

FORMOSA CHEMICALS & FIBRE CORPORATION

2023 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK

(Summary)

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

MAY 26, 2023

Table of Contents

Meeting Procedure	page 1
Meeting Agenda.....	page 2
Report Items.....	page 3
Ratification Items.....	page 12
Appendices.....	page 29

1. Independent Auditor's Report
2. Information regarding the Proposed Employees and Directors' Compensation approved by the Board of Directors of the Company
3. Effect upon Business Performance and Earnings per Share of the Company by the Stock Dividend Distribution Proposed at the 2023 Annual Shareholders' Meeting
4. Articles of Incorporation of the Company
5. Rules of Procedure for Shareholders' Meeting of the company
6. Current Shareholdings of Directors of the Company

FORMOSA CHEMICALS & FIBRE CORPORATION
2023 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Extraordinary Motions
6. Meeting Adjourned

FORMOSA CHEMICALS & FIBRE CORPORATION
2023 ANNUAL SHAREHOLDERS' MEETING
AGENDA

Time: 10:00 a.m., Friday , May 26, 2023

Venue: Illume Hotel

(No. 100 Dun Hua North Road, Taipei, Taiwan)

1. Report Items

- (1) 2022 Business Report
- (2) Audit Committee' Review Report on the 2022 Financial Statements
- (3) Distribution of 2022 Employees Compensation
- (4) The Company has issued the report on cash dividend distribution for 2022.

2. Ratification Items

- (1) Please approve the 2022 Business Report and Financial Statements as required by the Company Act.
- (2) Please approve the Proposal for Distribution of 2022 Profits as required by the Company Act.

Report Items

1. About the Company's business operation condition of 2022, please refer to Business Report for further details (on page 4 of the Handbook.)
2. The Company's Audit Committee members reviewed the 2022 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Audit Committee's Review Report (on page 11 of the Handbook.)
3. The company has issued the report on compensation distributed to its employees for 2022.

The pre-tax profit prior to deducting employees' compensation distributable for 2022 is NT\$7,209,835,098. The company has no accumulated losses. Adopted by the Board Meeting on March 3, 2023, 0.1% of the profit is allocated as employees' compensation in accordance with Article 31 of the Articles of Incorporation. The total allocated amount is NT\$7,209,835, which shall be distributed in cash. The above is hereby reported for record.

4. The Company has issued the report on cash dividend distribution for 2022.

Adopted by the Board Meeting of the Company on March 3, 2023 in accordance with Article 32 of the Articles of Incorporation, the Company will distribute total amount of cash dividend NTD 5,568,126,976 with NTD 0.95 per share for 2022 which will be paid after Board Meeting sets the record date.

FORMOSA CHEMICALS & FIBRE CORPORATION

Annual Report of 2022

1. 2022 Business Report:

Impacted by the imbalance of the supply chain and the Ukraine-Russia conflict, costs of crude oil, energy, and raw materials and supplies rose in 2022. Governments followed one another in raising interest rates against inflation. The zero-COVID lock-down for control purpose in Mainland China, the shrinking market demand, and the slowing economic growth, in addition, all posed challenges for operations as far as the stress in de-stocking and the rising costs are concerned. The consolidated revenue of the Company throughout 2022 came to NT\$379.9 billion, an increase of NT\$14.1 billion and a growth of 3.9% from that in 2021, which was NT\$365.8 billion. As far as the selling price is concerned, due to continued investment in and release of additional throughput and the fierce competition on the market of Mainland China, selling prices of plastic products, acetone, and acetic acid were lower than those in 2021 while prices of petrochemical and textile products remained higher than those in 2021. For the second half of 2022, reflective of the rise in the price of coal, selling prices of electricity and steam rose NT\$34.3 billion. In terms of sales, impacted by inflation and the zero-COVID policy in Mainland China against the pandemic, demand weakened. Except for the new production line of PIA in Ningbo that was on full production and full sales and the increased sales of SM, production and sales were regulated and periodic exams were scheduled for a majority of products. Sales dropped by NT\$20.3 billion.

In terms of interest, the consolidated pre-tax one came to NT\$9.6 billion in 2022, which, compared to NT\$50.2 billion in 2021, dropped by NT\$40.6 billion, a decline of 80.9%, mainly because of the investment in and release of the refining new throughput in Mainland China and the increase in market demand that suppressed the quotations plus the skyrocketing energy cost and inflation stress from the Ukraine-Russia war. All of these led to shrinking consumption power on the market. Zero-COVID lock-down for control purpose in Mainland affected activation in the downstream. Customers purchase conservatively and counterparts compete with one another at slated prices. As a result, business profits for the Company dropped significantly throughout the year.

In 2022, global inflation climbed at an alarming rate. The US government increased the interest rate seven times by 17 x 0.25% in total. The Ukraine-Russia war

triggered a shortage in energy and rising prices. Plus the dynamic zero-COVID policy in Mainland China and the excessive investment in and release of the new refining throughput. These five factors led to shrinking consumption on the market and suppressed the demand for and prices of products. The crude oil in West Texas for the first half a year rose to USD 130 per barrel once and then slid all the way down to USD 80 per barrel as the global economic growth slowed down and consumption demand slid. On average, it was USD 94.33 per barrel, which was still an increase of 38.5% from that in 2021. The demand for naphtha was undesirable; nevertheless, it also rose by 21.1%. Petrochemical and plastic products, however, did not rise; instead, they fell. Comprehensive falls were seen in plastic products, in particular. Raw materials in the upstream, such as vinyl, acrylic, benzene, SM, phenyl hydroxide, and BPA and, also fell much and rose little. In the case of benzene, which showed the most significant rise, it was only 11.6%; none was comparable to naphtha. With the additional refining throughput in Mainland China that continued to be invested in and devoted, supply and balance on the market experienced an imbalance. Prices slid quickly. Demand from downstream customers featured rigid procurement meant to help stay operative at low inventory levels. In addition, the sky-rocketing energy cost squeezed the profits of petrochemical products and plastics in the mid-stream and downstream. Profits of the Company also began to drop. For the second half of the year, deficits showed. Despite the devotion to expand sales and to secure market presence, operations were quite harsh.

As part of the consolidated revenue in 2022, the parent company's net revenue was NT\$194 billion accounting for 51.1% of the consolidated revenue. Net revenue of subsidiaries such as Formosa Industries Corporation in Ningbo, Formosa Industries Corporation in Vietnam, and Formosa Taffeta Co., Ltd., totaled NT\$185.9 billion, accounting for 48.9% of the consolidated revenue. Main contributors to the parent company's revenue are petrochemical and plastic products. Both combined had a net worth of NT\$178.8 billion, accounting for 92.2% of the parent company's revenue. Among them, petrochemical products totaled NT\$127.8 billion or 65.9% and plastic products NT\$51 billion or 26.3%.

Under the premise that safe production is ensured, for each major product, the operation focuses on market expansion reflective of the production and distribution status, continued promotion of water and energy conservation, and reduced consumption

and emissions, among other circular economy improvement, as well as proactive promotion of AI smart production and digital transformation and maximized high value-oriented product developments in order to improve quality of products, bring down costs, and strengthen the operational composition.

As far as petrochemical products are concerned, multiple energy improvement projects such as heterogeneous unit thermal recycling and process cross-zone thermal integration and addition of heat separator to the transalkylation unit were completed for the first aromatic hydrocarbon plant to significantly reduce energy consumption. Meanwhile, efforts continued to promote recycling of waste heat from processes for production of low-pressure steam, enhance equipment efficacy, and optimize and adjust operations for the sake of optimizing energy conservation, consolidating carbon reduction, and realizing energy transformation. EBMAX and SM distillation zone thermal integration were completed for the styrene plant in Mailiao to improve and bring down the processing cost and to increase competitive advantages. Although the product spread of PTA continued to slide due to increased supply from the additional throughput invested in and devoted, PTA energy consumption is low in Ningbo and the product is known for its optimal quality and steady lead-time to be highly trusted among customers. Full-energy production throughout the year got to be maintained. The production lines in Taiwan, on the other hand, had their production adjusted reflective of the production and distribution status. In terms of PIA, the new production line with a throughput of 200 thousand tons a year in Ningbo was commissioned in May 2021, the potential customer bases domestically and internationally for bottle chips, low-melt fibers, and coatings continued to be expanded. The monthly sales across the Taiwan Strait in October 2022 broke the threshold of 40 thousand tons in total and are heading towards 45 thousand tons in order to increase the presence of the Company's PIA on the global market and to gradually secure the leading position on the market.

For plastic products, impacted by the zero-COVID lock-down for control purpose in Mainland China and the heated global inflation in 2022, the stocks of various plastic products and their production sizes and sales were adjusted and hence sales saw consistent declines compared to 2021. Only PS showed profits throughout the year. Others like ABS, PP, and PC suffered deficits. Faced with the additional throughput in Mainland China, for 2023, continued efforts will be made to increase the ratios of

differential sales and to realize market decentralization. Differential goals of respective products will be 50% for PS, 42.3% for ABS, 55% for PP, and 35% for PC and the ratios of sales on the market of Mainland China will be reduced wherever possible. Furthermore, additional throughput of ABS totaling 250 thousand tons is expected to be added in April 2023 in Ningbo to continue securing the market share in Mainland China and to proactively sell to RCEP tariff-free countries.

In textiles and fiber products, impacted by undesirable factors, such as the pandemic for the plants in Taiwan and Vietnam, the price cut competition in the textile products from Mainland China, rising energy costs, and inflation, sales of textiles, nylon, and rayon cotton dropped. The downturn for the second half of 2022, in particular, led to the downstream becoming conservative about the market. Terminal demand hence shrank significantly and production was reduced in response. Deficits surfaced. On the basis of long-term promotion, costs of raw materials for the first half of the year were properly controlled for high-value textile products. Their profits were higher than those of cotton yarn that sold better. As a result, the plant in Vietnam remained profitable throughout the year.

Sustainable development is the focus of business administration while ESG (environmental protection, social responsibility, and corporate governance) is the unchanged priority in business operation of the Company.

In order to boost industrial safety, the Company formed the Sustainable Safety Project Team in 2019 to enforce the “person-centered” safety strategy, explore blind spots in safety management, eliminate underlying risks, and reinforce communications on safety awareness among employees. It optimally contributed to workplace security. The Company won awards as the “Annual Out-standing Healthy Workplace” and the “Occupational Safety and Security Out-performer” in 2022. For 2023, the goal is “continue with fundamental security and advance in autonomous management”. Sharing of experiences, consolidation of contractor and staff trainings, promotion of equipment MI, change of ideas about safety and culture among employees, and zero-disasters are to be fulfilled through internal and external exchanges.

In the face of changes in digital technology and the macro-environment, the Digital and Energy Transformation Project Team was formed in December 2021 to take charge of integrating digital and energy transformations throughout the Company. Digital

transformation, in particular, covers digital optimization and AI application of a smart plant (covering operation, care, and safety) and dynamic operational management. Energy transformation covers continued efforts in the promotion of water and energy conservation, establishment of coal reduction and energy transformation strategies, development of clean energy, such as solar power, minimal water, and wind power generation projects as well as enrollment in the Science Based Targets Initiative (SBTi) and the Task Force on Climate-related Financial Disclosures (TCFD) in order to be on a par with international climate change-related initiatives and to answer to the international carbon reduction trend. Throughout 2022, energy conservation and carbon reduction accomplishments totaled NTD 0.95 billion, with 375 engineering improvement projects completed, saving a total of 2,793 tons of water per day, 100.2 tons of steam per hour, and 7.26 kWh of electricity per hour.

The Company continues with investments and transformations. Plastic recycling began in the beginning of 2022. The annual throughput of composite materials of the three plants across the Taiwan Strait under the Plastics Department reached 132 thousand tons already. In addition, the new throughput of the ABS plant in Ningbo totaling 250 thousand tons and the expanded annual production process of 1.5 million tons a year of the PTA plant in Ningbo that are to be completed in 2023, and the additional throughput of 100 thousand tons for the fourth series of PS in Xingang for 2024 consistently feature the most advanced production technology and are unparalleled in the industry.

2. Operating Status:

The consolidated operating revenue was NT\$379.89 billion in 2022, an increase of NT\$14.08 billion than NT\$365.81 billion in 2021. Deducted operating costs NT\$367.15 billion and selling expenses and administrative expenses NT\$18.03 billion, the operating loss was NT\$5.29 billion in 2022 with an -1.4% of operating margin which decreased NT\$39.72 billion compared with NT\$34.43 billion in 2021. Added up non-operating income and expenses NT\$ 14.88 billion, the pre-tax income of 2022 was NT\$9.59 billion, which decreased NT\$40.57 billion with an decrease of 80.9% compared with NT\$50.16 billion in 2021.

3. 2023 Business Performance Target and Outlook:

For the coming 2023, uncertain factors such as carbon tax, the Ukraine-Russia war, geopolitical competition, and economic slow-downs in Europe and America remain. After three years of the pandemic, the Company will be dealing with pressure and challenges in its operations such as the changing economic model, the changing manpower structure, the significantly increased shortage in labor, and the possible lagging production, marketing, and transportation chains to catch up with recovery. The nearly doubling quantities of petrochemical and plastic products from additional investments in and releases of throughput in Mainland China have seriously impacted the supply and demand and prices on the market and are the greatest gray rhino. With the removal of control over the pandemic in Mainland China, the gradual recovery of liquidity in society, and the slow recovery of demand for consumption, however, the accumulated stocks will be gradually consumed in the first half of the year. New orders will begin to be released starting from the second quarter. Economic developmental momentum will become better and better. As inflation tops out and the rate hike policy eases internationally, it is hopeful that energy pricing will orderly lower and gradually stabilize. It is expected that pricing of crude oil will stabilize around USD 80 per barrel while naphtha will return to USD 650 per ton. Prices of intermediate petrochemical products and plastics, on the other hand, are already at the bottom and can no longer be any lower, to favor improvements in profits. All of these will help the Company's operations become better.

To cope with the operational stress of 2023, the Company will continue to enforce circular economy, conserve energy, and reduce emissions, keeping only the best under its production and distribution structure while at the same time promoting smart plants and operational management to improve the production and management efficiency. As far as the issue of carbon neutralization is concerned, the Company has a reduction of 25% in carbon emissions from 2020 as its phased goal by 2030 and declares comprehensive carbon neutralization by 2050. It is estimated that a total of NTD12.2 billion will be devoted between 2021 and 2030 to the implementation of related carbon reduction proposals, including improved energy conservation, fuel transformation, energy conversion, development of green renewable energy, and recycling and reutilization of CO₂, etc.

The Company will be devoted to realizing high-value differential plastic fiber products in 2023 to decentralize the market and to secure its market share while at the same time continuing with the promotion of energy conservation and carbon reduction, energy and digital transformation, and improving the operational composition. More proactive efforts will be devoted to the expansion of green products, consolidation of the collaboration with downstream practitioners in establishing a circular and recycling mechanism for marine waste such as nylon oyster ropes and recycling fishing nets, fulfilling the belief: “We Produce, We Recycle” and bringing the volume to 1,250 tons/month, that is, the goal of recycled marine waste accounting for 12.5% of the overall quantity of raw materials used. Meanwhile, the Company will work with plastics recycling businesses and hold shares in them to hopefully ensure sources of plastics to be recycled, to secure the production of quality green materials, and to create an accountable and sustainable operational environment, addressing the challenges and opportunities under the global climate change trend, keeping track of new business opportunities, and fulfilling goals of sustainable developments.

FORMOSA CHEMICALS & FIBRE CORPORATION

Audit Committee' Review Report

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

Formosa Chemicals & Fibre Corporation
Chairman of the Audit Committee:

Ruey-Long Chen

March 3, 2023

Ratification Items Proposal 1

Proposal: For approval of the 2022 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2022 Consolidated and Individual Financial Statements were completed. The aforementioned Financial Statements were reviewed by the Audit Committee and approved by the Board Meeting on March 3, 2023 and audited by independent auditors, Ms. Man-Yu, Juanlu and Mr. Han-Chi, Wu , of PWC. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 4 through page 10 of the Meeting Handbook. As for the Financial Statements, please refer to page 14 through page 27 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items Proposal 2

Proposal: For Approval of the Proposal for Distribution of 2022 Profits as required by the Company Act.

Proposed by the Board of Directors

Explanation:

Please refer to page 28 of the Handbook for the Statement of Profits Distribution, which has been reviewed by the Audit Committee members of Formosa Chemicals & Fibre Corporation and approved by the Board of Directors on March 3, 2023. Please approve the Statement of Profits Distribution.

Resolution:

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 379,896,563	100	\$ 365,812,098	100
5000	Operating costs	6(6)(14)(24)(25) and 7	(367,154,202)	(96)	(312,373,726)	(85)
5900	Net operating margin		12,742,361	4	53,438,372	15
	Operating expenses	6(14)(24)(25) and 7				
6100	Selling expenses		(12,003,638)	(3)	(12,840,956)	(3)
6200	General and administrative expenses		(6,024,797)	(2)	(6,164,686)	(2)
6000	Total operating expenses		(18,028,435)	(5)	(19,005,642)	(5)
6900	Operating (loss) profit		(5,286,074)	(1)	34,432,730	10
	Non-operating income and expenses					
7100	Interest income	6(20)	662,259	-	350,874	-
7010	Other income	6(21) and 7	11,769,663	3	4,446,994	1
7020	Other gains and losses	6(22)	1,973,842	-	(589,966)	-
7050	Finance costs	6(8)(23) and 7	(1,797,644)	-	(1,048,054)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	2,267,537	1	12,567,317	3
7000	Total non-operating income and expenses		14,875,657	4	15,727,165	4
7900	Profit before income tax		9,589,583	3	50,159,895	14
7950	Income tax expense	6(26)	(385,722)	-	(7,452,464)	(2)
8200	Profit for the period		\$ 9,203,861	3	\$ 42,707,431	12

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (net)	6(18)(26)				
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		\$ 294,190	-	(\$ 349,586)	-
8316 Unrealised gain on financial assets measured at fair value through other comprehensive income		(45,626,887)	(12)	21,961,032	6
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method		(7,746,313)	(2)	2,693,570	1
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(53,079,010)	(14)	24,305,016	7
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		2,835,651	1	(939,757)	(1)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		1,872,011	-	(539,943)	-
8399 Income tax relating to the components of other comprehensive income	6(26)	(359,626)	-	111,624	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		4,348,036	1	(1,368,076)	(1)
8300 Total other comprehensive (loss) income for the period		(\$ 48,730,974)	(13)	\$ 22,936,940	6
8500 Total comprehensive (loss) income for the period		(\$ 39,527,113)	(10)	\$ 65,644,371	18
Net income attributable to:					
8610 Owners of the parent		\$ 7,359,531	3	\$ 38,359,347	11
8620 Non-controlling interest		1,844,330	-	4,348,084	1
		\$ 9,203,861	3	\$ 42,707,431	12
Total comprehensive income (loss) attributable to:					
8710 Owners of the parent		(\$ 36,763,754)	(9)	\$ 61,244,278	17
8720 Non-controlling interest		(2,763,359)	(1)	4,400,093	1
		(\$ 39,527,113)	(10)	\$ 65,644,371	18
Basic earnings per share	6(27)				
9710 Income from continuing operations		\$	1.57	\$	7.30
9720 Net income of non-controlling interests		(0.31)	(0.74)		
9750 Net income attributable to ordinary equity holders of the parent		\$	1.26	\$	6.56
Pro forma information assuming the investment of the subsidiary, Formosa Taffeta Co., Ltd., and indirectly owned subsidiary are not treated as treasury stock:					
Income from continuing operations		\$	1.57	\$	7.29
Net income of non-controlling interests		(0.31)	(0.75)		
Net income attributable to ordinary equity holders of the parent		\$	1.26	\$	6.54

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Year ended December 31

Items	Notes	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	Unrealized profit from sales		(42,925)	-	(325,044)	-
5920	Realized 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 (loss) before income tax		7,202,625	3	41,663,632	17
7950	Income tax expense	6(24)	156,906	-	(3,304,285)	(1)
8200	Profit (loss) 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 as otherwise indicated)

Year ended December 31

Items	Notes	2022		2021					
		AMOUNT	%	AMOUNT	%				
Other comprehensive income (net)									
Components of other comprehensive income that will not be reclassified to profit or loss									
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	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	Components of other comprehensive 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	Other comprehensive income, before tax, exchange differences on translation	6(16)		1,549,826	- (	488,425)	-	
8380	Total 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	Components of other comprehensive income that will be reclassified to profit or loss			3,300,913	1 (	990,917)	(	1)
8300	Other comprehensive income for the year		(\$	44,123,285)	(18)	\$	22,884,931	9
8500	Total comprehensive income for the year		(\$	36,763,754)	(15)	\$	61,244,278	25
	Basic earnings per share (in dollars)	6(25)							
9750	Net income		\$		1.26	\$		6.56	
	Assuming shares held by subsidiary are not deemed as treasury stock:								
	Basic earnings per share (in dollars)								
	Net income		\$		1.26	\$		6.54	

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 33,002,871	6	\$ 23,062,097	4
1110	Financial assets at fair value through profit or loss - current	6(2)	1,797,262	-	3,903,900	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	92,125,314	17	116,451,723	20
1136	Current financial assets at amortised cost	6(4)	4,565,618	1	1,953,235	-
1150	Notes receivable, net	6(5)	6,550,164	1	8,173,238	1
1160	Notes receivable - related parties	6(5) and 7	8,147	-	8,505	-
1170	Accounts receivable, net	6(5)	16,355,474	3	20,204,508	3
1180	Accounts receivable - related parties	6(5) and 7	7,145,791	1	8,719,009	2
1200	Other receivables	7	4,483,253	1	2,742,096	-
1210	Other receivables - related parties	7	2,429,252	-	2,698,693	-
130X	Inventory	6(6) and 8	48,437,390	9	47,200,475	8
1470	Other current assets		7,813,014	1	11,513,548	2
11XX	Total current assets		<u>224,713,550</u>	<u>40</u>	<u>246,631,027</u>	<u>41</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	51,954,437	9	72,999,266	12
1535	Non-current financial assets at amortised cost	6(4) and 8	2,250,169	1	2,390,179	1
1550	Investments accounted for under equity method	6(7)	117,661,397	21	129,632,702	22
1600	Property, plant and equipment	6(8), 7 and 8	142,848,941	26	130,897,801	22
1755	Right-of-use assets	6(9)	1,650,577	-	1,577,555	-
1780	Intangible assets		5,585	-	5,884	-
1840	Deferred income tax assets	6(26)	2,139,083	1	2,240,322	-
1900	Other non-current assets	6(1)	12,314,889	2	11,970,535	2
15XX	Total non-current assets		<u>330,825,078</u>	<u>60</u>	<u>351,714,244</u>	<u>59</u>
1XXX	Total assets		<u>\$ 555,538,628</u>	<u>100</u>	<u>\$ 598,345,271</u>	<u>100</u>

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 35,117,887	6	\$ 17,512,874	3
2110	Short-term notes and bills payable	6(10)	32,892,666	6	17,796,625	3
2120	Financial liabilities at fair value through profit or loss - current	6(11)	2,826	-	-	-
2150	Notes payable		164,722	-	246,102	-
2170	Accounts payable		4,801,464	1	3,888,771	-
2180	Accounts payable - related parties	7	13,884,528	3	17,527,128	3
2200	Other payables	7	12,432,106	2	12,762,681	2
2220	Other payables - related parties	7	1,472,658	-	542,013	-
2230	Current income tax liabilities		903,787	-	5,732,381	1
2280	Current lease liabilities		165,804	-	110,520	-
2320	Long-term liabilities, current portion	6(12)(13)	11,045,140	2	4,550,000	1
2399	Other current liabilities		4,067,358	1	4,247,942	1
21XX	Total current liabilities		<u>116,950,946</u>	<u>21</u>	<u>84,917,037</u>	<u>14</u>
Non-current liabilities						
2530	Corporate bonds payable	6(12)	40,650,000	7	45,500,000	8
2540	Long-term borrowings	6(13)	18,568,279	4	17,177,183	3
2570	Deferred income tax liabilities	6(26)	383,054	-	382,012	-
2580	Non-current lease liabilities		804,249	-	793,472	-
2600	Other non-current liabilities	6(14)	4,825,636	1	5,594,613	1
25XX	Total non-current liabilities		<u>65,231,218</u>	<u>12</u>	<u>69,447,280</u>	<u>12</u>
2XXX	Total liabilities		<u>182,182,164</u>	<u>33</u>	<u>154,364,317</u>	<u>26</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(15)	58,611,863	11	58,611,863	10
Capital surplus						
3200	Capital surplus	6(16)	9,246,656	2	9,192,999	1
Retained earnings						
3310	Legal reserve	6(17)	70,224,189	13	66,313,982	11
3320	Special reserve		76,461,277	14	70,032,921	12
3350	Unappropriated retained earnings		41,405,257	7	72,145,718	12
Other equity interest						
3400	Other equity interest	6(18)	70,501,451	12	114,997,001	19
3500	Treasury stocks	6(15)	(323,952)	-	(323,952)	-
31XX	Equity attributable to owners of the parent		<u>326,126,741</u>	<u>59</u>	<u>390,970,532</u>	<u>65</u>
36XX	Non-controlling interest		<u>47,229,723</u>	<u>8</u>	<u>53,010,422</u>	<u>9</u>
3XXX	Total equity		<u>373,356,464</u>	<u>67</u>	<u>443,980,954</u>	<u>74</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 555,538,628</u>	<u>100</u>	<u>\$ 598,345,271</u>	<u>100</u>

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

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	1
1120	Total 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		<u>148,130,739</u>	<u>33</u>	<u>176,628,356</u>	<u>35</u>
Non-current assets						
1517	Total 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		<u>297,652,742</u>	<u>67</u>	<u>326,863,572</u>	<u>65</u>
1XXX	Total assets		<u>\$ 445,783,481</u>	<u>100</u>	<u>\$ 503,491,928</u>	<u>100</u>

(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		<u>72,094,097</u>	<u>16</u>	<u>61,954,234</u>	<u>12</u>
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		<u>47,562,643</u>	<u>11</u>	<u>50,567,162</u>	<u>10</u>
2XXX	Total liabilities		<u>119,656,740</u>	<u>27</u>	<u>112,521,396</u>	<u>22</u>
Equity						
Share capital						
3110	Common stock	6(13)	58,611,863	13	58,611,863	12
Capital surplus						
3200	Capital surplus	6(14)	9,246,656	2	9,192,999	2
Retained earnings						
3310	Legal reserve	6(15)	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						
3400	Other equity interest	6(16)	70,501,451	16	114,997,001	23
3500	Treasury stocks	6(13)	(323,952)	-	(323,952)	-
3XXX	Total equity		<u>326,126,741</u>	<u>73</u>	<u>390,970,532</u>	<u>78</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 445,783,481</u>	<u>100</u>	<u>\$ 503,491,928</u>	<u>100</u>

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent										Total equity			
	Retained Earnings					Other equity interest								
	Notes	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Revaluation surplus		Treasury stocks	Total	Non-controlling interest
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	\$ 51,098,671	\$ 395,452,529
Profit for the year	6(18)	-	-	-	-	38,359,347	(968,064)	24,413,358	(22,853)	-	-	38,359,347	4,348,084	42,707,431
Other comprehensive income (loss) for the year		-	-	-	-	(537,510)	(968,064)	24,413,358	(22,853)	-	-	22,884,931	52,009	22,936,940
Total comprehensive income		-	-	-	-	37,821,837	(968,064)	24,413,358	(22,853)	-	-	61,244,278	4,400,093	65,644,371
Appropriation of 2021 earnings	6(17)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	1,978,906	-	(1,978,906)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	3,704,582	(3,704,582)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(14,652,966)	-	-	-	-	-	(14,652,966)	-	(14,652,966)
Dividends paid to subsidiaries to adjust capital surplus	6(16)	-	-	-	-	-	-	-	-	-	-	11,379	-	11,379
Changes in the net interest of associates recognised under the equity method	6(16)	-	-	-	-	-	-	-	-	-	-	-	-	-
Expired cash dividends reclassified to capital surplus	6(16)	-	442	-	-	2,565	-	(2,565)	-	-	-	442	-	442
Expired dividends paid from capital surplus	6(16)	-	12,366	-	-	-	-	-	-	-	-	12,366	-	12,366
Expired dividends paid from capital surplus	6(16)	-	(682)	-	-	-	-	-	-	-	-	(682)	-	(682)
Changes in ownership interests in subsidiaries	6(16)	-	1,857	-	-	-	-	-	-	-	-	1,857	2,948	4,805
Disposal of equity instruments measured at fair value through other comprehensive income	6(18)	-	-	-	-	1,277,669	-	(1,277,669)	-	-	-	-	175,384	175,384
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(2,550,389)	(2,550,389)
Increase in non-controlling interest-disposal of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(116,285)	(116,285)
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	\$ 53,010,422	\$ 443,980,954
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	\$ 53,010,422	\$ 443,980,954
Profit for the year		-	-	-	-	7,359,531	-	48,839,050	(9,110)	-	-	7,359,531	1,844,330	9,203,861
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	412,469	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(44,123,285)	(4,607,689)	(48,730,974)
Total comprehensive income		-	-	-	-	7,772,000	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(36,763,754)	(2,763,359)	(39,527,113)
Appropriation of 2022 earnings	6(17)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	3,910,207	-	(3,910,207)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	6,428,356	(6,428,356)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(28,133,694)	-	-	-	-	-	(28,133,694)	-	(28,133,694)
Dividends paid to subsidiaries to adjust capital surplus	6(16)	-	21,847	-	-	-	-	-	-	-	-	21,847	-	21,847
Changes in the net interest of associates recognised under the equity method	6(16)	-	145	-	-	2,428	-	(2,428)	-	-	-	145	-	145
Expired cash dividends reclassified to capital surplus	6(16)	-	18,555	-	-	-	-	-	-	-	-	18,555	-	18,555
Expired dividends paid from capital surplus	6(16)	-	(715)	-	-	-	-	-	-	-	-	(715)	-	(715)
Changes in ownership interests in subsidiaries	6(16)	-	13,825	-	-	-	-	-	-	-	-	13,825	23,097	36,922
Disposal of equity instruments measured at fair value through other comprehensive income	6(18)	-	-	-	-	(42,632)	-	42,632	-	-	-	-	(5,321)	(5,321)
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(3,439,586)	(3,439,586)
Increase in non-controlling interest-disposal of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	404,470	404,470
Balance at December 31, 2022		\$ 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	\$ 47,229,723	\$ 373,356,464

The accompanying notes are an integral part of these consolidated 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				Total		
	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
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	-	-	-	-	(537,510)	(968,064)	24,413,358	(22,853)	-	-	22,884,931
Total comprehensive income	-	-	-	-	37,821,837	(968,064)	24,413,358	(22,853)	-	-	61,244,278
Appropriation of 2021 earnings	-	-	-	-	(1,978,906)	-	-	-	-	-	-
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	-	11,379	-	-	-	-	-	-	-	-	11,379
Changes in the net interest of associates recognised under the equity method	-	-	-	-	2,565	-	(2,565)	-	-	-	442
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	-	-	-	-	-	12,366
Expired dividends paid from capital surplus	-	(682)	-	-	-	-	-	-	-	-	(682)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	1,857
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	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	-	-	-	-	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)
Appropriation of 2022 earnings	-	-	-	-	(3,910,207)	-	-	-	-	-	-
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	-	21,847	-	-	-	-	-	-	-	-	21,847
Changes in the net interest of associates recognised under the equity method	-	145	-	-	2,428	-	(2,428)	-	-	-	145
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	-	-	-	-	-	18,555
Expired dividends paid from capital surplus	-	(715)	-	-	-	-	-	-	-	-	(715)
Changes in ownership interests in subsidiaries	-	13,825	-	-	-	-	-	-	-	-	13,825
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(42,632)	-	42,632	-	-	-	-
Balance at December 31, 2022	\$ 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 AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 9,589,583	\$ 50,159,895
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	13,865,040	13,806,835
Amortisation	6(24)	4,599,170	4,185,976
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	6(22)	(312,866)	91,153
Interest expense	6(23)	1,797,644	1,048,054
Interest income	6(20)	(662,259)	(350,874)
Dividend income	6(21)	(10,448,254)	(3,116,391)
Share of profit or loss of associates accounted for under the equity method		(2,267,537)	(12,567,317)
Loss (Gain) on disposal and scrap of property, plant and equipment	6(22)	71,483	(4,770)
Disposal of investments accounted for under equity method	6(22)	(6,267)	-
Impairment loss	6(22)	175,492	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,623,074	2,711,153
Notes receivable-related parties		358	(4,245)
Accounts receivable		3,853,080	(3,543,472)
Accounts receivable-related parties		1,573,218	(2,764,315)
Other receivables		(1,525,148)	(149,674)
Inventories		(1,231,762)	(14,152,668)
Other current assets		3,704,570	(577,192)
Changes in operating liabilities			
Notes payable		(82,960)	20,178
Accounts payable		912,693	(2,041,666)
Accounts payable-related parties		(3,642,600)	5,318,561
Other payables		(988,064)	2,681,152
Other current liabilities		(206,562)	(1,843,600)
Accrued pension liabilities		(770,690)	(369,793)
Cash inflow generated from operations		19,620,436	38,536,980
Interest received		557,087	317,257
Dividends received		19,808,214	5,223,948
Interest paid		(1,677,612)	(1,018,388)
Income tax paid		(5,575,870)	(4,330,589)
Net cash flows from operating activities		<u>32,732,255</u>	<u>38,729,208</u>

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Decreases in other receivables-related parties		\$ 269,441	\$ 1,496,905
Acquisition of financial assets at fair value through profit or loss		-	(106,598)
Acquisition of financial assets at fair value through other comprehensive income		-	(247,511)
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	-
Proceeds from disposal of financial assets at fair value		1,114	2,026,251
Acquisition of financial assets at amortised cost		(2,472,373)	(2,962,890)
Acquisition of investments accounted for under the equity method		(1,311,331)	(936,281)
Net cash flows provided by acquisition of ownership interests in subsidiaries	6(28)	16,563	-
Proceeds from disposal of subsidiaries		1,000	-
Shares returned from liquidation in investment accounted for under equity method	6(7)	27,857	-
Acquisition of property, plant and equipment	6(29)	(22,971,096)	(16,152,196)
Proceeds from disposal of property, plant and equipment		43,551	24,546
Acquisition of intangible assets		-	(3,063)
Increase in non-current assets		(4,896,574)	(7,294,922)
Net cash flows used in investing activities		(28,865,268)	(24,155,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in short-term borrowings		17,605,013	(1,542,746)
Increase in short-term notes and bills payable		15,096,041	1,699,892
Increase in other payables-related parties		930,645	10,205
Increase in corporate bonds payable		-	10,000,000
Payment of corporate bonds payable		(4,550,000)	(2,050,000)
Increase in long-term borrowings		19,267,631	12,024,670
Payment of long-term borrowings		(11,152,000)	(10,955,608)
Payment of lease liabilities		(189,171)	(181,506)
Decrease in other non-current liabilities		(7,867)	(10,310)
Payment of cash dividends	6(29)	(28,130,157)	(14,657,452)
Payment of expired cash dividends reclassified to		(715)	(682)
Payment of cash dividends - non-controlling interest		(3,400,920)	(2,551,250)
Shares returned from liquidation-non-controlling interest		-	(116,285)
Net cash flows from (used in) financing activities		5,468,500	(8,331,072)
Effect of foreign exchange translations		605,287	(307,407)
Net increase in cash and cash equivalents		9,940,774	5,934,970
Cash and cash equivalents at beginning of year		23,062,097	17,127,127
Cash and cash equivalents at end of year		\$ 33,002,871	\$ 23,062,097

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

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

	Notes	For the years ended December 31	
		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 on financial assets and liabilities at fair value through profit or loss	6(20)	(192,014)	95,474
Interest expense	6(21)	1,017,942	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		(648,405)	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		<u>30,596,457</u>	<u>19,843,841</u>

(Continued)

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

	Notes	For the years ended December 31	
		2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in other receivables-related parties		(\$ 59,559)	\$ 1,496,905
Financial assets at fair value through profit or loss		2,422,330	-
Proceeds from disposal of financial assets at fair		4,250	-
Acquisition of investments accounted for under the equity method		(851,531)	(936,282)
Proceeds from liquidation of investments accounted		-	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) Decrease in guarantee deposits paid		(15,663)	-
Net cash flows used in investing activities		(10,196,383)	(11,014,116)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) Increase in short-term borrowings		1,415,700	(4,878,900)
Decrease 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		<u>\$ 10,524,194</u>	<u>\$ 2,791,166</u>

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

Formosa Chemicals & Fibre Corporation
Statement of Profits Distribution
For the year of 2022

Unit : NT\$

Items	Amount
Available for Distribution:	
1.Unappropriated retained earnings of previous years	33,673,460,998
2.Net profit after tax of current year	7,359,531,470
3.Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period	372,265,288
Total	41,405,257,756
Distribution Items:	
1.Appropriation of legal reserve	773,179,676
2.Appropriation of special reserve	141,215,586
3.Distribution of dividends and bonus in cash (\$0.95 per share)	5,568,126,976
4.Unappropriated retained earnings carried forward to next year	34,922,735,518
Total	41,405,257,756
Explanation	<ol style="list-style-type: none"> 1. Registered capital of the company is NT\$58,611,862,910; outstanding shares entitled to cash dividends distribution are 5,861,186,291. 2. According Article 32 of the Articles of Incorporation of the Company, the cash dividend distribution is authorized to the Board of Directors and submitted a report to the shareholders' meeting. 3. The Company plans to distribute dividends of \$0.95 per share for current year ; all of which are cash dividends. 4. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar. 5. Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period is due to a re-measurement of the actuarial pension adjustment and the disposal of financial assets at fair value through other comprehensive income.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000337

To the Board of Directors and Shareholders of Formosa Chemicals & Fibre Corporation

Introduction

We have audited the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter section*), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities* for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Assessment of loss allowance for accounts receivable

Description

Refer to Note 4(11) 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(5) for details of loss allowance for accounts receivable. As of December 31, 2022, the Group's accounts receivable amounted to NT\$23,501,265 thousand, net of loss allowance in the amount of NT\$151,542 thousand.

The Group 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 in respect of the above key audit matter:

1. Obtained the overdue aging report used when management assesses 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 indications that would show 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.

Evaluation of inventories

Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for detailed information on allowance for inventory valuation losses. As of December 31, 2022, the inventory and allowance for inventory valuation losses were NT\$50,817,281 thousand and NT\$2,379,891 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of petrochemical plastic products, fibers weaving and cords. As the price of petrochemical plastic products is subject to the fluctuations in international crude oil price, and the textile market is competitive, there is a higher risk for inventory valuation loss. The Group 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 losses is material to the financial statements, we considered the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of 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. Understood the Group'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 – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT\$147,331,920 thousand and NT\$157,808,066 thousand, constituting 27% and 26% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and operating revenue amounted to NT\$29,764,732 thousand and NT\$28,464,573 thousand, constituting 8% of the consolidated total operating revenue for the years then ended, similarly. The comprehensive income (loss) recognised from these associates and joint ventures accounted for under the equity method amounted to (NT\$3,973,017) thousand and NT\$14,655,582 thousand, constituting 10% and 22% of the consolidated total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

Other matter – Parent company only financial reports

We have audited the parent company only financial statements of Formosa Chemicals & Fibre Corporation as of and for the years ended December 31, 2022 and 2021, and have expressed an unqualified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Juanlu, Man-Yu

Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

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

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

INDEPENDENT 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 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 indications that would show 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 realizable 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. Understood 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 accountants

We did not audit the financial statements of certain investments accounted for under the equity method. 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 maintain 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 company 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

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

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NT\$ 7,209,835
Employees Stock Compensation	NT\$ 0
Directors Cash Compensation	NT\$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividend	0%

The above-listed amount of employees' cash compensation is consistent with the proposed amount adopted by the Board of Directors of the Company.

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2023 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2023 Annual Shareholders' Meeting and does not required preparing financial forecast information.

Articles of Incorporation of Formosa Chemicals & Fibre Corporation

Amended by the Annual Shareholders' Meeting on June 8, 2022

Chapter 1 General Provisions

Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be "Formosa Chemicals & Fibre Corporation".

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

1. A201010 Afforestation business
2. A202040 Logging business
3. C301010 Yarn Spinning Mills
4. C302010 Knit Fabric Mills
5. C305010 Printing, Dyeing, and Finishing Mills
6. C501010 Timbering industry
7. C601010 Paper mills
8. C801010 Basic Industrial Chemical Manufacturing
9. C801020 Petrochemical Manufacturing
10. C801030 Precision chemical materials manufacturing
11. C801100 Synthetic Resin & Plastic Manufacturing
12. C801120 Manmade Fiber Manufacturing
13. C801990 Other Chemical Materials Manufacturing
14. C802080 Manufacturing of environmental use medicine
15. C802090 cleaning preparations manufacturing
16. C802100 Cosmetics Manufacturing
17. C901990 Non-metallic mineral products
18. CB01010 Machinery and Equipment Manufacturing
19. CC01080 Electronic Parts and Components
Manufacturing
20. D101050 Steam and Electricity Paragenesis
21. E502010 Fuel Pipe Construction
22. E599010 Pipe Lines Construction
23. E601010 Electric Appliance Construction
24. E603010 Cable Construction
25. E603040 Fire Fighting Equipment Construction

26. E603050 Cybernation Equipment Construction
27. E603090 Illumination Equipment Construction
28. E603100 Electric Welding Construction
29. E603110 Cold work engineering
30. E603120 Sand Spurting Construction
31. E604010 Machinery Installation Construction
32. E605010 Computing Equipment Installation
33. E901010 Painting engineering
34. E903010 Eroding and Rusting Construction
35. EZ02010 Hoisting engineering
36. EZ05010 Apparatus and Gauge Installation
37. EZ15010 Warming and Cooling Maintenance
Construction
38. IG03010 Energy Technical Services
39. ZZ99999 All business items that are not prohibited or
restricted by law, except those that are subject to special
approval

Article 3: The Company shall have its head office in Changhua County. The Board of Directors may decide to set up subsidiaries, plants and branch offices at various locations within and without the territory of the Republic of China as necessary. Their establishment or change or abolishment shall be managed upon the resolutions of the Board of Directors.

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

Chapter 2 Shares

Article 5: The total capital of the Company shall be in the amount of 58,611,862,910 New Taiwan Dollars, divided into 5,861,186,291 shares, at a par value of 10 New Taiwan Dollars per share, issued in full.

Article 6: The Company may be exempted from printing any share

certificates in accordance with relevant regulations. However, those shares shall be registered in a centralized securities depository enterprise.

Article 7: (deleted)

Article 8: (deleted)

Article 9: The shareholders shall submit their seal specimen to the Company for record. Afterward, the shareholders shall receive the dividend or exercise their rights in writing against the specimen kept by the Company.

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

Article 10: No transfer of share certificates shall be permitted within 60 days prior to regular shareholders' meeting, 30 days prior to a special shareholders' meeting, or within 5 days prior to the record day on which a dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Shareholders' Meeting

Article 11: The shareholders' meetings of the Company are divided into two types as follows:

Regular meetings shall be convened by the Board of Directors within 6 months after the close of each fiscal year. Special meetings shall be convened pursuant to Company Act as necessary.

Article 12: The notice and announcement of regular shareholders'

meeting shall be given to shareholders within 30 days in advance, while the notice and announcement of the special shareholders' meetings shall be given to shareholders within 15 days in advance. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Article 13: The Chairman of the Board of Directors shall preside over the shareholders' meetings. In the Chairman's absence, the Vice Chairman shall act on his behalf. In the absence of in case that the Vice Chairman is unable to exercise rights for causes, the Chairman of the Board of Directors shall designate one Managing Director to act on his behalf.

Article 14: Each share of stock owned by shareholders shall be entitled for one vote, except for those shares without voting rights as set forth in Article 179, paragraph 2 of the Company Act.

Article 15: If a shareholder is unable to attend a meeting, who may sign and show the proxy with extinct scope of authorization issued and appoint a representative to attend it. Except for the trust business or stock affairs agency as approved by the competent securities authority, the voting rights of a shareholder representing two and more shareholders shall not exceed 3% of total shares issued and the voting shares exceeding the percentage will be excluded from the calculation. After the proxy is delivered to the Company, the shareholder shall give written notice of proxy cancellation at least two days before the meeting if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or via electronic method. For cancellation beyond the deadline, the voting rights exercised by the proxy shall prevail.

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

issued Shares of the Company.

Article 17: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting. The electronic method may be adopted for the production and distribution of meeting minutes.

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at least one year. If, however, minutes file a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. The minutes shall be drafted in both the Chinese language and the English language.

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

Chapter 4 Directors

Article 18: The Board shall consist of nine to fifteen directors. The election of directors will be made by nomination. Shareholders may elect the directors from the candidates list. The Board shall consist at least three independent directors, which are nominated and elected under Company Act and related regulations from security regulatory authority.

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

Article 19: The terms of office of directors shall be three years and they

shall be eligible for re-election. Where the term of office expires before the closing date of the General Meeting of Shareholders in the last fiscal year of such term, the term of office shall be extended to the closing date of such General Meeting.

Article 20: When the number of Directors falls short by one-third of the total number of Directors elected, the Company shall convene a meeting for election of Directors within 60 days. In respect of a Director who is elected to fill a vacancy, the term of office of such Director shall not exceed the term that remained when the person who has ceased to be a Director ceased to hold.

Article 21: The directors shall elect at least three from among themselves but not more than one third of all the directors to serve as the executive directors, including one independent director, by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors. The executive directors shall elect one of them to become the Chairman of the Board and may elect another person to be the Vice Chairman in accordance with the same manner set forth in the preceding Paragraph.

The Chairman acts on behalf of the Company externally. When the Chairman is on leave or unable to exercise authority, the Vice Chairman will act by proxy. When both the Chairman and the Vice Chairmen are on leave or unable to exercise authority, one of the executive directors will act by proxy under the nomination by the Chairman. However, a director may accept the appointment to act as the proxy with extinct extent of authorization of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In calling a meeting of the Board of Directors, the notice with reasons specified shall be given to all directors within 7 days

in advance. However, the meeting may be convened anytime for emergency events. The notice of the meeting of the Board of Directors may be made in writing, email or facsimile.

Article 22: Directors shall participate in the resolution of company operational guidelines and other important issue. The Chairman of the Board of Directors shall preside of the meeting of the Board of Directors. In the absence of the Chairman, the Board of Directors shall act according to the preceding paragraph.

Determine the procurement and disposition of important properties of the Company is not include in the aforesaid other important issue.

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

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

Article 23: The resolutions of the Board of Directors of the Company shall be adopted by a majority vote of the shareholders' present, who represent more than one-half of the total number of voting shares.

Article 24: (deleted)

Article 25: (deleted)

Article 26: (deleted)

Article 27: The Board of Directors is authorized to determine the compensation of directors according to their degree of

participation and contribution with normal standard in the same industry.

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

Chapter 5 Managers

Article 28: The Company may have managers. The employment, discharge and compensation shall be managed in accordance with Article 29 of the Company Act.

Article 29: Managers enforce the resolutions of the Board of Directors. A managerial personnel of a company shall not concurrently act as a managerial personnel of another company, nor shall he/she operate, for the benefit of his/her own or others, any business which is the same as that of the company employs him/her, unless otherwise concurred in by the Board of Directors.

Chapter 6 Accounting

Article 30: The fiscal year of the Company shall be from January 1 to December 31 every year. After the close of each fiscal year, the Board of Directors shall prepare following statements and records and submit the same to the general meeting of shareholders for ratification:

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

Article 31: When allocating the net profits for each fiscal year, the Company shall set aside 0.05% to 0.5% of the balance of pre-tax profit prior to deducting employees compensation as compensation of employees. However, the Company's accumulated losses shall have been covered.

The resolution of employees compensation pursuant to Article 235-1 of the Company Act.

Article 32: If there are any earnings after final account settlement, the Company shall pay off the applicable taxes, compensate the

accrued deficit and retain 10% as legal reserve and an additional amount as special reserve before distributing dividends. If there are any remaining earnings of such year, the Board may, combining the undistributed earnings of previous years, propose a shareholder bonus plan, and is authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The dividends paid in stock shall be submitted for the approval in a shareholders' meeting.

Preceding special earning reserves include:

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

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

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

Chapter 7 Additional provision

Article 34: These Articles of Incorporation were adopted on Oct.28,

1964. The 1st Amendment was on May 10, 1966, 2nd Amendment on May 31, 1967, 3rd Amendment on Jan. 30, 1968, 4th Amendment on Sept. 29, 1969, 5th Amendment on July 30, 1970, 6th Amendment on Aug. 20, 1971, 7th Amendment on May 20, 1972, 8th Amendment on June 30, 1973, 9th Amendment on June 26, 1974, 10th Amendment on June 20, 1975, 11th Amendment on June 15, 1976, 12th Amendment on June 15, 1977, 13th Amendment on June 15, 1978, 14th Amendment on June 15, 1979, 15th Amendment on June 16, 1980, 16th Amendment on June 15, 1981, 17th Amendment on June 15, 1982, 18th Amendment on June 16, 1983, 19th Amendment on June 15, 1984, 20th Amendment on May 23, 1985, 21st Amendment on May 25, 1986, 22nd Amendment on Mar. 8, 1987, 23rd Amendment on May 12, 1988, 24th Amendment on May 20, 1989, 25th Amendment on May 11, 1990, 26th Amendment on May 14, 1991, 27th Amendment on May 14, 1992, 28th Amendment on May 10, 1994, 29th Amendment on May 12, 1995, 30th Amendment on May 22, 1996, 31st Amendment on May 28, 1997, 32nd Amendment on June 12, 1998, 33rd Amendment on May 12, 1999, 34th Amendment on May 10, 2000, 35th Amendment on May 10, 2001, 36th Amendment on June 7, 2002, 37th Amendment on May 29, 2003, 38th Amendment on May 28, 2004, 39th Amendment on June 10, 2005, 40th Amendment on June 16, 2006, 41st Amendment on June 8, 2007, 42nd Amendment on June 6, 2008, 43rd Amendment on June 19, 2009, 44th Amendment on June 18, 2010, 45th Amendment on June 15, 2012, 46th Amendment on June 17, 2013, 47th Amendment on June 16, 2014, 48th Amendment. The articles in related with addition of Audit Committee and deletion of Supervisors will be applied upon the expiry of the term of office of Supervisors selected in the shareholders' meeting on June 15, 2012. The 49th Amendment on June 16, 2015, 50th Amendment on June 7, 2016, 51st Amendment on June 15, 2018, 52th Amendment on June 8, 2022.

Rules of Procedure for Shareholders' Meetings of Formosa Chemicals & Fibre Corporation

Amended by the Annual Shareholders' Meeting on July 23, 2021

- Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for Taiwan Stock Exchange Corp ("TWSE")/ Taipei Exchange ("TPEX") Listed Companies.
- Article 2: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3: Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

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

To convene a shareholders' meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic versions of a shareholders' meeting notice and proxy forms, and

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

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

Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application to be delisted from public offering, lifting of non-competition restriction of directors, capital increase by retained earnings, capital increase by capital reserve, dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

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

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the Meeting Agenda. In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill social responsibilities, and the providing procedure shall be in accordance with Article 172-1 of the Company Act.

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

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

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the

provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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

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

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

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

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

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

handle the registrations.

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

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

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

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

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

It is advisable that shareholders' meetings convened by the Board

of Directors be chaired by the Chairman, and the Chairman who chairs the way can appoint the Vice Chairman, Managing Director or Director of familiar company's business to direct the proceeding agenda of shareholders' meeting, that a majority of the Directors attend in person, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the Shareholders Meeting minutes. If a shareholders' meeting is convened by a party having the convening right but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

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

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

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

The Chair shall call the meeting to order at the appointed meeting time, and meanwhile shall announce the related information about the total number of shares held by shareholders having no voting right and the total number of shares represented by the

shareholders present at the meeting.

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

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

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

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

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

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions),

except by a resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name.

The order in which shareholders speak will be set by the Chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken.

When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

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

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

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

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

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

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

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

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

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

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

When the Company convenes a shareholders' meeting, shareholders shall exercise their voting rights by electronic

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

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

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

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair

shall announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected and not elected as directors, and the numbers of votes with which they were elected and not elected.

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

Company Act, the ballots shall be retained until the conclusion of the litigation.

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

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

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

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

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

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

The Chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security

personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

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

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

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

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

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

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

Formosa Chemicals & Fibre Corporation
Current Shareholdings of Directors

Title	Name	Shareholding (share)
Chairman	Fu Yuan, Hong	272,804
Vice Chairman	Wen Yuan, Wong	129,198,084
Managing Director	Wilfred, Wang	16,867,218
Managing Director	Nan Ya Plastics Corporation Representative: Ruey Yu, Wang	140,519,649
Managing Director (Independent Director)	Ruey Long, Chen	0
Independent Director	Hwei Chen, Huang	0
Independent Director	Tai Lang, Chien	0
Director	Formosa Petrochemical Corporation Representative: Walter Wang	48,567,575
Director	Wen Chin, Lu	3,236
Director	Ing Dar, Fang	73
Director	Ching Fen, Lee	0
Director	Tsung Yuan, Chang	0
Director	Wei Keng, Chien	0
Director	Chun Hsiung, Su	359
Director	Horng Ming, Juang	2,626

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 93,778,981 shares. As of March 28, 2023, the actual shareholdings of the Company's Directors are 335,431,624 shares.