		1,332,436	-		1,256,349	-
1210	Other receivables - related parties	7		2,758,252	1		2,698,693	1
130X	Inventory	6(5)		19,172,462	4		21,039,301	4
1470	Other current assets			3,820,291	1		4,084,191	1
11XX	Total current assets			148,130,739	33		176,628,356	35
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		19,828,417	5		31,887,504	6
1550	Investments accounted for under equity method	6(6)		209,725,866	47		228,496,601	45
1600	Property, plant and equipment	6(7) and 8		58,282,675	13		56,451,606	11
1755	Right-of-use assets	6(8)		23,502	-		21,468	-
1840	Deferred income tax assets	6(24)		1,585,212	-		2,118,024	1
1900	Other non-current assets	6(1)		8,207,070	2		7,888,369	2
15XX	Total non-current assets			297,652,742	67		326,863,572	65
1XXX	Total assets		\$	445,783,481	100	\$	503,491,928	100

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 10,300,000	2	\$ 8,884,300	2
2110	Short-term notes and bills payable	6(9)	31,593,440	7	17,496,684	3
2170	Accounts payable		1,481,060	-	1,377,476	-
2180	Accounts payable - related parties	7	12,934,223	3	16,022,287	3
2200	Other payables	7	6,643,816	2	7,044,405	1
2230	Current income tax liabilities		100,396	-	3,978,189	1
2280	Current lease liabilities		5,732	-	4,749	-
2320	Long-term liabilities, current portion	6(10)(11)	6,850,000	2	4,550,000	1
2399	Other current liabilities		2,185,430	-	2,596,144	1
21XX	Total current liabilities		72,094,097	16	61,954,234	12
Non-current liabilities						
2530	Corporate bonds payable	6(10)	40,650,000	9	45,500,000	9
2540	Long-term borrowings	6(11)	2,500,000	1	-	-
2570	Deferred income tax liabilities	6(24)	32,029	-	31,739	-
2580	Non-current lease liabilities		18,247	-	17,130	-
2600	Other non-current liabilities	6(12)	4,362,367	1	5,018,293	1
25XX	Total non-current liabilities		47,562,643	11	50,567,162	10
2XXX	Total liabilities		119,656,740	27	112,521,396	22
Equity						
	Share capital	6(13)				
3110	Common stock		58,611,863	13	58,611,863	12
	Capital surplus	6(14)				
3200	Capital surplus		9,246,656	2	9,192,999	2
	Retained earnings	6(15)				
3310	Legal reserve		70,224,189	16	66,313,982	13
3320	Special reserve		76,461,277	17	70,032,921	14
3350	Unappropriated retained earnings		41,405,257	9	72,145,718	14
	Other equity interest	6(16)				
3400	Other equity interest		70,501,451	16	114,997,001	23
3500	Treasury stocks	6(13)	(323,952)	-	(323,952)	-
3XXX	Total equity		326,126,741	73	390,970,532	78
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 445,783,481	100	\$ 503,491,928	100

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	\$ 247,351,121	100	\$ 243,485,062	100
5000	Operating costs	6(5)(22)(23) and 7	(243,357,386)	(98)	(215,215,994)	(88)
5900	Net operating margin		3,993,735	2	28,269,068	12
5910	Unrealised profit from sales		(42,925)	-	(325,044)	-
5920	Realised profit from sales		325,044	-	47,243	-
5950	Net operating margin		4,275,854	2	27,991,267	12
	Operating expenses	6(12)(22)(23) and 7				
6100	Selling expenses		(6,750,734)	(3)	(8,054,373)	(3)
6200	General and administrative expenses		(3,712,064)	(1)	(3,873,175)	(2)
6000	Total operating expenses		(10,462,798)	(4)	(11,927,548)	(5)
6900	Operating (loss) profit		(6,186,944)	(2)	16,063,719	7
	Non-operating income and expenses					
7100	Interest income	6(18)	88,113	-	48,103	-
7010	Other income	6(19) and 7	9,659,746	4	3,414,224	1
7020	Other gains and losses	6(20)	2,602,241	1	(626,220)	-
7050	Finance costs	6(7)(21) and 7	(1,017,942)	(1)	(697,113)	-
7070	Share of profit of associates and joint ventures accounted for under equity method	6(6)	2,057,411	1	23,460,919	9
7000	Total non-operating income and expenses		13,389,569	5	25,599,913	10
7900	Profit before income tax		7,202,625	3	41,663,632	17
7950	Income tax benefit (expense)	6(24)	156,906	-	(3,304,285)	(1)
8200	Profit for the year		\$ 7,359,531	3	\$ 38,359,347	16

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income (net)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plan	6(12)			
		\$ 294,190	- (\$	349,586)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)			
		(36,116,309)	(14)	19,745,942	8
8330	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				
		(11,602,079)	(5)	4,479,492	2
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss				
		(47,424,198)	(19)	23,875,848	10
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(16)			
		1,549,826	- (	488,425)	-
8380	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				
		2,110,713	1 (	614,116)	(1)
8399	Income tax relating to the components of other comprehensive income	6(16)(24)			
		(359,626)	-	111,624	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss				
		3,300,913	1 (	990,917)	(1)
8300	Other comprehensive (loss) income for the year				
		(\$ 44,123,285)	(18)	\$ 22,884,931	9
8500	Total comprehensive (loss) income for the year				
		(\$ 36,763,754)	(15)	\$ 61,244,278	25
Basic earnings per share (in dollars)					
		Before Tax	After Tax	Before Tax	After Tax
9750	Net income	\$ 1.23	\$ 1.26	\$ 7.12	\$ 6.56
Assuming shares held by subsidiary are not deemed as treasury stock:					
Basic earnings per share (in dollars)					
		Before Tax	After Tax	Before Tax	After Tax
	Net income	\$ 1.23	\$ 1.26	\$ 7.11	\$ 6.54

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Revaluation surplus	Treasury stocks	Total
For the year ended December 31, 2021												
Balance at January 1, 2021		\$ 58,611,863	\$ 9,167,637	\$ 64,335,076	\$ 66,328,339	\$ 53,380,101	(\$ 5,272,606)	\$ 98,095,277	\$ 32,123	\$ -	(\$ 323,952)	\$ 344,353,858
Profit for the year		-	-	-	-	38,359,347	-	-	-	-	-	38,359,347
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	(537,510)	(968,064)	24,413,358	(22,853)	-	-	22,884,931
Total comprehensive income (loss)		-	-	-	-	37,821,837	(968,064)	24,413,358	(22,853)	-	-	61,244,278
Appropriations of 2021 earnings	6(15)											
Legal reserve		-	-	1,978,906	-	(1,978,906)	-	-	-	-	-	-
Special reserve		-	-	-	3,704,582	(3,704,582)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(14,652,966)	-	-	-	-	-	(14,652,966)
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	11,379	-	-	-	-	-	-	-	-	11,379
Changes in the net interest of associates recognised under the equity method	6(14)	-	442	-	-	2,565	-	(2,565)	-	-	-	442
Expired cash dividends reclassified to capital surplus	6(14)	-	12,366	-	-	-	-	-	-	-	-	12,366
Expired dividends paid from capital surplus	6(14)	-	(682)	-	-	-	-	-	-	-	-	(682)
Changes in ownership interests in subsidiaries	6(14)	-	1,857	-	-	-	-	-	-	-	-	1,857
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(16)	-	-	-	-	1,277,669	-	(1,277,669)	-	-	-	-
Balance at December 31, 2021		\$ 58,611,863	\$ 9,192,999	\$ 66,313,982	\$ 70,032,921	\$ 72,145,718	(\$ 6,240,670)	\$ 121,228,401	\$ 9,270	\$ -	(\$ 323,952)	\$ 390,970,532
For the year ended December 31, 2022												
Balance at January 1, 2022		\$ 58,611,863	\$ 9,192,999	\$ 66,313,982	\$ 70,032,921	\$ 72,145,718	(\$ 6,240,670)	\$ 121,228,401	\$ 9,270	\$ -	(\$ 323,952)	\$ 390,970,532
Profit for the year		-	-	-	-	7,359,531	-	-	-	-	-	7,359,531
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	412,469	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(44,123,285)
Total comprehensive income		-	-	-	-	7,772,000	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(36,763,754)
Appropriations of 2022 earnings	6(15)											
Legal reserve		-	-	3,910,207	-	(3,910,207)	-	-	-	-	-	-
Special reserve		-	-	-	6,428,356	(6,428,356)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(28,133,694)	-	-	-	-	-	(28,133,694)
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	21,847	-	-	-	-	-	-	-	-	21,847
Changes in thue net interest of associates recognised under the eqity method	6(14)	-	145	-	-	2,428	-	(2,428)	-	-	-	145
Expired cash dividends reclassified to capital surplus	6(14)	-	18,555	-	-	-	-	-	-	-	-	18,555
Expired dividends paid from capital surplus	6(14)	-	(715)	-	-	-	-	-	-	-	-	(715)
Changes in ownership interests in subsidiaries	6(14)	-	13,825	-	-	-	-	-	-	-	-	13,825
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(16)	-	-	-	-	(42,632)	-	42,632	-	-	-	-
Balance at December 31, 2017		\$ 58,611,863	\$ 9,246,656	\$ 70,224,189	\$ 76,461,277	\$ 41,405,257	(\$ 2,930,647)	\$ 72,429,555	\$ 160	\$ 1,002,383	(\$ 323,952)	\$ 326,126,741

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 7,202,625	\$ 41,663,632
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	6,368,522	5,958,059
Amortization	6(22)	3,406,195	3,470,945
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	6(20)	(192,014)	95,474
Interest expense	6(21)	1,017,941	697,113
Interest income	6(18)	(88,113)	(48,103)
Dividend income	6(19)	(8,958,243)	(2,839,615)
Share of profit or loss of associates accounted for under the equity method		(2,057,411)	(23,460,919)
Loss (gain) on disposal and scrap of property, plant and equipment	6(20)	59,283	(13,102)
Realised (gain) loss from sales		(282,119)	277,801
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		59,772	8,743
Notes receivable-related parties		132,230	(190,783)
Accounts receivable		987,656	(1,708,294)
Accounts receivable-related parties		6,764,105	(5,435,952)
Other receivables		(70,781)	(536,003)
Inventory		1,866,839	(7,795,756)
Other current assets		263,900	470,534
Changes in operating liabilities			
Accounts payable		103,584	(461,469)
Accounts payable-related parties		(3,088,064)	4,938,310
Other payables		(648,404)	1,992,426
Other current liabilities		(410,714)	(2,513,569)
Accrued pension liabilities		(368,841)	(299,767)
Cash inflow generated from operations		12,067,948	14,269,705
Interest received		82,807	50,677
Dividends received		23,014,316	6,710,126
Interest paid		(1,021,203)	(666,537)
Income tax paid		(3,547,411)	(520,130)
Net cash flows from operating activities		30,596,457	19,843,841

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other receivables-related parties		(\$ 59,559)	\$ 1,496,905
Proceeds from disposal of financial assets at fair value through profit or loss		2,422,330	-
Shares returned from reduction in financial assets at fair value through other comprehensive income		4,250	-
Acquisition of investments accounted for under the equity method		(851,531)	(936,282)
Proceeds from liquidation of investments accounted for under the equity method		-	738,764
Acquisition of property, plant and equipment	6(26)	(8,017,299)	(8,041,818)
Proceeds from disposal of property, plant and equipment		31,012	21,820
Increase in deferred expenses		(3,709,923)	(4,293,505)
Increase guarantee deposits paid		(15,663)	-
Net cash flows used in investing activities		(10,196,383)	(11,014,116)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		1,415,700	(4,878,900)
Increase in short-term notes and bills payable		14,096,756	1,899,929
Increase in long-term borrowings		5,500,000	-
Payment of long-term borrowings		(1,000,000)	-
Increase in corporate bonds payable		-	10,000,000
Payment of corporate bonds payable		(4,550,000)	(2,050,000)
Payment of lease liabilities		(5,735)	(5,680)
Increase (decrease) in other non-current liabilities		7,105	(51,039)
Payment of cash dividends	6(26)	(28,130,157)	(14,657,452)
Expired dividends paid from capital surplus		(715)	(682)
Net cash flows used in financing activities		(12,667,046)	(9,743,824)
Net increase (decrease) in cash and cash equivalents		7,733,028	(914,099)
Cash and cash equivalents at beginning of year		2,791,166	3,705,265
Cash and cash equivalents at end of year		\$ 10,524,194	\$ 2,791,166

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

FORMOSA CHEMICALS & FIBRE CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Formosa Chemicals & Fibre Corporation (the Company) was founded on March 5, 1965. The Company now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division, Second Fiber Division, and Engineering & Construction Division. The Company's major businesses are production and sales of petrochemical products, including PTA, PS, AN, Butadiene, SM polymer, SM, benzene, toluene, p-xylene (PX) and o-xylene (OX), as well as nylon fiber, and rayon staple fiber. The Company is also engaged in spinning, weaving, dyeing and finishing.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 3, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and operating results based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

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

The above standards and interpretations have no significant impact to the Company's financial condition and operating results based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the

lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method/subsidiaries and associates

- A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to comply with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. Upon loss of significant influence over a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. The amount previously recognised in other comprehensive income in relation to the subsidiary is reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. When the Company loses significant influence over the subsidiary, the profit or loss is reclassified from equity to profit or loss.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive

income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- M. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	15 ~ 50 years
Machinery and equipment	5 ~ 15 years
Transportation equipment	3 ~ 15 years
Other equipment	3 ~ 15 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate;
 - (c) Amounts expected to be payable by the lessee under residual value guarantees;
 - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract

modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(15) Impairment of non-financial assets

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

(16) Borrowings

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

(17) Notes and accounts payable

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

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

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

(20) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the

subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

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

(23) Treasury shares

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

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

Sales of goods

- A. The Company manufactures and sells a variety of petrochemical products, including the spinning, weaving, dyeing and finishing of rayon and nylon fiber. Sales are recognised 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 wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. The amount of sales revenue recognised is equal to the contract price net of volume discounts and sales discounts and allowances. Volume discounts and sales discounts and allowances are estimated based on historical information, and a refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are

continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of accounts receivable

In the process of assessing impairment of accounts receivable, the Company must use judgements and assumptions to determine the collectability of accounts receivable. The collectability is affected by various factors: customers' financial conditions, the Company's internal credit ratings, historical experience, etc. When sales are not expected to be collected, the Company recognises a specific allowance for doubtful receivables after the assessment. The assumptions and estimates of loss allowance provided for accounts receivable are based on concerning future events as that on the balance sheet date. Assumptions and estimates may differ from the actual results which may result in material adjustments.

B. Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories was \$19,172,462.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 315	\$ 312
Checking accounts and demand deposits	3,165,502	2,790,854
Cash equivalents		
Commercial papers	4,733,977	
Bonds with resale agreement	2,624,400	-
	<u>\$ 10,524,194</u>	<u>\$ 2,791,166</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. Loss allowance is measured using 12-month expected credit losses. For the years ended December 31, 2022 and 2021, the Company did not recognise any loss allowance.

B. As of December 31, 2022, the capital and interest repatriated by the Company amounting to USD

35,795 thousand and USD 361 thousand, respectively, with the total equivalent to NTD 1,110,280, and as of December 31, 2021, the capital repatriated by the Company amounting to USD 35,795 thousand (equivalent to \$991,066) that failed to meet the definition of cash and cash equivalents under IAS 7, ‘Statement of Cash Flows’ due to the restrictions under “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act” were classified as other financial assets, and listed under other non-current assets.

C. The Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Fund	\$ 1,491,063	\$ 4,085,299
Valuation adjustment	<u>71,656</u>	<u>(292,263)</u>
Total	<u>\$ 1,562,719</u>	<u>\$ 3,793,036</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Fund	<u>\$ 192,014</u>	<u>(\$ 95,474)</u>

B. The Company did not pledge financial assets at fair value through profit or loss to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(3).

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Equity instruments		
Listed stocks	\$ 23,864,654	\$ 23,864,654
Unlisted stocks	725,839	725,839
Valuation adjustment	66,614,269	90,675,741
	<u>\$ 91,204,762</u>	<u>\$ 115,266,234</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 20,184,253	\$ 20,188,503
Valuation adjustment	(355,836)	11,699,001
	<u>\$ 19,828,417</u>	<u>\$ 31,887,504</u>

- A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 36,116,309)	\$ 19,745,942

- B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were \$111,033,179 and \$147,153,738, respectively.
- C. The Company did not pledge financial assets at fair value through other comprehensive income to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 198,376	\$ 258,148
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 198,376</u>	<u>\$ 258,148</u>
Notes receivable - related parties	<u>\$ 186,163</u>	<u>\$ 318,393</u>
Accounts receivable	\$ 6,584,412	\$ 7,576,992
Less: Allowance for uncollectible accounts	(67,152)	(72,076)
	<u>\$ 6,517,260</u>	<u>\$ 7,504,916</u>
Accounts receivable - related parties	<u>\$ 10,853,824</u>	<u>\$ 17,617,929</u>

A. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$18,445,270.

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$384,539 and \$576,541 and accounts receivable were \$17,371,084 and \$25,122,845, respectively.

C. Information relating to credit risk is provided in Note 12(3).

(5) Inventories

December 31, 2022		
	Cost	Allowance for valuation loss
Raw materials	\$ 7,799,563	(\$ 218,780)
Materials	3,626,399	(596,417)
Work in progress	2,675,454	(149,410)
Finished goods	6,291,849	(276,707)
Other inventory	20,511	-
	<u>\$ 20,413,776</u>	<u>(\$ 1,241,314)</u>
December 31, 2021		
	Cost	Allowance for valuation loss
Raw materials	\$ 8,299,391	(\$ 67,472)
Materials	3,338,637	(544,517)
Work in progress	2,431,917	(182,162)
Finished goods	7,940,209	(181,667)
Other inventory	4,965	-
	<u>\$ 22,015,119</u>	<u>(\$ 975,818)</u>

Expense and loss incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Cost of inventories sold	\$ 240,893,193	\$ 213,797,020
Loss on inventory valuation (Note)	265,496	409,392
Idle capacity (including annual survey and work stoppage)	2,171,631	850,301
Others	27,066	159,281
	<u>\$ 243,357,386</u>	<u>\$ 215,215,994</u>

(6) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries		
FCFC Investment Corp. (Cayman)	\$ 66,631,431	\$ 67,879,918
Formosa Taffeta Co., Ltd.	20,429,118	22,859,755
Formosa Industries Corp., Vietnam	6,495,225	7,314,049
Formosa Idemitsu Petrochemical Corp.	1,147,046	1,744,062
Formosa INEOS Chemicals Corp.	2,645,680	3,227,258
Formosa Biomedical Technology Corp.	2,903,755	3,477,997
Formosa Carpet Corp.	180,575	187,404
Chia-Nan Enterprise Corp.	352,189	339,591
Formosa Green Power Corp.	4,911	-
Associates		
Formosa Petrochemical Corp.	75,322,255	86,080,723
Mai Liao Power Corp.	9,767,776	12,819,210
Formosa Heavy Industries Corp.	7,262,143	7,694,115
Formosa Resource Corp.	7,703,818	6,860,325
Formosa Synthetic Rubber Corp. (Hong Kong)	1,851,242	2,182,064
FG INC.	3,313,454	2,993,906
Formosa Plastics Transport Corp.	1,251,101	1,250,682
Formosa Group (CAYMAN) Corp.	766,965	662,099
Formosa Environmental Technology Corp.	231,886	228,831
Formosa Fairway Corp.	23,479	49,214
Formosa Construction Corp.	565,507	593,734
Formosa Smart Energy Tech Corp.	800,799	-
Hwa Ya Science Park Management Consulting Co., Ltd.	4,140	3,195
Guo Su Plastic Industry Co., Ltd.	71,371	48,469
	<u>\$ 209,725,866</u>	<u>\$ 228,496,601</u>

A. The related information on subsidiaries is provided in Note 4(3) of consolidated financial statements for 2022.

B. The investments accounted for using equity method were based on the investees' audited financial statements for the corresponding periods. The share of profit of subsidiaries and associates accounted for under equity method amounted to \$2,057,411 and \$23,460,919 for the years ended

December 31, 2022 and 2021, respectively.

C. The financial information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2022	December 31, 2021		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.15%	Investments accounted for using equity method	Equity method

D. The summarised financial information of the associate that is material to the Company is shown below:

Balance Sheet

		Formosa Petrochemical Corp.	
		December 31, 2022	December 31, 2021
Current assets		\$ 262,757,723	\$ 286,706,644
Non-current assets		148,710,566	162,099,170
Current liabilities	(	68,174,244)	(56,639,797)
Non-current liabilities	(	30,805,611)	(34,751,549)
Total net assets		<u>\$ 312,488,434</u>	<u>\$ 357,414,468</u>
Share in associate's net assets		\$ 75,465,956	\$ 86,315,594
Unrealised gain from sales of upstream transactions eliminations	(	32,982)	(124,152)
Net differences in share capital	(	110,719)	(110,719)
Carrying amount of the associate		<u>\$ 75,322,255</u>	<u>\$ 86,080,723</u>

Statement of comprehensive income

		Formosa Petrochemical Corp.	
		For the years ended December 31,	
		2022	2021
Revenue		\$ 845,450,311	\$ 617,439,029
Profit for the year from continuing operations		\$ 14,421,560	\$ 49,401,403
Other comprehensive income (loss), net of tax	(	23,143,116)	5,530,189
Total comprehensive income	(\$	<u>8,721,556)</u>	<u>\$ 54,931,592</u>
Dividends received from associates		<u>\$ 8,743,039</u>	<u>\$ 1,357,472</u>

E. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to \$33,613,681 and \$35,385,844, respectively.

	For the years ended December 31,	
	2022	2021
Profit for the year from continuing operations	(\$ 7,392,808)	\$ 909,606
Other comprehensive income (loss), net of tax	(5,416,798)	3,289,015
Total comprehensive income	(\$ 12,809,606)	\$ 4,198,621

F. The fair value of the Company's associate which has quoted market price is as follows:

	December 31, 2022	December 31, 2021
Formosa Petrochemical Corp.	\$ 184,754,224	\$ 220,646,701

- G. On August 8, 2019, the Board of Directors of the Company resolved to increase its investment in the reinvested company, Formosa Resources Corp. The Company participated in the capital increase proportionately to its shareholding ratio, 25%, in the amount of USD 81,250 thousand. The actual investments were USD 31,250 thousand and USD 50,000 thousand on March 10, 2021 and August 19, 2019, respectively.
- H. On August 25, 2020, Tah Shin Spinning Corporation has implemented the liquidation procedure, and the dissolution and liquidation were completed on July 6, 2021.
- I. On December 8, 2021, the Board of Directors of the Company resolved to invest \$46,531, \$27,788 and \$20,680 in Guo Su Plastic Industry Company on March 31, 2022, December 31, 2021 and December 27, 2021, respectively. The Company is the single largest shareholder of Guo Su Plastic Industry Company with a 49% equity interest. Given that the Company has no intention and has no current ability to direct the relevant activities of Guo Su Plastic Industry Company, the Company has no control, but only has significant influence, over the investee.
- J. On May 5, 2022, the Board of Directors resolved to invest in Formosa Smart Energy Tech Corporation amounting to \$800,000 for a 20% equity interest.
- K. The Company received cash dividends of \$14,056,073 and \$3,870,511 for the years ended December 31, 2022 and 2021, respectively, from its investments accounted for using equity method. The cash dividends are recorded as a deduction from the Company's investments accounted for using equity method.
- L. As of December 31, 2022 and 2021, no equity investment held by the Company was pledged to others.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2022</u>						
Cost	\$ 9,520,205	\$ 19,919,650	\$ 186,091,564	\$ 4,522,676	\$ 9,713,056	\$ 229,767,151
Accumulated depreciation and impairment	-	(15,135,728)	(154,606,052)	(3,573,765)	-	(173,315,545)
	<u>\$ 9,520,205</u>	<u>\$ 4,783,922</u>	<u>\$ 31,485,512</u>	<u>\$ 948,911</u>	<u>\$ 9,713,056</u>	<u>\$ 56,451,606</u>
<u>2022</u>						
Opening net book amount	\$ 9,520,205	\$ 4,783,922	\$ 31,485,512	\$ 948,911	\$ 9,713,056	\$ 56,451,606
Additions	-	379,360	1,469,422	90,911	6,343,701	8,283,394
Disposals	-	(14,770)	(75,525)	-	-	(90,295)
Reclassifications	-	452,973	5,572,915	119,651	(6,144,848)	691
Depreciation charge	-	(692,284)	(5,440,773)	(229,664)	-	(6,362,721)
Closing net book amount	<u>\$ 9,520,205</u>	<u>\$ 4,909,201</u>	<u>\$ 33,011,551</u>	<u>\$ 929,809</u>	<u>\$ 9,911,909</u>	<u>\$ 58,282,675</u>
<u>At December 31, 2022</u>						
Cost	\$ 9,520,205	\$ 20,729,024	\$ 191,639,240	\$ 4,717,954	\$ 9,911,909	\$ 236,518,332
Accumulated depreciation and impairment	-	(15,819,823)	(158,627,689)	(3,788,145)	-	(178,235,657)
	<u>\$ 9,520,205</u>	<u>\$ 4,909,201</u>	<u>\$ 33,011,551</u>	<u>\$ 929,809</u>	<u>\$ 9,911,909</u>	<u>\$ 58,282,675</u>

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2021</u>						
Cost	\$ 9,522,375	\$ 19,364,542	\$ 180,450,547	\$ 4,403,532	\$ 9,465,871	\$ 223,206,867
Accumulated depreciation and impairment	- (14,587,357)	(150,579,918)	(3,479,410)	- (168,646,685)		
	<u>\$ 9,522,375</u>	<u>\$ 4,777,185</u>	<u>\$ 29,870,629</u>	<u>\$ 924,122</u>	<u>\$ 9,465,871</u>	<u>\$ 54,560,182</u>
<u>2021</u>						
Opening net book amount	\$ 9,522,375	\$ 4,777,185	\$ 29,870,629	\$ 924,122	\$ 9,465,871	\$ 54,560,182
Additions	- 370,010	855,115	66,603	6,561,093	7,852,821	
Disposals	(2,170)	- (6,466)	(82)	- (8,718)		
Reclassifications	- 264,761	5,874,560	174,170	(6,313,908)	(417)	
Depreciation charge	- (628,034)	(5,108,326)	(215,902)	- (5,952,262)		
Closing net book amount	<u>\$ 9,520,205</u>	<u>\$ 4,783,922</u>	<u>\$ 31,485,512</u>	<u>\$ 948,911</u>	<u>\$ 9,713,056</u>	<u>\$ 56,451,606</u>
<u>At December 31, 2021</u>						
Cost	\$ 9,520,205	\$ 19,919,650	\$ 186,091,564	\$ 4,522,676	\$ 9,713,056	\$ 229,767,151
Accumulated depreciation and impairment	- (15,135,728)	(154,606,052)	(3,573,765)	- (173,315,545)		
	<u>\$ 9,520,205</u>	<u>\$ 4,783,922</u>	<u>\$ 31,485,512</u>	<u>\$ 948,911</u>	<u>\$ 9,713,056</u>	<u>\$ 56,451,606</u>

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

	For the years ended December 31,	
	2022	2021
Amount capitalised	\$ 91,503	\$ 81,089
Interest rate	0.92%~1.32%	0.95%~1.00%

B. Under the regulations, land may only be owned by individuals. Thus, the Company has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Company under the name of a third party, who has pledged the full amount to the Company. As of December 31, 2022 and 2021, the pledged amount was \$12,594.

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

(8) Leasing arrangements — lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 2 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 16,764	\$ 18,577
Buildings	6,738	2,891
	<u>\$ 23,502</u>	<u>\$ 21,468</u>
	For the years ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Land	\$ 1,947	\$ 1,942
Buildings	3,854	3,855
	<u>\$ 5,801</u>	<u>\$ 5,797</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of use assets were \$7,835 and \$77, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 302	\$ 353
Expense on short-term lease contracts	19,174	5,095
Expense on variable lease payments	3,342	4,174

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$28,553 and \$15,302, respectively.

(9) Short-term loans and short-term notes and bills payable

Type of loans	December 31, 2022	Interest rate range	Collateral
Unsecured loans	<u>\$ 10,300,000</u>	1.26%~1.62%	None
Short-term notes and bills payable	<u>\$ 31,650,000</u>	1.35%~1.60%	None
Short-term notes and bills payable discount	(56,560)		
Net short-term notes and bills payable	<u>\$ 31,593,440</u>		
Type of loans	December 31, 2021	Interest rate range	Collateral
Unsecured loans	<u>\$ 8,884,300</u>	0.72%~0.86%	None
Short-term notes and bills payable	<u>\$ 17,500,000</u>	0.28%~0.39%	None
Short-term notes and bills payable discount	(3,316)		
Net short-term notes and bills payable	<u>\$ 17,496,684</u>		

(10) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic unsecured nonconvertible corporate bonds	\$ 45,500,000	\$ 50,050,000
Less: Current portion	(4,850,000)	(4,550,000)
	<u>\$ 40,650,000</u>	<u>\$ 45,500,000</u>

The terms of domestic unsecured nonconvertible corporate bonds were as follows:

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2022	December 31, 2021	Note
<u>2012</u>							
Second issued domestic unsecured nonconvertible corporate bonds - C	2012.12.7	2021.12.7 ~ 2022.12.7	1.51	\$ 4,100,000	\$ -	\$ 2,050,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22 ~ 2023.1.22	1.50	2,200,000	1,100,000	2,200,000	Serial bonds, to be settled 50%, 50%
<u>2013</u>							
First issued domestic unsecured nonconvertible corporate bonds - C	2013.7.8	2022.7.8 ~ 2023.7.8	1.52	2,800,000	1,400,000	2,800,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	\$ 4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2022	December 31, 2021	Note
<u>2019</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2019.5.13	2023.5.13 ~ 2024.5.13	0.75	3,300,000	\$ 3,300,000	\$ 3,300,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2019.5.13	2025.5.13 ~ 2026.5.13	0.83	\$ 3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2019.5.13	2028.5.13 ~ 2029.5.13	0.93	700,000	700,000	700,000	Serial bonds, to be settled 50%, 50%
<u>2020</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2020.9.3	2024.9.3 ~ 2025.9.3	0.52	2,900,000	2,900,000	2,900,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2020.9.3	2026.9.3 ~ 2027.9.3	0.60	5,200,000	5,200,000	5,200,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2020.9.3	2029.9.3 ~ 2030.9.3	0.67	1,900,000	1,900,000	1,900,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2022	December 31, 2021	Note
<u>2021</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2021.5.10	2025.5.10 ~ 2026.5.10	0.48	6,000,000	\$ 6,000,000	\$ 6,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2021.5.10	2027.5.10 ~ 2028.5.10	0.56	4,000,000			Serial bonds, to be settled 50%, 50%
					4,000,000	4,000,000	
					45,500,000	50,050,000	
Less: Current portion of bonds payable					(4,850,000)	(4,550,000)	
					<u>\$ 40,650,000</u>	<u>\$ 45,500,000</u>	

(11) Long-term bank loans and notes payable:

Type of loans	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank loan				
Unsecured loans				
Bank of Taiwan	Jul. 28, 2022~Aug. 10, 2023, the borrowings are repayable at once upon maturity	1.375%~1.5%	None	\$ 2,000,000
Mizuho Bank, Ltd.	Jul. 28, 2022~Dec. 15, 2024, the borrowings are repayable at once upon maturity	1.515%~1.672%	None	
				2,500,000
				4,500,000
Less: Current portion of long-term loans				(2,000,000)
				<u>\$ 2,500,000</u>

December 31, 2021: None.

(12) Pensions:

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee,

under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 7,159,101	\$ 7,646,565
Fair value of plan assets	(2,943,674)	(2,768,109)
Net defined benefit liability	<u>\$ 4,215,427</u>	<u>\$ 4,878,456</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>For the year ended December 31, 2022</u>			
Balance at January 1	\$ 7,646,565	(\$ 2,768,109)	\$ 4,878,456
Current service cost	58,410	-	58,410
Interest expense (income)	38,233	(13,968)	24,265
	<u>7,743,208</u>	<u>(2,782,077)</u>	<u>4,961,131</u>
Remeasurements:			
Return on plan assets	-	(220,120)	(220,120)
Change in financial assumptions	191,829	-	191,829
Experience adjustments	(265,899)	-	(265,899)
	<u>(74,070)</u>	<u>(220,120)</u>	<u>(294,190)</u>
Pension fund contribution	-	(49,048)	(49,048)
Paid pension	(510,037)	107,571	(402,466)
	<u>(510,037)</u>	<u>58,523</u>	<u>(451,514)</u>
Balance at December 31	<u>\$ 7,159,101</u>	<u>(\$ 2,943,674)</u>	<u>\$ 4,215,427</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2021</u>			
Balance at January 1	\$ 7,566,690	(\$ 2,738,052)	\$ 4,828,638
Current service cost	61,953	-	61,953
Interest expense (income)	75,667	(27,646)	48,021
	<u>7,704,310</u>	<u>(2,765,698)</u>	<u>4,938,612</u>
Remeasurements:			
Return on plan assets	-	(8,413)	(8,413)
Change in financial assumptions	221,506	-	221,506
Experience adjustments	136,493	-	136,493
	<u>357,999</u>	<u>(8,413)</u>	<u>349,586</u>
Pension fund contribution	-	(49,409)	(49,409)
Paid pension	(415,744)	55,411	(360,333)
	<u>(415,744)</u>	<u>6,002</u>	<u>(409,742)</u>
Balance at December 31	<u>\$ 7,646,565</u>	<u>(\$ 2,768,109)</u>	<u>\$ 4,878,456</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.25%</u>	<u>0.50%</u>
Future salary increases	<u>2.85%</u>	<u>2.85%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the Taiwan Annuity Table and experience.

Because the main actuarial assumption changed, the present value of defined benefit

obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.35%	Decrease 0.35%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 85,952)	\$ 88,633	\$ 127,623	(\$ 123,223)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 110,753)	\$ 114,526	\$ 160,771	(\$ 154,644)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumption of analysing sensitivity is the same with last year.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 are \$50,427.

B. (a) From July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$165,804 and \$159,784, respectively.

(13) Capital stock

A. As of December 31, 2022, the authorised and paid-in capital was \$58,611,863, consisting of 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.

B. Changes in the treasury stocks for the years ended December 31, 2022 and 2021 are set forth below:

For the year ended December 31, 2022					
<u>Reason for reacquisition</u>	<u>Subsidiary</u>	<u>Beginning shares</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending shares</u>
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co., Ltd.	<u>12,169,610</u>	<u>-</u>	<u>-</u>	<u>12,169,610</u>

For the year ended December 31, 2021					
<u>Reason for reacquisition</u>	<u>Subsidiary</u>	<u>Beginning shares</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending shares</u>
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co., Ltd.	<u>12,169,610</u>	<u>-</u>	<u>-</u>	<u>12,169,610</u>

C. The market value of treasury stocks were \$70.5 and \$80.8 (in dollars) per share at December 31, 2022 and 2021, respectively.

D. The above treasury stocks of the parent company were acquired by subsidiaries.

(14) Capital surplus

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

For the year ended December 31, 2022

	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2022	\$ 2,710,554	\$ 5,514,032	\$ 348,233	\$ 379,632	\$ 163	\$ 240,385
Dividends allocated to subsidiaries	-	-	21,847	-	-	-
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	145	-	-
Changes in ownership interests in subsidiaries	-	-	820	13,005	-	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	(715)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	18,555
At December 31, 2022	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 370,900</u>	<u>\$ 392,782</u>	<u>\$ 163</u>	<u>\$ 258,225</u>

	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2021	\$ 2,710,554	\$ 5,514,032	\$ 336,034	\$ 378,153	\$ 163	\$ 228,701
Dividends allocated to subsidiaries	-	-	11,379	-	-	-
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	442	-	-
Changes in ownership interests in subsidiaries	-	-	820	1,037	-	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	(682)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	12,366
At December 31, 2021	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 348,233</u>	<u>\$ 379,632</u>	<u>\$ 163</u>	<u>\$ 240,385</u>

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining balance is to be set aside as special reserve if necessary; and distributed to shareholders as interest on capital. The remaining balance for current year, after allocating for interest on capital, shall be accumulated with remaining balance of previous year. Bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders.

The special reserve includes:

- i. Reserve for a special purpose;
- ii. Investment income recognised under equity method and deferred income tax assets arising from unused investment tax credits which are deemed unrealised and transferred to special reserve. Such investment income and deferred income tax assets are reclassified to unappropriated earnings only when they are realised;
- iii. Net unrealised gains from financial instruments transactions. The special reserve for unrealised gains from financial instruments is reduced when the accumulated value of the unrealised gains also decreases; and

- iv. Other special reserves as stipulated by other laws.
- B. The Company is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee compensation and special reserves shall be distributed to stockholders. The Company would prefer cash dividend. If the Company requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not exceed 50% of the total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2021 earnings had been resolved after meeting the statutory voting threshold before June 8, 2022 via the electronic voting platform for the stockholders' meeting and had been resolved at the stockholders' meeting on June 30, 2021. The appropriations of 2020 earnings had been resolved at the stockholders' meeting on July 23, 2021. Details are as follows:

	For the years ended December 31,			
	2021		2020	
	Amount	Dividends per share (in dollar)	Amount	Dividends per share (in dollar)
Legal reserve	\$ 3,910,207		\$ 1,978,906	
Special reserve	6,428,356		3,704,582	
Cash dividends	28,133,694	\$ 4.80	14,652,966	\$ 2.50
	<u>\$ 38,472,257</u>		<u>\$ 20,336,454</u>	

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

- F. The resolution of the appropriations of the 2022 net income was approved during the Board of Directors' meeting on March 3, 2023 as follows:

	For the year ended December 31, 2022	
	Amount	Dividends per share (in dollar)
Legal reserve	\$ 773,180	
Special reserve	141,215	
Cash dividends	5,568,127	\$ 0.95
	<u>\$ 6,482,522</u>	

(16) Other equity items

	Hedging reserve	Unrealised gain (loss)	Currency translation	Revaluation surplus	Total
At January 1, 2022	\$ 9,270	\$ 121,228,401	(\$ 6,240,670)	\$ -	\$ 114,997,001
Revaluation:					
–Parent company	- (	36,116,309)	-	- (	36,116,309)
–Subsidiaries	- (	3,855,766)	-	- (	3,855,766)
–Associates	- (	8,866,975)	-	- (	8,866,975)
Revaluation transferred to retained earnings:					
–Subsidiaries	-	42,632	-	-	42,632
–Associates	- (	2,428)	-	- (	2,428)
Cash flow hedges:					
–Associates	(9,110)	-	-	- (	9,110)
Currency translation differences:					
–Parent company	-	-	1,549,826	-	1,549,826
–Tax of parent company	-	- (	359,626)	- (	359,626)
–Subsidiaries	-	-	238,702	-	238,702
–Associates	-	-	1,881,121	-	1,881,121
Revaluation surplus:					
–Associates	-	-	-	1,002,383	1,002,383
At December 31, 2022	<u>\$ 160</u>	<u>\$ 72,429,555</u>	<u>(\$ 2,930,647)</u>	<u>\$ 1,002,383</u>	<u>\$ 70,501,451</u>

	Hedging reserve	Unrealised gain (loss)	Currency translation	Total
At January 1, 2021	\$ 32,123	\$ 98,095,277	(\$ 5,272,606)	\$ 92,854,794
Revaluation:				
–Parent company	-	19,745,942	-	19,745,942
–Subsidiaries	-	1,785,922	-	1,785,922
–Associates	-	2,881,494	-	2,881,494
Revaluation transferred to retained earnings:				
–Subsidiaries	- (	1,277,669)	- (	1,277,669)
–Associates	- (	2,565)	- (	2,565)
Cash flow hedges:				
–Associates	(22,853)	-	- (	22,853)
Lastrency translation differences:				
–Parent company	-	- (	488,425) (	488,425)
–Tax of parent company	-	-	111,624	111,624
–Subsidiaries	-	- (	74,173) (	74,173)
–Associates	-	- (	517,090) (	517,090)
Revaluation surplus				
–Associates				-
At December 31, 2021	\$ <u>9,270</u>	\$ <u>121,228,401</u>	(\$ <u>6,240,670</u>)	\$ <u>114,997,001</u>

(17) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers	\$ 247,320,472	\$ 243,315,204
Other operating revenue	30,649	169,858
	<u>\$ 247,351,121</u>	<u>\$ 243,485,062</u>

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

(18) Interest income

	For the years ended December 31,	
	2022	2021
Interest income:		
Interest income from bank deposits	\$ 18,873	\$ 4,594
Interest from current account with others	40,958	43,509
Other interest income	28,282	-
	<u>\$ 88,113</u>	<u>\$ 48,103</u>

(19) Other income

	For the years ended December 31,	
	2022	2021
Rental revenue	\$ 155,857	\$ 153,144
Dividend income	8,958,243	2,839,615
Other revenue	545,646	421,465
	<u>\$ 9,659,746</u>	<u>\$ 3,414,224</u>

(20) Other gains and losses

	For the years ended December 31,	
	2022	2021
Net currency exchange loss	\$ 2,559,231	(\$ 461,442)
(Loss) Gain on disposal of property, plant and equipment	(59,283)	13,102
Net loss on financial assets at fair value through profit or loss	192,014	(95,474)
Other losses	(89,721)	(82,406)
	<u>\$ 2,602,241</u>	<u>(\$ 626,220)</u>

(21) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense:		
Bank loans	\$ 170,307	\$ 89,879
Corporate bond	566,257	605,260
Discount	132,249	29,695
Banker's acceptances	221,968	36,013
Other interest expenses	18,664	17,355
	<u>1,109,445</u>	<u>778,202</u>
Less: Capitalisation of qualifying assets	(91,503)	(81,089)
Finance costs	<u>\$ 1,017,942</u>	<u>\$ 697,113</u>

(22) Expenses by nature

	For the years ended December 31,	
	2022	2021
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 6,368,522	\$ 5,958,059
Employee benefit expense	7,550,394	8,007,734
Amortisation	3,406,195	3,470,945
	<u>\$ 17,325,111</u>	<u>\$ 17,436,738</u>

(23) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 6,544,808	\$ 6,953,006
Labor and health insurance fees	444,391	452,206
Pension costs	248,479	269,758
Other personnel expenses	312,716	332,764
	<u>\$ 7,550,394</u>	<u>\$ 8,007,734</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of profit before income tax of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 0.05% and shall not be higher than 0.5% for employees' compensation.

B. For the years ended December 31, 2022 and 2021, employees' remuneration was accrued at \$7,210 and \$41,705, respectively. The aforementioned amount was recognised in salary expenses. For the years ended December 31, 2022 and 2021, the employees' compensation was estimated and accrued based on approximately 0.1% of the retained earnings.

Employees' compensation for 2021 as resolved by the Board of Directors was in agreement with the amount of \$41,705 recognised in profit or loss for 2021. Employees' compensation for 2021 had been distributed.

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 234,967	\$ 3,200,586
Tax on undistributed surplus earnings	105,873	157,860
Adjustments in respect of prior years	(671,222)	4,604
Total current tax	(330,382)	3,363,050
Deferred tax:		
Origination and reversal of temporary differences	173,476	(58,765)
Total deferred tax	173,476	(58,765)
Income tax expense (benefit)	<u>(\$ 156,906)</u>	<u>\$ 3,304,285</u>

(b) The income tax charge relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2022	2021
Currency translation differences	\$ 359,626	\$ 111,624

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 1,440,525	\$ 8,332,726
Effect from items disallowed by tax regulation	(1,267,049)	(5,190,905)
Non-deductible withholding income tax for offshore income	234,967	-
Tax on undistributed surplus earnings	105,873	157,860
Prior year income tax under estimation	(671,222)	4,604
Income tax expense	(\$ 156,906)	\$ 3,304,285

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

	For the year ended December 31, 2022			
		Recognised in	other	
	January 1	profit or loss	comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Loss on inventory	\$ 195,162	\$ 53,100	\$ -	\$ 248,262
Currency translation differences	965,165	-	(359,626)	605,539
Unrealised gain from downstream transactions	65,008	(65,008)	-	-
Unfunded pension expense	627,616	(73,767)	-	553,849
Impairment loss	140,863	(22,852)	-	118,011
Unrealised exchange loss	10,278	8,345	-	18,623
Others	113,932	(73,004)	-	40,928
Subtotal	2,118,024	(173,186)	(359,626)	1,585,212
Deferred tax liabilities:				
Difference in useful life for depreciation	(\$ 31,739)	\$ 8,295	\$ -	(\$ 23,444)
Unrealised loss from downstream transactions	-	(8,585)	-	(8,585)
Subtotal	(\$ 31,739)	(\$ 290)	\$ -	(\$ 32,029)
Total	\$ 2,086,285	(\$ 173,476)	(\$ 359,626)	\$ 1,553,183

For the year ended December 31, 2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Loss on inventory	\$ 113,285	\$ 81,877	\$ -	\$ 195,162
Currency translation differences	853,541	-	111,624	965,165
Unrealised gain from downstream transactions	9,449	55,559	-	65,008
Unfunded pension expense	687,569	(59,953)	-	627,616
Impairment loss	167,793	(26,930)	-	140,863
Unrealised exchange loss	23,244	(12,966)	-	10,278
Others	101,292	12,640	-	113,932
Subtotal	1,956,173	50,227	111,624	2,118,024
Deferred tax liabilities:				
Difference in useful life for depreciation	(\$ 40,277)	\$ 8,538	\$ -	(\$ 31,739)
Subtotal	(\$ 40,277)	\$ 8,538	\$ -	(\$ 31,739)
Total	\$ 1,915,896	\$ 58,765	\$ 111,624	\$ 2,086,285

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

For the years ended December 31, 2022 and 2021, the earnings per share are calculated as follows:

For the year ended December 31, 2022					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Net income	\$ 7,202,625	\$ 7,359,531	5,849,017	\$ 1.23	\$ 1.26
For the year ended December 31, 2021					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Net income	\$ 41,663,632	\$ 38,359,347	5,849,017	\$ 7.12	\$ 6.56

- B. Employees' compensation could be distributed in the form of stock. Since there is no significant impact when calculating diluted earnings per share, basic earnings per share equals diluted earnings per share.
- C. If stocks of the parent company held by subsidiaries are not treated as treasury stocks, the calculation of basic earnings per share for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Net income	<u>\$ 7,202,625</u>	<u>\$ 7,359,531</u>	<u>5,861,186</u>	<u>\$ 1.23</u>	<u>\$ 1.26</u>
	For the year ended December 31, 2021				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Net income	<u>\$ 41,663,632</u>	<u>\$ 38,359,347</u>	<u>5,861,186</u>	<u>\$ 7.11</u>	<u>\$ 6.54</u>

(26) Supplemental cash flow information

- A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Purchase of fixed assets	\$ 8,283,394	\$ 7,852,821
Add: Opening balance of payable on equipment	1,378,641	1,567,638
Less: Ending balance of payable on equipment	(1,644,736)	(1,378,641)
Cash paid during the year	<u>\$ 8,017,299</u>	<u>\$ 8,041,818</u>

- B. Financing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Distribution of cash dividends	\$ 28,133,694	\$ 14,652,966
Add: Opening balance of dividends payable	72,427	76,913
Less: Ending balance of dividends payable	(75,964)	(72,427)
Cash dividends paid during the year	<u>\$ 28,130,157</u>	<u>\$ 14,657,452</u>

(27) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financial activities-gross
At January 1, 2022	\$ 8,884,300	\$ 17,496,684	\$ 50,050,000	\$ -	\$ 76,430,984
Changes in cash flow from financing activities	1,415,700	14,096,756	(4,550,000)	4,500,000	15,462,456
At December 31, 2022	<u>\$ 10,300,000</u>	<u>\$ 31,593,440</u>	<u>\$ 45,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 91,893,440</u>
	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financial activities-gross
At January 1, 2021	\$ 13,763,200	\$ 15,596,755	\$ 42,100,000	\$ -	\$ 71,459,955
Changes in cash flow from financing activities	(4,878,900)	1,899,929	7,950,000	-	4,971,029
At December 31, 2021	<u>\$ 8,884,300</u>	<u>\$ 17,496,684</u>	<u>\$ 50,050,000</u>	<u>\$ -</u>	<u>\$ 76,430,984</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary
Formosa Power (Ningbo) Co., Ltd.	"
Formosa Industries Corp., Vietnam	"
Formosa Biomedical Technology Corp. and its subsidiary	"
Formosa Idemitsu Petrochemical Corp.	"
Formosa INEOS Chemicals Corp.	"
Formosa Carpet Corp.	"
Chia-Nan Enterprise Corp.	"
Formosa Green Power Corp.	"
Formosa Taffeta Co., Ltd.	"
Formosa Taffeta Co., Ltd. and its subsidiary	"
Tah Shin Spinning Corp. (Has completed liquidation on July 6, 2021)	"
Formosa Petrochemical Corp.	Associate
Formosa Heavy Industries Corp.	"
Formosa Plastics Transport Corp.	"
Formosa Synthetic Rubber (Hong Kong) Corp.	"
Mai-Liao Power Corp.	"
Formosa Group Corp. (Cayman)	"
Formosa Environmental Technology Co.	"
Hwa Ya Science Park Management Consulting Co, Ltd.	"
Formosa Construction Corp.	"
Formosa Fairway Corp.	"
Formosa Resources Corp.	"
FG INC.	"
Guo Su Plastic Industry Co., Ltd.	"
Formosa Smart Energy Tech Corp.	"
Formosa Plastics Corp.	Other related party
Nan Ya Plastics Corp.	"
Nan Ya Plastics (Hui Zhou) Corp.	"
Nan Ya Plastics (Ningbo) Corp.	"
Formosa Lithium Iron Oxide Corp.	"
Ming Chi University Of Technology	"
Chang Gung University	"
Yue Chi Development Corp	"
PFG Fiber Glass Corp.	"
Formosa Plastics Marine Corp.	"
Formosa Plastics Marine Co., Ltd.	"
Mai Liao Harbor Administration Corp.	"

Names of related parties	Relationship with the Company
Formosa Plastics Building Parking Lot	Other related party
Formosa Network Technology Corp.	"
FPG Travel Service Co., Ltd.	"
Formosa Sumco Technology Corporation	"
Formosa Asahi Spandex Co., Ltd.	"
Formosa Plastics Logistics Corp.	"
Formosa Daikin Advanced Chemicals Co., Ltd.	"
Inteplast Taiwan Corporation	"
Formosa Oil (Asia Pacific) Corporation	"
Asia Pacific Development Corp.	"
Ya Tai Development Corp.	"
Bio Trust International Corp.	"
Formosa Ha Tinh (Cayman) Limited	"
Formosa Ha Tinh Steel Corp.	"

(2) Significant related party transactions

A. Sales of goods:

	For the years ended December 31,	
	2022	2021
Sales of goods:		
— Subsidiaries		
Formosa Chemicals Industries (Ningbo) Co., Ltd.	\$ 33,296,983	\$ 32,317,715
Others	19,986,947	23,718,185
— Associates		
Formosa Petrochemical Corp.	36,723,899	29,088,177
Others	577	917
— Other related parties		
Nan Ya Plastics Corp.	29,403,614	30,131,334
Others	4,214,188	5,074,474
	<u>\$ 123,626,208</u>	<u>\$ 120,330,802</u>

The selling prices and terms for related parties are the same with non-related parties. The collection terms for overseas related parties are described in Note 13(1).

B. Purchases of goods:

	For the years ended December 31,	
	2022	2021
Purchases of goods:		
— Subsidiaries	\$ 5,100,419	\$ 6,392,816
— Associates		
Formosa Petrochemical Corp.	167,506,909	141,866,388
— Other related parties	15,095,059	20,902,433
	<u>\$ 187,702,387</u>	<u>\$ 169,161,637</u>

The payment terms for related parties are within 30~60 days of purchase. The purchase prices and terms for related parties are the same with non-related parties.

C. Receivables from related parties:

	December 31, 2022	December 31, 2021
Receivables from related parties:		
— Subsidiaries		
Formosa Chemicals Industries		
(Ningbo) Co., Ltd.	\$ 4,262,356	\$ 9,143,083
Others	1,540,380	2,710,337
— Associates		
Formosa Petrochemical Corp.	2,902,296	2,704,029
Others	36	51
— Other related parties		
Nan Ya Plastics Corp.	1,990,843	2,752,754
Others	344,076	626,068
	<u>\$ 11,039,987</u>	<u>\$ 17,936,322</u>

The receivables from related parties are mainly from sales of goods and receivables for payments on behalf of others for construction design services. Receivables for sales are due 30~120 days from the date of sales.

D. Payables to related parties:

	December 31, 2022	December 31, 2021
Payables to related parties:		
— Subsidiaries	\$ 265,922	\$ 533,073
— Associates		
Formosa Petrochemical Corp.	11,811,508	13,877,906
— Other related parties	856,793	1,611,308
	<u>\$ 12,934,223</u>	<u>\$ 16,022,287</u>

The payables to related parties arise mainly from purchase transactions and are due 30~60 days after the date of purchase. The payables bear no interest.

E. Expansion and repair project

(a) Expansion and repair project:

	For the years ended December 31,	
	2022	2021
Expansion and repair works of factory sites:		
— Associates	\$ 125,295	\$ 352,208
— Other related parties	260,796	130,496
	<u>\$ 386,091</u>	<u>\$ 482,704</u>

(b) Ending balance of payables for expansion and repair project:

	December 31, 2022	December 31, 2021
Payables to related parties:		
— Associates	\$ 7,818	\$ 888
— Other related parties	8,477	68,532
	<u>\$ 16,295</u>	<u>\$ 69,420</u>

The Company contracted the expansion and repair works of the factory sites to related parties. The payment terms are in accordance with the industry practice with payment due within a month after inspection.

F. Financing

(a) Loans to related parties

	December 31, 2022	December 31, 2021
— Subsidiaries	\$ 329,000	\$ -
— Other related parties		
Formosa Plastics Marine Co., Ltd.	2,429,252	2,698,693
	<u>\$ 2,758,252</u>	<u>\$ 2,698,693</u>

(b) Interest income

	For the years ended December 31,	
	2022	2021
— Subsidiaries	\$ 599	\$ 31
— Associates		
Formosa Petrochemical Corp.	8,141	1,917
— Other related parties		
Formosa Plastics Marine Co., Ltd.	32,201	41,451
	<u>\$ 40,941</u>	<u>\$ 43,399</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan was made; interest were collected at 0.98% ~ 1.79% and 0.98% ~ 1.23% per annum for the years ended December 31, 2022 and 2021, respectively.

G. Operating expenses

	For the years ended December 31,	
	2022	2021
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 976,919	\$ 677,322
Others	70,354	282,756
	<u>\$ 1,047,273</u>	<u>\$ 960,078</u>

H. Rental revenue

	For the years ended December 31,	
	2022	2021
— Subsidiaries		
Formosa INEOS Chemicals Corp.	\$ 15,903	\$ 15,903
Others	13,069	8,663
	<u>28,972</u>	<u>24,566</u>
— Associates		
Formosa Petrochemical Corp.	21,215	21,215
Others	11,989	12,590
	<u>33,204</u>	<u>33,805</u>
— Other related parties		
Nan Ya Plastics Corp.	28,461	27,182
Formosa Plastics Building Parking Lot	15,116	15,815
Formosa Network Technology Corp.	15,400	15,400
Others	24,520	26,438
	<u>83,497</u>	<u>84,835</u>
	<u>\$ 145,673</u>	<u>\$ 143,206</u>

The rental prices charged to related parties are determined considering the local rental prices and payments, and are collected monthly.

I. Property transactions:

(a) Purchase of property, plant and equipment

	For the years ended December 31,	
	2022	2021
Associates	<u>\$ 278,856</u>	<u>\$ 291,614</u>

(b) Acquisition of financial assets

				2022
	Items	Number of shares	Name of the securities	Additional amount
Formosa Resources Corporation	Investments accounted for using equity method	80,000,000	Shares of Formosa Smart Energy Tech Corp.	\$ 800,000
Guo Su Plastic Industry Co., Ltd.	Investments accounted for using equity method	1,800,000	Shares of Guo Su Plastic Industry Co., Ltd.	46,531
				<u>\$ 846,531</u>
				2021
	Items	Number of shares	Name of the securities	Additional amount
Formosa Resources Corporation	Investments accounted for using equity method	88,453,125	Shares of Formosa Resources Corporation	\$ 887,813
Guo Su Plastic Industry Co., Ltd.	Investments accounted for using equity method	1,875,000	Shares of Guo Su Plastic Industry Co., Ltd.	48,469
				<u>\$ 936,282</u>

J. Sales of materials:

The amounts of raw materials sold and the accounts receivable at the period-end from the investees located in China and Vietnam are listed below:

		For the years ended December 31,	
		2022	2021
Sales of materials:			
— Subsidiaries		<u>\$ 578,093</u>	<u>\$ 445,848</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivable from sales of materials:			
— Subsidiaries		<u>\$ 59,142</u>	<u>\$ 31,051</u>

K. Donation

		For the years ended December 31,	
		2022	2021
Other related parties		<u>\$ 4,853</u>	<u>\$ 3,781</u>

L. Details of the Company providing endorsements / guarantees and issuing promissory note for

related parties are provided in Notes 9(3) and (4).

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries	\$ 106,508	\$ 110,679
Post-employment benefits	1,644	1,480
Total	<u>\$ 108,152</u>	<u>\$ 112,159</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2022	December 31, 2021	
Property, plant and equipment	<u>\$ 5,737,666</u>	<u>\$ 5,737,666</u>	Collaterals for bank loans

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

The details of commitments and contingencies as of December 31, 2022 were as follows:

- (1) Capital expenditures contracted for property, plant and equipment at the balance sheet date but not yet incurred amounted to \$6,946,034 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD 5,824 thousand, JPY 373,651 and EUR 3,604 thousand.
- (3) The endorsements and guarantees to others are as follows:

	December 31, 2022	December 31, 2021
Formosa Group Corp. (Cayman)	\$ 7,677,000	\$ 6,922,500
Formosa Ha Tinh (Cayman) Limited	-	6,568,456
	<u>\$ 7,677,000</u>	<u>\$ 13,490,956</u>

- (4) The promissory notes issued for others are as follows:

As of December 31, 2022, the Company's investees, Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation, were provided a bank loan facility of USD 3,222,500 million and 2,602,500 million, respectively to meet their operating needs. To secure the rights of their shareholders, the Company is required to issue promissory notes to ensure the borrowers will fulfill their obligation for repayment.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Board of Directors has resolved the appropriations of 2022 earnings on March 3, 2023. Details are provided in Note 6(15) F.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal

capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the years ended December 31, 2022 and 2021, the Company's strategy, which was unchanged from 2021, was to maintain the gearing ratio at 20% and 16%, respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 1,562,719	\$ 3,793,036
Financial assets at fair value through other comprehensive income	111,033,179	147,153,738
Financial assets at amortised cost	32,503,486	33,554,078
	<u>\$ 145,099,384</u>	<u>\$ 184,500,852</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 113,018,243	\$ 100,925,599
Lease liabilities	23,979	21,879
	<u>\$ 113,042,222</u>	<u>\$ 100,947,478</u>

Note: Financial assets measured at amortised cost include cash, contract assets, accounts and notes receivable, other receivables, other financial assets, and refundable deposits. Financial liabilities measured at amortised cost include short-term borrowings, short-term notes and bill payable, accounts and notes payable, other payables, long-term borrowings (including those maturing within one year or one business cycle), corporate bonds payable (including those maturing within one year or one business cycle), and guarantee deposits received.

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and

hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investment in foreign operations.
- ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. Each entity hedges its entire foreign exchange risk exposure.
- iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, VND and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022				
Foreign Currency				
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 402,571	30.71	\$	12,362,955
JPY : NTD	74,418	0.23		17,116
EUR : NTD	137	32.70		4,480
<u>Non-monetary items</u>				
RMB : NTD	\$ 15,352,864	4.34	\$	66,631,430
USD : NTD	186,518	27.69		5,164,683
VND : NTD	5,412,687,500	0.0012		6,495,225
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 31,784	30.71	\$	976,087
JPY : NTD	23,743	0.23		5,461
EUR : NTD	339	32.70		11,085

December 31, 2021

	Foreign Currency		
	<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>	<u>Book Value (NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 675,665	27.69	\$ 18,709,164
JPY : NTD	21,599	0.24	5,184
EUR : NTD	297	31.36	9,314
<u>Non-monetary items</u>			
RMB : NTD	\$ 15,640,534	4.34	\$ 67,879,918
USD : NTD	186,926	27.69	5,175,969
VND : NTD	6,095,040,833	0.0012	7,314,049
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 32,167	27.69	\$ 890,704
JPY : NTD	51,754	0.24	12,421
EUR : NTD	250	31.36	7,840

- iv. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$2,559,231 and (\$461,442), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the year ended December 31, 2022

	Sensitivity analysis		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 123,630	\$ -
JPY : NTD	1%	171	-
EUR : NTD	1%	45	-
<u>Non-monetary items</u>			
RMB : NTD	1%	\$ -	\$ 666,314
USD : NTD	1%	-	51,647
VND : NTD	1%	-	64,952
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 9,761	\$ -
JPY : NTD	1%	55	-
EUR : NTD	1%	111	-

For the year ended December 31, 2021

Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 187,092	\$ -
JPY : NTD	1%	52	-
EUR : NTD	1%	93	-
<u>Non-monetary items</u>			
RMB : NTD	1%	\$ -	\$ 678,799
USD : NTD	1%	-	51,760
VND : NTD	1%	-	73,140
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 8,907	\$ -
JPY : NTD	1%	124	-
EUR : NTD	1%	78	-

Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$12,502 and \$30,344, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,110,332 and \$1,471,537, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose

the Company to fair value interest rate risk. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were denominated in the NTD.

- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of instruments stated at fair value through other comprehensive income.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Company's written-off financial assets that are still under recourse procedures amounted to \$4,924 and \$0, respectively.
- v. The Company used the forecastability of Taiwan Directorate General of Budget, Accounting and Statistics and Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~60 days past due</u>	<u>61~90 days past due</u>	<u>Over 91 days past due</u>
<u>At December 31, 2022</u>					
Expected loss rate	0.14%	0.10%	0.09%	-	100.00%
Total book value	\$ 17,441,532	\$ 350,363	\$ 18,656	\$ -	\$ 42,224
Loss allowance	\$ 24,563	\$ 347	\$ 18	\$ -	\$ 42,224
<u>At December 31, 2021</u>					
Expected loss rate	0.07%	0.03%	0.04%	-	93.81%
Total book value	\$ 25,158,124	\$ 483,058	\$ 71,407	\$ -	\$ 58,873
Loss allowance	\$ 16,695	\$ 120	\$ 30	\$ -	\$ 55,231

vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable and contract assets are as follows:

<u>For the year ended December 31, 2022</u>			
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>
At January 1	\$ 72,076	\$ -	\$ -
Write-offs	(4,924)	-	-
At December 31	<u>\$ 67,152</u>	<u>\$ -</u>	<u>\$ -</u>
<u>For the year ended December 31, 2021</u>			
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>
At January 1	\$ 72,170	\$ -	\$ -
Reversal of impairment loss	(94)	-	-
At December 31	<u>\$ 72,076</u>	<u>\$ -</u>	<u>\$ -</u>

The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 17,411,532	\$ 25,158,124
Up to 30 days	350,363	483,058
31 to 60 days	18,656	71,407
61 to 90 days	-	-
Over 91 days	42,224	58,873
	<u>\$ 17,822,775</u>	<u>\$ 25,771,462</u>

The above ageing analysis was based on past due date.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants

(where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, loans to related parties, time deposits and cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2022</u>				
Lease liability	\$ 6,038	\$ 5,060	\$ 6,245	\$ 7,916
Bonds payable	4,850,000	3,800,000	27,650,000	9,200,000
Long-term borrowings	2,000,000	2,500,000	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2021</u>				
Lease liability	\$ 5,022	\$ 2,085	\$ 6,239	\$ 9,990
Bonds payable	4,550,000	4,850,000	26,850,000	13,800,000

Except for the aforementioned liabilities, the Company's non-derivative financial liabilities will mature within one year.

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

(3) Fair value estimation

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

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

Company's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset for the asset or liability, either directly or indirectly. The fair value of the Company's investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values. The carrying amounts of long-term borrowings (including current portion) and lease liabilities are reasonable basis for fair value estimate given that their interest rates are approximate to market rates.

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

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value				
through profit or loss				
Fund	\$ -	\$ 1,562,719	\$ -	\$ 1,562,719
Financial assets at fair value				
through other comprehensive				
Equity securities	89,086,166	2,118,596	19,828,417	111,033,179
	<u>\$ 89,086,166</u>	<u>\$ 3,681,315</u>	<u>\$ 19,828,417</u>	<u>\$ 112,595,898</u>

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Fund	\$ -	\$ 3,793,036	\$ -	\$ 3,793,036
Financial assets at fair value through other comprehensive				
Equity securities	112,433,169	2,833,065	31,887,504	147,153,738
	<u>\$ 112,433,169</u>	<u>\$ 6,626,101</u>	<u>\$ 31,887,504</u>	<u>\$ 150,946,774</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

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

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants, the inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment or valuation is

necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Company takes into account adjustments for credit risks of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>For the year ended December 31, 2022</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	31,887,504
Gain or loss recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(	12,059,087)
At December 31	\$	<u>19,828,417</u>
	<u>For the year ended December 31, 2021</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	19,017,691
Gain or loss recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		12,869,813
At December 31	\$	<u>31,887,504</u>

G. For the years ended December 31, 2022 and 2021, there was no transfer from Level 3.

H. The Company Treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. The Treasury sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to Accounting Division monthly. Accounting Division is

responsible for managing and reviewing valuation processes.

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

	December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted shares	\$ 11,702,876	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, control premium	The higher the multiple, the higher the fair value
	1,712,563	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
	6,412,978	Net asset value	Not applicable	Not applicable

	December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted shares	\$ 16,858,223	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, control premium	The higher the multiple, the higher the fair value
	1,448,502	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
	13,580,779	Net asset value	Not applicable	Not applicable

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

		December 31, 2022		
		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	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, control premium	±1%	\$ 117,029	\$ 117,029
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	±1%	\$ 17,126	\$ 17,126

		December 31, 2021		
		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	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, control premium	±1%	\$ 168,582	\$ 168,582
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	±1%	\$ 14,485	\$ 14,485

13. Supplementary Disclosures

(1) Significant transactions information

In accordance with Rules Governing the Preparation of Financial Statements by Securities Issuers, significant transactions for the year ended December 31, 2022 are stated as follows.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant intragroup transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. Segment Information

None.

Formosa Chemicals and Fibre Corporation

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 7,500,000	\$ 4,500,000	\$ -	0.98~1.79	1	2	Additional operating capital	\$ -	-	\$ -	\$ 81,531,686	\$ 163,063,371	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	0.98~1.79	1	2	Additional operating capital	-	-	-	81,531,686	163,063,371	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	500,000	500,000	329,000	0.98~1.79	2	1	Additional operating capital	-	-	-	65,225,349	130,450,697	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	10,600,000	5,700,000	-	0.98~1.79	2	1	Additional operating capital	-	-	-	65,225,349	130,450,697	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	7,272,683	2,869,252	2,429,252	0.98~1.79	2	1	Additional operating capital	-	-	-	65,225,349	130,450,697	-
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	-	0.98~1.79	2	1	Additional operating capital	-	-	-	65,225,349	130,450,697	-
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	500,000	500,000	-	0.98~1.79	2	1	Additional operating capital	-	-	-	65,225,349	130,450,697	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	12,000,000	4,500,000	-	0.98~1.79	1	2	Additional operating capital	-	-	-	81,531,686	163,063,371	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$3,232,666	\$ -	\$ -	3.32~3.08	1	2	Additional operating capital	\$ -	-	\$ -	\$ 8,292,804	\$ 16,585,608	-

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

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Name of account in which the loans are recognised including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3 : Maximum outstanding balance of loans to others during the year period ended December 31, 2017

Note 4 : The nature of loans:

(1) Related to business transactions is "1".

(2) Short-term financing is "2".

Note 5 : Amount of business transactions with the borrower :

(1) No business transactions is "1".

(2) Business transactions amount is provided in Note 13 (1) G.

Note 6 : Provided that loans to others are for necessary short-term financing by nature, shall specifically note necessary reasons for the loans and purposes of the borrowers, for example, repayment of loans, acquisition of equipment, and financing for operation, etc.

Note 7 : The calculation of line of credit:

The limit on loans granted by the Company to a single party, related party and party with business transactions shall not be more than 25% of the Company's net assets, and limit to others is 20% of the Company's net assets.

The ceiling on loans granted by the Company to others shall not be more than 50% 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.

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 8 : The amount was resolved by the Board of Directors.

Formosa Chemicals and Fibre Corporation
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Formosa Group (Cayman) Limited	6	211,982,383	7,935,750	7,677,000	7,677,000	\$ -	2.35	423,964,766	N	N	N	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	211,982,383	6,601,191	-	-	-	-	423,964,766	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	36,248,689	1,063,095	1,013,430	15,355	-	1.82	72,497,379	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	36,248,689	1,707,395	1,627,630	358,557	-	2.92	72,497,379	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	2	36,248,689	1,771,825	1,689,050	160,731	-	3.03	72,497,379	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	36,248,689	4,042,983	3,854,105	2,418,137	-	6.91	72,497,379	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Co., Ltd.	6	36,248,689	1,953,531	-	-	-	-	72,497,379	N	N	N	-

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: 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 50% of the aforementioned total amount. For companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on endorsements to a single party is the higher value of purchasing or selling.

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

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

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

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

Formosa Chemicals and Fibre Corporation

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

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	486,978,694	\$ 42,269,751	7.65	\$ 42,269,751	-
The Company	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	63,621,500	2,118,596	14.97	2,118,596	-
The Company	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	413,327,750	29,346,270	5.21	29,346,270	-
The Company	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	334,815,409	17,142,549	10.81	17,142,549	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	14,723,422	327,596	3.09	327,596	-
The Company	Mega Private US Dollar Money Market Funds	-	Financial assets at fair value through profit or loss - current	4,554,251	1,562,719	-	1,562,719	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	39,562,740	1,341,572	17.98	1,341,572	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	Other related parties	Financial assets at fair value through other comprehensive income - non-current	8,999	4,585,055	2.92	4,585,055	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets at fair value through other comprehensive income - non-current	20,499,841	2,635,870	2.00	2,635,870	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,070,151	13,570	0.79	13,570	-
The Company	Stocks_Yi-Jih Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	63,174	16,997	1.51	16,997	-
The Company	Stocks_Chinese Television System Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,376,202	88,038	1.41	88,038	-
The Company	Stocks_Formosa Plastics Maritime Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	355,880	370,991	18.22	370,991	-
The Company	Stocks_Formosa Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	19,769,234	262,326	18.00	262,326	-
The Company	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,925,000	\$ 180,794	12.50	\$ 180,794	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Marine Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,428,500	403,447	15.00	403,447	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,622	3,789,422	19.00	3,789,422	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income - non-current	3,750,000	20,250	3.91	20,250	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,075,000	16,040	1.97	16,040	-
The Company	Stocks_Formosa Ha Tinh(Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	621,178,219	6,104,045	11.43	6,104,045	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	865,373	19,255	0.18	19,255	-
Formosa Biomedical Technology Corp.	Asteran Milestone Private Equity Fund	-	Financial assets at fair value through profit or loss - current	-	234,543	10.12	234,543	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	169,120	10,453	0.72	10,453	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,100,000	14,700	4.24	14,700	-
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	423,720	5,411	0.46	5,411	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma (Cayman), Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,559,814	85,051	12.36	85,051	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,289,600	164,480	3.12	164,480	-
Formosa Biomedical Technology Corp.	Stock_Maxigen Biotech Inc.	-	Financial assets at fair value through other comprehensive income - non-current	7,534,235	359,006	8.90	359,006	-
Formosa Biomedical Technology Corp.	Stock_Formosa Smart Energy Tech Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	20,000,000	200,000	5.00	200,000	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	12,169,610	857,957	0.21	857,957	3
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Financial assets at fair value through other comprehensive income - current	35	\$ -	- \$	-	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	640	56	-	56	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	482,194	34,236	0.01	34,236	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	10,000,000	333,000	2.35	333,000	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	7,711,010	394,805	0.25	394,805	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	365,267,576	29,330,986	3.83	29,330,986	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - non-current	234,166	5,532	0.54	5,532	-
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	14,400	38,335	10.00	38,335	-
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets at fair value through other comprehensive income - non-current	903,247	31,918	1.20	31,918	-
Formosa Taffeta Co., Ltd.	FG INC	Other related parties	Financial assets at fair value through other comprehensive income - non-current	600	265,147	3.00	265,147	-
Formosa Taffeta Co., Ltd.	NKFG Co	Other related parties	Financial assets at fair value through other comprehensive income - non-current	5,540,000	14,736	2.50	14,736	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	209,010,676	2,503,300	3.85	2,503,300	-
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	2,193,228	58,669	0.13	58,669	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IAS 39 "Financial instruments: Recognition and Measurement".

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

Note 3: The Company's stocks held by the subsidiaries—Formosa Taffeta Co., Ltd. and Formosa Advanced Technologies Co., Ltd.—are deemed as treasury stocks. Details are provided in Note 6 (15).

Formosa Chemicals and Fibre Corporation
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2022			
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
The Company	Mage International Private Money Market funds	Financial assets at fair value through profit or loss-current	-	-	12,477,992	\$ 3,793,036	-	\$ -	7,923,741	\$ 2,422,330	\$ 2,594,236	\$ 13,686	4,554,251	\$ 1,562,719	
The Company	Formosa Smart Energy Tech Corp.	Investments measured by equity method	Formosa Smart Energy Tech Corp.	Associates	-	-	80,000,000	800,000	-	-	-	-	-	80,000,000	800,799.00
Formosa Biomedical Technology Corp.	Ivy Life Sciences Corp.	Investments measured by equity method	Ivy Life Sciences Corp.	Subsidiary	-	-	62,342,000	755,032	-	-	-	-	-	62,342,000	756,384.00

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

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach \$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital level shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Formosa Chemicals and Fibre Corporation
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)
			Purchases (sales)	Amount			Unit price	Credit term	Balance			
The Company	Formosa Plastics Corp.	Other related parties	Sales	(\$ 2,332,017)	(1)	30 days	\$ -	-	\$ 219,217		1	-
The Company	Nan Ya Plastics Corp.	Other related parties	Sales	(29,403,614)	(12)	30 days	-	-	1,990,843		10	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	(1,411,121)	(1)	60 days	-	-	Notes receivable 186,163		48	-
									Accounts receivable 296,975		2	-
The Company	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	(477,734)	-	60 days	-	-	106,889		1	-
The Company	Formosa Petrochemical Corp.	Associates	Sales	(36,723,899)	(15)	30 days	-	-	2,902,296		14	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd	Subsidiary	Sales	(33,296,983)	(13)	90 days	-	-	4,262,356		20	-
The Company	Formosa Chemicals Industries Co.,Ltd	Subsidiary	Sales	(3,509,188)	(1)	30 days	-	-	221,698		1	-
The Company	PFG Fiber Glass Corp.	Other related parties	Sales	(584,723)	-	30 days	-	-	39,909		-	-
The Company	Nan Ya Plastics Corp., U.S.A.	Other related parties	Sales	(167,616)	-	30 days	-	-	22,663		-	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(14,491,258)	(6)	30 days	-	-	722,511		3	-
The Company	Formosa Plastics Corp., U.S.A.	Other related parties	Sales	(1,101,848)	-	30 days	-	-	59,484		-	-

			Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)			Footnote (Note 1)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
The Company	Formosa Plastics Corp.	Other related parties	Purchases	\$ 5,704,632	3	30 days	\$ -	-	(\$ 404,641)	(2)	-	
The Company	Nan Ya Plastics Corp.	Other related parties	Purchases	9,390,427	4	30 days	-	-	(452,152)	(3)	-	
The Company	Formosa Petrochemical Corp.	Associates	Purchases	167,506,909	76	30 days	-	-	(11,811,508)	(68)	-	
Formosa Biomedical Technology Corp.	Nan Ya Technology Corp.	Other related parties	Sales	(165,020)	(8)	30 days	-	-	477	-	-	
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	(1,249,036)	(20)	30 days	-	-	66,193	5	-	
Formosa BP Chemicals Corp.	INEOS ACETYLS (MALAYSIA) SDN BHD	Associates	Sales	(2,207,404)	(35)	90 days after shipped	-	-	440,556	34	-	
Formosa BP Chemicals Corp.	Formosa Plastics Corp.	Other related parties	Sales	(131,993)	(2)	15 days	-	-	16,291	1	-	
Formosa BP Chemicals Corp.	Nan Ya Plastics Corp.	Other related parties	Sales	(204,673)	(3)	30 days	-	-	6,577	1	-	
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Sales	(834,301)	(13)	30 days	-	-	44,384	3	-	
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Purchases	2,904,498	59	45 days	-	-	(214,188)	(70)	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	Sales	(4,134,194)	(76)	30 days	-	-	479,824	68	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	Sales	(2,488,612)	(46)	30 days	-	-	247,075	35	-	
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(522,332)	(10)	30 days	-	-	51,128	7	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	The Company	Parent company	Sales	(222,154)	-	30 days	-	-	-	-	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(7,569,560)	(10)	90 days	-	-	480,563	5	-	

							Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Transaction									
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	823,443	1	90 days	\$ -	-	(248,233)	(2)	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Associates	Purchases	2,455,157	2	90 days	-	-	-	-	-	
Formosa Industries Corp.	The Company	Parent company	Sales	(1,576,260)	(7)	60 days	-	-	132,671	4	-	
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related parties	Sales	(253,305)	(1)	30 days	-	-	10,958	-	-	
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Corp.	Associates	Sales	(591,534)	(3)	60 days	-	-	53,641	2	-	
Formosa Industries Corp.	Formosa Taffeta (Zhongshan) Corp.	Associates	Sales	(111,983)	(1)	60 days	-	-	19,352	1	-	
Formosa Industries Corp.	Formosa Taffeta (Long An) Corp.	Associates	Sales	(269,589)	(1)	60 days	-	-	44,574	1	-	
Formosa Industries Corp.	Formosa Plastics Corp.	Other related parties	Purchases	364,633	1	30 days	-	-	(26,175)	(1)	-	
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related parties	Purchases	1,721,485	7	30 days	-	-	(106,754)	(5)	-	
Formosa Industries Corp.	Nan Ya Draw-Textured Yarn (Kunshan) Co.,Ltd.	Other related parties	Purchases	240,240	1	60 days	-	-	-	-	-	
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(1,963,309)	(17)	30 days	-	-	62,775	6	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Japan Co., Ltd.	Associates	Sales	(345,100)	(3)	30 days after closing date	-	-	53,083	5	-	

Table 5, Page 3

							Differences in transaction terms compared to third party transactions					
Transaction									Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associates	Sales	(955,659)	(8)	30 days after closing date	\$ -	-	83,242	8	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associates	Sales	(1,251,171)	(11)	30 days after closing date	-	-	58,352	5	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associates	Sales	(897,482)	(8)	30 days after closing date	-	-	104,513	9	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (U.S.A) Co., Ltd.	Associates	Sales	(178,053)	(2)	30 days after closing date	-	-	40,289	4	-	
Formosa Idemitsu Petrochemical Corp.	Formosa Chemicals Industries (Ningbo) Co., Ltd	Associates	Sales	(\$ 147,434)	(1)	90 days	-	-	23,713	5	-	
Formosa Taffeta Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Associates	Sales	(281,476)	(1)	Pay by mail transfer 60 days after delivery	-	-	65,727	4	-	
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	Other related parties	Sales	(226,250)	(1)	Pay 120 days after delivery	-	-	41,795	2	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Corp.	Associates	Sales	(179,428)	(1)	60 days after monthly billings	-	-	43,013	2	-	
Formosa Taffeta Co., Ltd.	Schoeller Asia CO. Limited	Other related parties	Sales	115,639	-	Pay by wire transfer 14 days after shipment	-	-	5,856	-	-	
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Other related parties	Purchases	10,484,941	46	Pay every 15 days by mail transfer	-	- (	546,996) (	51)	-	

			Transaction		Differences in transaction terms compared to third party transactions				Notes/accounts receivable (payable)				Footnote (Note 1)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)		
Formosa Taffeta Co., Ltd.	The Company	Ultimate parent company	Purchases	1,411,121	6	Draw promissory notes due in 2 months after inspection	\$ -	-	Notes payable	(186,163)	(59)	-	
									Accounts payable	(296,079)	(28)	-	
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Other related parties	Purchases	651,634	3	Pay by mail transfer on the 15th of the following month	-	-	(37,197)	(3)	-		
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	227,086	1	Pay by mail transfer on the 15th of the following month	-	-	(11,195)	(1)	-		
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associates	Sales	(\$ 227,575)	(11)	60 days after monthly billings	-	-	56,644	34	-		
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(214,005)	(11)	60 days after monthly billings	-	-	22,256	13	-		
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Industries Corp.	Associates	Purchases	134,914	13	60 days after monthly billings	-	-	(15,872)	(59)	-		
Formosa Taffeta (Vietnam) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related parties	Sales	(127,134)	(5)	60 days after monthly billings	-	-	20,032	6	-		
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp.	Associates	Purchases	294,219	15	60 days after monthly billings	-	-	(25,352)	(29)	-		
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Associates	Sales	(262,857)	(6)	60 days after monthly billings	-	-	24,225	4	-		
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related parties	Sales	(288,738)	(7)	60 days after monthly billings	-	-	32,226	5	-		

							Differences in transaction terms compared to third party transactions					
			Transaction				Notes/accounts receivable (payable)					
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(387,346)	(9)	60 days after monthly billings	-	-	95,307	88	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp.	Associates	Purchases	648,679	17	60 days after monthly billings	\$ -	- (	47,882)	23	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	The Company	Parent company	Purchases	482,940	13	60 days after monthly billings	-	- (	76,824)	(36)	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Nan Ya Plastics Corp.	Associates	Purchases	130,485	3	60 days after monthly billings	-	- (	8,363)	(4)	-	

Note 1: The disclosed transaction is the revenue side and related transactions are no longer disclosed.

Formosa Chemicals and Fibre Corporation
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Formosa Plastics Corp.	Other related parties	\$ 219,217	10.80	\$ -	-	\$ 219,217	\$ -
The Company	Nan Ya Plastics Corp.	Other related parties	1,990,843	12.40	-	-	1,990,843	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable 186,163	2.92	-	-	186,163	-
			Accounts receivable 296,975		-	-	103,580	-
The Company	Formosa Taffeta (Dong Nai) Co.,	Subsidiary	106,889	4.60	-	-	32,543	-
The Company	Formosa Petrochemical Corp.	Associates	Accounts receivable 2,902,296	13.10	-	-	2,880,662	-
			Other receivables 299,203		-	-	-	-
The Company	Formosa Industries Corp.	Subsidiary	221,698	8.21	-	-	108,904	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary	4,262,356	4.97	-	-	1,180,382	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Accounts receivable 722,511	13.13	-	-	722,511	-
Formosa BP Chemicals Corp.	INEOS ACETYLS (MALAYSIA) SDN BHD	Associates	440,556	3.54	-	-	276,076	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associates	104,513	7.36	-	-	68,577	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	479,824	10.73	-	-	479,824	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	247,075	10.71	-	-	247,075	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	480,563	12.48	-	-	480,563	-
Formosa Industries Corp.	The company	Associates	132,671	9.40	-	-	58,436	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Formosa Chemicals and Fibre Corporation
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	(\$ 33,296,983)	In regular terms	(9)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	(14,491,258)	In regular terms	(4)

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

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

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

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

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

Note 4: If the transaction amount in this sheet reaches 3% of consolidated operating income or total assets, it is considered material.

Formosa Chemicals and Fibre Corporation
Information on investees (Excluding those in Mainland China)
For the year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2021		Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value					
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	\$ 719,003	\$ 719,003	630,022,431	37.40	\$ 20,429,118	\$	3,404,981	\$	1,251,574	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	661,334,402	32.91	7,262,143	(	1,762,047)	(	579,757)	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	23,479	(	33,027)	(	11,008)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	299,272	299,272	6,566,384	33.33	1,251,101	(	46,742)	(	15,579)	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	75,322,255		14,421,560		3,575,042	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	764,201,100	24.94	9,767,776	(	4,514,707)	(	1,125,953)	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	34,012,602	34,012,602	56,000	100.00	66,631,431	(	555,456)	(	555,456)	-
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	4,140		1,267		418	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	370,561	370,561	21,163,000	51.00	352,189		49,601		25,296	-
The Company	Formosa Idemitsu Petrochemical Corp.	Taiwan	Wholesale and retail of petrochemical and plastic raw materials	299,999	299,999	60,000,000	50.00	1,147,046	(	186,401)	(	87,505)	-
The Company	Formosa Industries Corp.	Vietnam	Textile, polyester staple fibre, cotton	\$ 8,435,801	\$ 8,435,801	-	42.50	\$ 6,495,225	(\$	1,941,578)	(\$	825,170)	-
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistrv	1,201,500	1,201,500	120,150,000	50.00	2,645,680		1,178,077		617,868	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	231,886	10,626	2,586	-	
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	2,903,755	225,163	199,479	-	
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	22,037,185	100.00	180,575 (	8,305) (	8,305)	-	
The Company	Guo Su Plastic Industry Co., Ltd.	Taiwan	Manufacture of synthetic resin and plastic products	95,000	48,469	3,675,000	49.00	71,371 (	48,697) (	23,629)	-	
The Company	Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	Hong Kong	Manufacturing of synthetic rubber	4,214,914	4,214,914	138,333,334	33.34	1,851,242 (	499,324) (	166,473)	-	
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	8,303,053	8,303,053	830,047,125	25.00	7,703,818 (	854,448) (	213,612)	-	
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	12,500	25.00	766,965	127,156	31,789	-	
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	600,000	600,000	60,000,000	33.33	565,507 (	44,634) (	14,876)	-	
The Company	FG INC.	United States	Investments	3,413,031	3,413,031	6,000	30.00	3,313,454 (	64,352) (	20,028)	-	
The Company	Formosa Smart Energy Tech Corp.	Taiwan	Renewable energy - investment, research and development of energy storage equipment	800,000	-	80,000,000	20.00	800,799	3,271	799	-	
The Company	Formosa Green Power Corp.	Taiwan	Renewable-energy-based electricity retailing corporation	\$ 5,000	\$ -	500,000	100.00	\$ 4,911	(\$ 89) (\$	89)		

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Investment income (loss) recognised by the				Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2021	ended December 31, 2021	ended December 31, 2022		
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	29,959,815	29,959,815	-	100.00	50,486,788	(	635,426)	(	635,426)	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	467,400	30.00	96,117		5,416		1,625	-
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	476,196	476,196	27,336,218	71.00	616,136		130,162		92,411	-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	8,487		5,921		5,921	-
Formosa Biomedical Technology Corp.	Formosa Waters Technology Co., Ltd.	Taiwan	1.Industrial Catalyst Manufacturing 2.Wholesale of Other Chemical Products	7,650	7,650	765,001	57.00	31,608		32,457		18,500	-
Formosa Biomedical Technology Corp.	Formosa Bio& Energy Crop. (Japan)	Japan	Manufacturing and sale of battery energy storage systems and related products	5,018	5,018	18,105	51.00	12,628	(	5,526)	(	3,074)	-
Formosa Biomedical Technology Corp.	Formosa AdvEnergy Technology Corp.	Taiwan	Sales of battery cores and specific types of battery modules	-	-	-	-	-	(	1,386)	(	74)	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
Formosa Biomedical Technology Corp.	Ivy Life Sciences Co., Ltd.	Taiwan	Research and development and clinical application of cell therapy technologies	\$ 755,032	\$ -	62,342,000	51.00	\$ 756,384	\$ 6,527	\$ 1,352	-	
Formosa Biomedical Technology Corp.	Formosa Eco Life Technology Co., Ltd	Taiwan	Sales of cleaning supplies	12,926	-	1,292,597	100.00	12,644	(309)	(282)	-	
Formosa Biomedical Technology Corp.	Formosa Lithium Iron Oxide Corp.	Taiwan	Production and sales of Basic Chemical Industrial, Powder Metallurgy, cathode materials for lithium iron phosphate batteries and Wholesale of Batteries	3,737	-	10,363,128	29.61	92,603	35,909	(157)	-	
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Taiwan	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	114,912	114,912	16,100,000	100.00	188,540	8,177	5,983	-	
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	1,762,711	1,762,711	135,686,472	30.68	5,260,936	2,055,289	630,622	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,213,683	(22,211)	(22,211)	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Vietnam	Production, processing, further processing various yam and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	2,332,278	87,853	87,853	-	

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2021		Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value					
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	\$ 213,771	\$ 213,771	18,595,352	17.99	\$ 1,427,806	\$	1,172,400	\$	211,005	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yarn	2,806,938	2,590,434	-	100.00	2,908,996	(	11,187)	(	11,187)	-
Formosa Taffeta Co., Ltd.	Formosa Industries Corp.	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	1,987,122	1,987,122	-	10.00	1,626,376	(	1,941,578)	(	194,158)	-
Formosa Taffeta Co., Ltd.	Schoeller Textil AG	Switzerland	Textile R&D, production and sales	1,285,507	1,285,507	21,874	50.00	1,096,100	(	79,380)	(	39,690)	-
Formosa Taffeta Co., Ltd.	Nan Ya Optical Corp.	Taiwan	LED lighting system, lighting piping engineering design planning, manufacturing and installation	263,327	263,327	7,013,871	15.22	190,818		144,992		22,064	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	18,011		2,055,289		2,182	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2022		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Taiwan	Employment service, manpower allocation and agency service	5,000	5,000	-	100.00	15,115	5,716	5,716	-	
Public More Internation Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	\$ 1,591	\$ 1,069	15,000	0.01	\$ 1,732	\$ 1,172,400	\$ 160	-	

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

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

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Formosa Chemicals and Fibre Corporation
Information on investments in Mainland China
For the year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	\$ 4,834,511	1	\$ 4,051,414	\$ -	\$ -	\$ 4,051,414	\$ 79,971	100	\$ 4	\$ 16,135,740	\$ -	-
Formosa Chemicals and Industries (Ningbo) Co., Ltd.	Production and market of PTA	35,575,404	1	29,959,815	-	-	29,959,815	(635,426)	100	(635,426)	50,486,788	2,003,898	-
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	12,777,478	4	4,163,050	-	-	4,163,050	(499,324)	33	(166,474)	1,851,242	-	-
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	1	29,610	-	-	29,610	5,921	100	5,921	8,487	-	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	234,151	100	234,151	2,185,356	43,914	3
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2	1,334,739	-	-	1,334,739	(30,588)	100	(30,589)	1,077,542	-	4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
							Remitted to Mainland China	Remitted back to Taiwan							
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	\$ 70,788	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18	41	\$ 7	\$ -	\$ -	5

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
- (4) Formosa Power (Ningbo) Co., Ltd. is an investee company in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman). Formosa Chemicals Industries (Ningbo) Co., Ltd., Formosa PS (Ningbo) Co., Ltd., Formosa ABS Plastics (Ningbo) Co., Ltd. and Formosa Phenol (Ningbo) Limited Co. were investee companies in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman). After share structure adjustment in 2008 and 2014, the parent company of the 4 investees became Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. is a wholly-owned subsidiary through reinvestment of FCFC Investment Corp. (Cayman). The Company reorganised its investment structure through a merger of 4 investees in Mainland China, namely, Formosa Chemicals Industries (Ningbo) Co., Ltd., Formosa ABS Plastics (Ningbo) Co., Ltd., Formosa PS (Ningbo) Co., Ltd. and Formosa Phenol (Ningbo) Limited Co. After the effective date of January 2, 2018, Formosa Chemicals Industries (Ningbo) Co., Ltd. was the surviving entity. The proposal had been resolved by Board of Directors on November 4, 2016. (Samoa) Co., Ltd.. Formosa Synthetic Rubber (Ningbo) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Synthetic Rubber (Hong Kong) Co., Ltd.. Formosa Biomedical Trading (Shanghai) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Biomedical (Samoa) Co., Ltd.. Formosa Taffeta (Changshu) Co., Ltd. is an investee company in Mainland China through the subsidiary - Formosa Taffeta (Hong Kong) Co., Ltd.. The Company is the surviving company after the consolidation of Changshu Yu Yuan Development.Co.,Ltd. and Changshu Fushun Enterprise Management Co.,Ltd. It's paid-in capital is RMB\$13,592,920.

Note 2: Investment income recognized in current period is based on the financial reports audited by CPAs of the Taiwan parent company .

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2022 and December 31, 2022 all amount to US\$46,400,000.

(The remittance of US\$46,388,800 and the capitalised value of machinery and equipment of US\$11,200)

Note 4: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2022 and December 31, 2022 all amount to US\$42,000,000. In order to effectively utilise the residential land of the Company,

Formosa Chemicals & Fibre Co. split the residential land and established Changshu Fushun Enterprise Management Co., Ltd. by capitalizing the residential land in the first quarter, 2015.

Formosa Chemicals & Fibre Co. reduced the capital of Formosa Taffeta (Changshu) Co., Ltd. by US\$900,000, so the Company's paid-in capital amounts to \$41,100,000.

Note 5: The Company is the surviving company after the merger with Changshu Yu Yuan Development.Co., Ltd. in the third quarter, 2015. The paid-in capital of the Company is RMB\$13,592,920.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 38,174,279	\$ 43,716,830	Note

Note: Corporations that are qualified with operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C.

Formosa Chemicals and Fibre Corporation
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the year ended December 31, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others	
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 13,933	0.05	\$ -	-	\$ 1,469	0.08	\$ 1,013,430	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-	
Formosa Taffeta (Changshu) Co., Ltd.	4,836	0.02	-	-	404	0.02	1,689,050	For short-term loans from financial institutions	-	-	-	-	-	

Formosa Chemicals and Fibre Corporation
Information on Major Shareholders
For the year ended December 31, 2022

Table 11

Name of Major Shareholder	Shares	
	Number of Shares	Ownership (%)
Chang Gung Medical Foundation	1,089,142,009	18.58%
Qin's International Investment Holdings Ltd.	371,938,814	6.35%

FORMOSA CHEMICALS & FIBRE CORPORATION

CASH AND CASH EQUIVALENTS

DECEMBER 31, 2022

Statement 1

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Cash on hand		\$ 105
Revolving funds		210
Cash in banks	Checking deposits and demand deposits	240,425
	Foreign currency demand deposits:	
	USD, exchange rate: \$30.71	2,907,364
	EUR, exchange rate: \$32.70	316
	JPY, exchange rate: \$0.23	17,161
	RMB, exchange rate: \$4.41	236
Cash equivalents	Commercial papers	4,733,977
	Bonds with resale agreement	2,624,400
Total		<u>\$ 10,524,194</u>

FORMOSA CHEMICALS & FIBRE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2022

Statement 2

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Ending Balance			Fair Value	Collateral or
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Percentage of Ownership	Amount	Amount	endorsement provided
Current items:											
Formosa Plastics Corp.	486,978,693	\$ 9,155,094	1	\$ -	-	\$ -	486,978,694	7.65%	\$ 9,155,094	\$ 42,269,751	None
Nan Ya Plastics Corp.	413,327,750	4,231,685	-	-	-	-	413,327,750	5.21%	4,231,685	29,346,270	"
Nan Ya Technology Corp.	334,815,409	10,461,715	-	-	-	-	334,815,409	10.81%	10,461,715	17,142,549	"
Formosan Union Chemical Corp.	14,723,422	16,160	-	-	-	-	14,723,422	3.09%	16,160	327,596	"
Asia Pacific Investment Corp.	63,621,500	725,839	-	-	-	-	63,621,500	14.97%	725,839	2,118,596	"
Subtotal		24,590,493		-		-			24,590,493	\$ 91,204,762	"
Adjustments for change in value of financial assets		90,675,741		-		(24,061,472)			66,614,269		
Total		\$ 115,266,234		\$ -		(\$ 24,061,472)			\$ 91,204,762		
Non-current items:											
Mai-Liao Harbor Administration Corp.	39,562,740	\$ 539,260	-	\$ -	-	\$ -	39,562,740	17.98%	\$ 539,260	\$ 1,341,572	None
Formosa Plastic Corp. U.S.A.	8,999	818,316	-	-	-	-	8,999	2.92%	818,316	4,585,055	"
Taiwan Stock Exchange Corporation.	16,803,148	1,800	3,696,693	-	-	-	20,499,841	2.00%	1,800	2,635,870	"
Taiwan Aerospace Corp.	1,070,151	10,702	-	-	-	-	1,070,151	0.79%	10,702	13,570	"
Yi-Jih Development Corp.	63,174	690	-	-	-	-	63,174	1.51%	690	16,997	"
Chinese Television System Corp.	2,376,202	38,419	-	-	-	-	2,376,202	1.41%	38,419	88,038	"
Formosa Plastics Maritime Corp.	355,880	1,750	-	-	-	-	355,880	18.22%	1,750	370,991	"
Formosa Development Corp.	19,087,800	90,010	681,434	-	-	-	19,769,234	18.00%	90,010	262,326	"
Formosa Network Technology Corp.	2,925,000	13,331	-	-	-	-	2,925,000	12.50%	13,331	180,794	"
Formosa Plastics Marine Corp.	2,428,500	15,000	-	-	-	-	2,428,500	15.00%	15,000	403,447	"

FORMOSA CHEMICALS & FIBRE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Cont.)
DECEMBER 31, 2022

Statement 2

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Ending Balance			Fair Value Amount	Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Percentage of Ownership	Amount		
Formosa Ocean Group Marine Investment Corp.	2,622	\$ 856,948	-	\$ -	-	\$ -	2,622	19.00%	\$ 856,948	\$ 3,789,422	None
Guangyuan Investment Corp.	3,750,000	37,500	-	-	-	-	3,750,000	3.91%	37,500	20,250	"
Mega Growth Venture Capital Co., Ltd.	2,500,000	25,000	-	-	(425,000)	(4,250)	2,075,000	1.97%	20,750	16,040	"
Formosa Ha Tinh (Cayman) Limited	621,178,219	17,739,777	-	-	-	-	621,178,219	11.43%	17,739,777	6,104,045	"
Subtotal		20,188,503		-		(4,250)			20,184,253	\$ 19,828,417	
Adjustments for change in value of financial assets		11,699,001		-		(12,054,837)			(355,836)		
Total		\$ 31,887,504		\$ -		(\$ 12,059,087)			\$ 19,828,417		

FORMOSA CHEMICALS & FIBRE CORPORATION

NOTES RECEIVABLE

DECEMBER 31, 2022

Statement 3

(Expressed in thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
General customers			
Entire Technology Co., Ltd.	Payments to suppliers	\$ 100,136	
Y. C. C. Parts MFG. Co., Ltd.	Payments to suppliers	37,653	
			Balance of each client
			has not exceeded 5%
Others	Payments to suppliers	60,587	of total account balance
Subtotal		198,376	
Less: Loss allowance		-	
Total		<u>\$ 198,376</u>	
Related party			
Formosa Taffeta Co., Ltd.	Payments to suppliers	\$ 186,163	
Less: Loss allowance		-	
Total		<u>\$ 186,163</u>	

Aforementioned notes receivables all were generated from operating activities.

FORMOSA CHEMICALS & FIBRE CORPORATION

ACCOUNTS RECEIVABLE

DECEMBER 31, 2022

Statement 4

(Expressed in thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
General customers			
GREAT WORLD LEADER LTD.	Payments to suppliers	\$ 677,710	
Tainan Spinning Co., Ltd.	Payments to suppliers	\$ 387,099	
Taiwan Power Company Yilan Branch	Payments to suppliers	\$ 356,217	
			Balance of each client has not exceeded 5% of total account balance
Others	Payments to suppliers	5,163,386	
Subtotal		6,584,412	
Less: Loss allowance		(67,152)	
Total		<u>\$ 6,517,260</u>	
Related parties			
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Payments to suppliers	\$ 4,262,356	
Nan Ya Plastics Corp.	Payments to suppliers	1,990,843	
Formosa Petrochemical Corp.	Payments to suppliers	2,902,296	
Formosa Idemitsu Petrochemical Corporation	Payments to suppliers	722,511	
			Balance of each client has not exceeded 5% of total account balance
Others	Payments to suppliers	975,818	
Subtotal		10,853,824	
Less: Loss allowance		-	
Total		<u>\$ 10,853,824</u>	

Aforementioned accounts receivables all were generated from operating activities.

FORMOSA CHEMICALS & FIBRE CORPORATION

INVENTORIES

DECEMBER 31, 2022

Statement 5

(Expressed in thousands of New Taiwan Dollars)

Items	Amount		Basis of market price
	Cost	Market price	
Raw materials	\$ 7,799,563	\$ 7,580,783	Net realisable value
Supplies	3,626,399	3,882,186	Net realisable value
Work in progress	2,675,454	2,522,398	Net realisable value
Finished goods	6,291,849	6,015,142	Net realisable value
Other inventories	20,511	20,511	Net realisable value
Subtotal	20,413,776	\$ 20,021,020	
Allowance for valuation loss	(1,241,314)		
Total	\$ 19,172,462		

FORMOSA CHEMICALS & FIBRE CORPORATION
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 6

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Investment profit (loss) accounted for using equity method	Others (Note 1)	Ending Balance			Market Value or Net Assets Value	Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount			No. of shares	Percentage of Ownership	Amount		
Formosa Taffeta Co., Ltd.	630,022,431	\$ 22,859,755	-	\$ -	-	(\$ 630,022)	\$ 1,251,574 (\$ 579,757)	\$ 3,052,189	630,022,431	37.40	\$ 20,429,118	20,770,095	None
Formosa Heavy Industries Corp.	656,516,684	7,694,115	4,817,718	-	-	-	(579,757)	147,785	661,334,402	32.91	7,262,143	7,345,883	"
Formosa Fairway Corporation	4,697,951	49,214	-	-	-	-	(11,008)	(14,727)	4,697,951	33.33	23,479	23,479	"
Formosa Plastics Transport Corp.	6,566,384	1,250,682	-	-	-	-	(15,579)	15,998	6,566,384	33.33	1,251,101	1,251,101	"
Formosa Petrochemical Corp.	2,300,799,801	86,080,723	-	-	-	(8,743,039)	3,575,042	(5,590,471)	2,300,799,801	24.15	75,322,255	75,465,956	"
Mai-Liao Power Corp.	764,201,100	12,819,210	-	-	-	(175,766)	(1,125,953)	(1,749,715)	764,201,100	24.94	9,767,776	9,767,776	"
FCFC Investment Corp. (Cayman)	56,000	67,879,918	-	-	-	(2,003,898)	(555,456)	1,310,867	56,000	100.00	66,631,431	66,622,528	"
Hwa Ya Science Park Management Consulting Co., Ltd.	33,000	3,195	-	-	-	-	418	527	33,000	33.00	4,140	4,140	"
Chia-Nan Enterprise Corporation	21,163,000	339,591	-	-	-	(12,698)	25,296	-	21,163,000	51.00	352,189	352,189	"
Formosa Idemitsu Petrochemical Corp.	60,000,000	1,744,062	-	-	-	(511,200)	(87,505)	1,689	60,000,000	50.00	1,147,046	1,146,909	"
Formosa Industries Corp., Vietnam	-	7,314,049	-	-	-	(512,349)	(825,170)	518,695	-	42.50	6,495,225	6,529,024	"
Formosa INEOS Chemicals Corp.	120,150,000	3,227,258	-	-	-	(1,201,500)	617,868	2,054	120,150,000	50.00	2,645,680	2,653,447	"
Formosa Environmental Technology Co.	41,714,475	228,831	-	-	-	-	2,586	469	41,714,475	24.34	231,886	231,886	"
Formosa Biomedical Technology Corp.	147,556,136	3,477,997	-	-	-	(265,601)	199,479	(508,120)	147,556,136	88.59	2,903,755	2,906,550	"
Formosa FCFC Carpet Corp.	22,037,185	187,404	-	-	-	-	(8,305)	1,476	22,037,185	100.00	180,575	185,433	"
Guo Su Plastic Industry Co., Ltd	1,875,000	48,469	1,800,000	46,531	-	-	(23,629)	-	3,675,000	49.00	71,371	25,929	"
Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	138,333,334	2,182,064	-	-	-	-	(166,473)	(164,349)	138,333,334	33.33	1,851,242	1,851,242	"
Formosa Resources Corporation	830,047,125	6,860,325	-	-	-	-	(213,612)	1,057,105	830,047,125	25.00	7,703,818	7,703,818	"

FORMOSA CHEMICALS & FIBRE CORPORATION
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 6

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Investment profit (loss) accounted for using equity method	Others (Note 1)	Ending Balance			Market Value or Net Assets Value	Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount			No. of shares	Percentage of Ownership	Amount		
Formosa Group Corp. (Cayman)	12,500	\$ 662,099	-	\$ -	-	\$ -	\$ 31,789	\$ 73,077	12,500	25.00	\$ 766,965	783,264	None
Formosa Construction Corp.	60,000,000	593,734	-	-	-	-	(14,876)	(13,351)	60,000,000	33.33	565,507	565,497	"
FG INC.	6,000	2,993,906	-	-	-	-	(20,028)	339,576	6,000	30.00	3,313,454	3,440,423	"
Formosa Smart Energy Tech Corp	-	-	80,000,000	800,000	-	-	799	-	80,000,000	20.00	800,799	977,979	
Formosa Green Power Corp.	-	-	500,000	5,000	-	-	(89)	-	500,000	100.00	4,911	4,911	"
		<u>\$ 228,496,601</u>		<u>\$ 851,531</u>		<u>(\$ 14,056,073)</u>	<u>\$ 2,057,411</u>	<u>(\$ 7,623,604)</u>			<u>\$ 209,725,866</u>	<u>\$ 209,626,569</u>	

Note 1: This pertains to share of other comprehensive income of subsidiaries and associates accounted for using equity method, capital surplus-changes in net share equity of associates accounted for using equity method and unrealised sales profit or loss.

FORMOSA CHEMICALS & FIBRE CORPORATION
STATEMENT OF CHANGES IN COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 7

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition	Decrease	Reclassification	Ending Balance	Note
Cost						
Land	\$ 9,520,205	\$ -	\$ -	\$ -	\$ 9,520,205	Refer to Note 8
Buildings and structures	19,919,650	379,360	(22,959)	452,973	20,729,024	
Machinery and equipment	186,091,564	1,469,422	(1,494,661)	5,572,915	191,639,240	
Transportation equipment	459,429	8,308	(5,890)	11,870	473,717	
Other equipment	4,063,247	82,603	(9,394)	107,781	4,244,237	
Construction in progress and equipment under acceptance	9,713,056	6,343,701	-	(6,144,848)	9,911,909	
	<u>229,767,151</u>	<u>8,283,394</u>	<u>(1,532,904)</u>	<u>691</u>	<u>236,518,332</u>	
Accumulated depreciation						
Buildings and structures	(14,948,201)	(692,284)	8,189	-	(15,632,296)	
Machinery and equipment	(152,945,106)	(5,440,773)	1,417,016	1,415	(156,967,448)	
Transportation equipment	(358,220)	(23,796)	5,892	-	(376,124)	
Other equipment	(3,208,274)	(205,868)	10,807	(1,415)	(3,404,750)	
	<u>(171,459,801)</u>	<u>(6,362,721)</u>	<u>1,441,904</u>	<u>-</u>	<u>(176,380,618)</u>	
Accumulated impairment						
Buildings and structures	(187,527)	-	-	-	(187,527)	
Machinery and equipment	(1,660,946)	-	705	-	(1,660,241)	
Transportation equipment	(1,219)	-	-	-	(1,219)	
Other equipment	(6,052)	-	-	-	(6,052)	
Construction in progress and equipment under acceptance	-	-	-	-	-	
	<u>(1,855,744)</u>	<u>-</u>	<u>705</u>	<u>-</u>	<u>(1,855,039)</u>	
Net amount of property, plant and equipment	<u>\$ 56,451,606</u>	<u>\$ 1,920,673</u>	<u>(\$ 90,295)</u>	<u>\$ 691</u>	<u>\$ 58,282,675</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
ACCOUNTS PAYABLE AND PAYABLES TO RELATED PARTIES
DECEMBER 31, 2022

Statement 8 (Expressed in thousands of New Taiwan Dollars)

Supplier Name	Description	Amount	Note
General customers			
Others	Payments to suppliers	<u>\$ 1,481,060</u>	Balance of each supplier has not exceeded 5% of total account balance
Related parties			
Formosa Petrochemical Corp.	Payments to suppliers	\$ 11,811,508	
Others	Payments to suppliers	<u>1,122,715</u>	Balance of each supplier has not exceeded 5% of total account balance
		<u>\$ 12,934,223</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION

OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 9

(Expressed in thousands of New Taiwan Dollars)

Items	Unit	Volume	Amount	Note
Para-Xylene (PX)	MT	1,232,534	\$ 41,866,900	
Acrylonitrile Butadiene Styrene	MT	347,480	20,260,109	
Styrene Monomer	MT	698,973	25,415,939	
Recovery of Light Oil	MT	1,250,519	29,440,271	
Polypropylene (PP)	MT	469,505	18,326,519	
Purified Terephthalic Acid (PTA)	MT	1,028,078	26,739,589	
Polycarbonate (PC)	MT	189,220	14,513,718	
Polystyrene (PS)	MT	305,135	13,906,816	
Phenol	MT	399,731	15,324,869	
Isophthalic Acid (PIA)	MT	204,245	7,255,675	
Acetone	MT	258,114	5,084,573	
Nylon Fully Oriented Yarn	MT	52,470	5,640,215	
Electricity	MH	1,800,315	7,257,603	
Benzene	MT	23,996	819,162	
Ortho-Xylene (OX)	MT	131,742	4,500,075	
Hydrogen	MT	51,301	3,277,129	
Debutanization	MT	108,260	2,251,115	
Rayon Staple Fiber	MT	24,287	1,452,147	
Nylon Chip	MT	18,922	1,136,059	
Heavy Aromatic Oil	MT	97,688	1,530,333	
Synthetic Fibre Yarn	BL	51,518	943,721	
Meta-Xylene	MT	13,000	384,573	
Nylon Draw Textured Yarn	MT	3,518	516,200	
Sodium Sulphate	MT	14,321	72,167	
Spun Fabric	KY	163	39,288	
Others			1,932,039	
Sales revenue			249,886,804	
Less: Sales returns			(739,977)	
Sales discounts and allowances			(1,826,355)	
Operating revenue, net			247,320,472	
Other operating revenue			30,649	
Total operating revenue			\$ 247,351,121	

FORMOSA CHEMICALS & FIBRE CORPORATION

OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 10

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Materials at the beginning of the year	\$ 8,299,391	
Add: Purchases during the year	288,483,665	
Internal inventory transferred	33,724,525	
Less: Materials at the end of the year	(7,799,563)	
Disposed	(124,776)	
Transferred to manufacturing expenses	(8,111,249)	
Raw materials used	314,471,993	
Direct labor	1,816,491	
Manufacturing expense	45,268,849	
Manufacturing cost	361,557,333	
Add: Beginning work in Progress	2,431,917	
Less: Ending work in Progress	(2,675,454)	
Transferred to manufacturing expenses	(706,106)	
Cost of finished goods	360,607,690	
Add: Finished goods at beginning of year	7,940,209	
Less: Finished goods at end of year	(6,291,849)	
Samples sent	(8,666)	
Cost for self-use - Direct material	(33,724,525)	
Cost for self-use - sub-material	(87,575,596)	
Scraps	(54,070)	
Cost of goods sold	240,893,193	
Loss on inventory valuation	265,496	
Idle capacity (including annual survey and work stoppage)	2,171,631	
Other operating costs	27,066	
Operating costs	<u>\$ 243,357,386</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 11

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Main sub-material	\$ 9,086,264	
Depreciation	6,172,198	
Utilities expense	9,105,436	
Vapor expense	8,340,296	
Maintenance expense	2,360,273	
Indirect labor	2,167,576	
Research and development	197,964	
Others	7,838,842	None of the balances of others is greater than 5% of this account balance.
	<u>\$ 45,268,849</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION

SELLING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 12

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Freight	\$ 5,159,516	
Export expenses	937,762	
Wages and salaries	245,683	
Others	407,773	None of the balances of others is greater than 5% of this account balance.
	<u>\$ 6,750,734</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 13		(Expressed in thousands of New Taiwan Dollars)	
Items	Amount	Note	
Wages and salaries	\$ 2,110,778		
Research and development	314,614		
Depreciation	185,883		
Others	1,100,789	None of the balances of individual expense accounts is greater than 5% of this account balance.	
	<u>\$ 3,712,064</u>		

FORMOSA CHEMICALS & FIBRE CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 14

(Expressed in thousands of New Taiwan Dollars)

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary expenses	\$ 3,943,234	\$ 2,601,574	\$ 6,544,808	\$ 4,264,328	\$ 2,688,678	\$ 6,953,006
Labour and health insurance fees	293,435	150,956	444,391	297,401	154,805	452,206
Pension costs	165,790	82,689	248,479	176,128	93,630	269,758
Directors' remuneration	-	6,550	6,550	-	6,690	6,690
Other personnel expenses	215,644	90,522	306,166	229,862	96,212	326,074
Depreciation expense	\$ 6,172,198	\$ 196,324	\$ 6,368,522	\$ 5,781,758	\$ 176,301	\$ 5,958,059
Amortisation charge	\$ 3,406,195	\$ -	\$ 3,406,195	\$ 3,470,945	\$ -	\$ 3,470,945

Note:

- A. As at December 31, 2022 and 2021, the Company had 4,590 and 4,594 employees, respectively, including 2 and 5 non-employee directors for current year and previous year.
- B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
- (a) Average employee benefit expense in current year was \$1,644 thousand ((Total employee benefit expense in current year–Total directors' compensation in current year) / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$1,744 thousand ((Total employee benefit expense in previous year–Total directors' compensation in previous year) / (Number of employees in previous year – Number of non-employee directors in previous year)).
- (b) Average employee salaries in current year was \$1,427 thousand (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year))
Average employee salaries in previous year was \$1,515 thousand (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- (c) Adjustments of average employee salaries was 5.81% (Average employee salaries in current year–Average employee salaries in previous year) / Average employee salaries in previous year).
- (d) For the years ended December 31, 2022 and 2021, there was no supervisors' remuneration for both years.

FORMOSA CHEMICALS & FIBRE CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 14

(Expressed in thousands of New Taiwan Dollars)

(e) The Company's salary and remuneration policy (including directors, managers and employees)

i. Directors:

(i) The Company's independent directors are granted a monthly fixed remuneration and an additional travel allowance according to their actual attendance to the Board of Directors.

(ii) According to the Company's Articles of Incorporation, remaining directors' remuneration was authorised to be decided by the Board of Directors based on their participation frequency in the Company's operation and contribution to the Company's operation and were referred to the common standard in the same industry.

Additionally, travel allowance was received according to their actual attendance to the Board of Directors.

(iii) On June 6, 2008, directors' remuneration was canceled to be distributed from earnings as approved by the shareholders.

ii. Managers:

Managers' remuneration is determined based on the Company's Articles of Incorporation and the Company Act Article 29, except for the monthly fixed salary and remuneration, there were also annual bonus, unused compensated absences and management rewards. Additionally, the monthly fixed salary and remuneration are suggested to be adjusted by the remuneration committee based on the salary adjustment standard of all employees every year.

iii. Employees:

Except for the monthly fixed salary and compensation, the Company's employees receive annual bonus, festival bonus, unused compensated absences and management rewards.

The monthly fixed salary and compensation are adjusted with reference to Consumer Price Index, salary standard and salary adjustment in the industry and related economic data.

Explanation:

A. For the employee's number information in the notes of the table, the Company adopted the average employee number to calculate employee's number, which is in agreement with employee benefit expense and employees' salary expenses.

B. According to IFRS 19, employees can provide service in ways of full-time, part-time, permanent, irregular or contingent, including directors and other managements. Therefore, 'employees' in the table included directors, managers, normal employees and contract employees, but, excluded supervisors, temporary workers, contract workers or outsourcing.

C. 'Directors' remuneration' refers to the remuneration, severance pay, directors' rewards and business execution expenses which were received by all directors, however, the salary from being employed, labour and health insurance, pension and other benefit expenses are excluded.

D. 'Supervisors' remuneration' are remuneration, rewards and business execution expenses which were received by all supervisors.