

**FORMOSA CHEMICALS & FIBRE
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

**FORMOSA CHEMICALS & FIBRE CORPORATION
AND SUBSIDIARIES**

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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR23000142

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries (the “Group”) as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using equity method) of NT\$97,697,303 thousand and NT\$102,865,761 thousand, constituting 17% and 18% of the consolidated total assets, and total liabilities of NT\$ 22,547,964 thousand and NT\$24,977,213 thousand, constituting 12% and 13% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total comprehensive income (loss) (including share of profit or loss of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) of NT\$1,498,883 thousand, (NT\$472,584) thousand, NT\$1,023,419 thousand, and NT\$656,595 thousand, constituting 29%, 2%, 7% and (3%) of the consolidated total comprehensive income (loss) for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews and the reports of other independent auditors (refer to the Other matter section), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended, and of its consolidated cash flows for the nine-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Other matter – reviews of the other independent auditors

We did not review the financial statements of certain investments accounted for under the equity method which were reviewed by other independent auditors. Therefore, our report expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$79,479,418 thousand and NT\$78,865,103 thousand, both constituting 14% of consolidated total assets as at September 30, 2023 and 2022, and the comprehensive income (loss) recognised from associates and joint ventures accounted for under the equity method amounted to NT\$3,807,469 thousand, (NT\$2,930,033) thousand, NT\$6,675,771 thousand, and NT\$ 1,524,849 thousand, constituting 74%, 11%, 47% and (7%) of consolidated total comprehensive income (loss) for the three-month and nine-month periods then ended, respectively.

Juanlu, Man-Yu

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)											
			September 30, 2023		(adjusted) December 31, 2022		(adjusted) September 30, 2022		January 1, 2022		
Assets			Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets											
1100	Cash and cash equivalents	6(1)	\$	29,124,299	5	\$	33,002,871	6	\$	44,429,579	8
1110	Financial assets at fair value through profit or loss - current	6(2)		1,699,861	-		1,797,262	-		1,713,741	-
1120	Current financial assets at fair value through other comprehensive income	6(3)		91,535,106	16		92,125,314	17		89,544,208	15
1136	Current financial assets at amortised cost	6(4)		3,314,797	1		4,565,618	1		70,505	-
1150	Notes receivable, net	6(5)		7,462,007	1		6,550,164	1		6,645,665	1
1160	Notes receivable - related parties	6(5) and 7		22,442	-		8,147	-		11,062	-
1170	Accounts receivable, net	6(5)		15,637,673	3		16,355,474	3		17,715,186	3
1180	Accounts receivable - related parties	6(5) and 7		7,671,673	1		7,145,791	1		7,826,842	1
1200	Other receivables	7		3,952,232	1		4,483,253	1		3,935,037	1
1210	Other receivables - related parties	7		688,539	-		2,429,252	-		3,781,127	1
130X	Inventory	6(6) and 8		44,599,854	8		48,437,390	9		53,708,674	9
1470	Other current assets			11,272,897	2		7,813,014	1		10,087,133	2
11XX	Total current assets			<u>216,981,380</u>	<u>38</u>		<u>224,713,550</u>	<u>40</u>		<u>239,468,759</u>	<u>41</u>
Non-current assets											
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		54,245,085	10		51,954,437	9		60,865,103	11
1535	Non-current financial assets at amortised cost	6(4) and 8		3,223,896	1		2,250,169	1		46,210	-
1550	Investments accounted for under equity method	6(7)		126,011,916	22		117,661,397	21		122,225,794	21
1600	Property, plant and equipment	6(8)(28), 7 and 8		150,113,509	27		142,861,143	26		142,607,851	25
1755	Right-of-use assets	6(9)		1,581,801	-		1,650,577	-		1,711,259	-
1780	Intangible assets	6(28)		346,689	-		340,914	-		341,185	-
1840	Deferred income tax assets			2,259,494	-		2,139,083	1		1,313,633	-
1900	Other non-current assets	6(1)(28)		10,015,688	2		11,975,026	2		12,007,080	2
15XX	Total non-current assets			<u>347,798,078</u>	<u>62</u>		<u>330,832,746</u>	<u>60</u>		<u>341,118,115</u>	<u>59</u>
1XXX	Total assets		\$	<u>564,779,458</u>	<u>100</u>	\$	<u>555,546,296</u>	<u>100</u>	\$	<u>580,586,874</u>	<u>100</u>
Liabilities and Equity											
Current liabilities											
2100	Short-term borrowings	6(10)	\$	42,442,729	8	\$	35,117,887	6	\$	41,779,034	7
2110	Short-term notes and bills payable	6(10)		25,247,936	4		32,892,666	6		27,433,572	5
2120	Financial liabilities at fair value through profit or loss - current	6(11)		-	-		2,826	-		-	-
2150	Notes payable			156,778	-		164,722	-		175,379	-
2170	Accounts payable			6,208,634	1		4,801,464	1		6,345,438	1
2180	Accounts payable - related parties	7		12,165,083	2		13,884,528	3		14,786,891	3
2200	Other payables	7		10,754,243	2		12,432,106	2		12,892,386	2
2220	Other payables - related parties	7		1,528,054	-		1,472,658	-		1,502,246	-
2230	Current income tax liabilities			308,282	-		903,787	-		1,276,288	-

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		(adjusted) December 31, 2022		(adjusted) September 30, 2022		January 1, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
2280	Current lease liabilities		\$ 163,297	-	\$ 165,804	-	\$ 169,097	-	\$ 110,520	-
2320	Long-term liabilities, current portion	6(12)(13)	4,485,071	1	11,045,140	2	13,409,193	3	4,550,000	1
2399	Other current liabilities		2,967,771	1	4,067,358	1	4,683,149	1	4,247,942	1
21XX	Total current liabilities		<u>106,427,878</u>	<u>19</u>	<u>116,950,946</u>	<u>21</u>	<u>124,452,673</u>	<u>22</u>	<u>84,917,037</u>	<u>14</u>
	Non-current liabilities									
2530	Corporate bonds payable	6(12)	36,850,000	7	40,650,000	7	40,650,000	7	45,500,000	8
2540	Long-term borrowings	6(13)	36,153,426	6	18,568,279	4	18,894,498	3	17,177,183	3
2570	Deferred income tax liabilities		467,218	-	383,054	-	377,618	-	382,012	-
2580	Non-current lease liabilities		744,909	-	804,249	-	842,921	-	793,472	-
2600	Other non-current liabilities	6(14)	4,457,253	1	4,825,636	1	5,240,353	1	5,594,613	1
25XX	Total non-current liabilities		<u>78,672,806</u>	<u>14</u>	<u>65,231,218</u>	<u>12</u>	<u>66,005,390</u>	<u>11</u>	<u>69,447,280</u>	<u>12</u>
2XXX	Total liabilities		<u>185,100,684</u>	<u>33</u>	<u>182,182,164</u>	<u>33</u>	<u>190,458,063</u>	<u>33</u>	<u>154,364,317</u>	<u>26</u>
	Equity attributable to owners of parent									
	Share capital	6(15)								
3110	Common stock		58,611,863	10	58,611,863	11	58,611,863	10	58,611,863	10
	Capital surplus	6(16)								
3200	Capital surplus		9,270,762	1	9,246,656	2	9,234,589	2	9,192,999	1
	Retained earnings	6(17)								
3310	Legal reserve		70,997,369	13	70,224,189	13	70,224,189	12	66,313,982	11
3320	Special reserve		76,602,492	14	76,461,277	14	76,461,277	13	70,032,921	12
3350	Unappropriated retained earnings		43,365,589	8	41,405,257	7	48,489,193	8	72,145,718	12
	Other equity interest	6(18)								
3400	Other equity interest		76,297,335	13	70,501,451	12	78,283,532	14	114,997,001	19
3500	Treasury stocks	6(15)	(323,952)	-	(323,952)	-	(323,952)	-	(323,952)	-
31XX	Equity attributable to owners of the parent		<u>334,821,458</u>	<u>59</u>	<u>326,126,741</u>	<u>59</u>	<u>340,980,691</u>	<u>59</u>	<u>390,970,532</u>	<u>65</u>
36XX	Non-controlling interest	6(28)	44,857,316	8	47,237,391	8	49,148,120	8	53,010,422	9
3XXX	Total equity		<u>379,678,774</u>	<u>67</u>	<u>373,364,132</u>	<u>67</u>	<u>390,128,811</u>	<u>67</u>	<u>443,980,954</u>	<u>74</u>
	Significant contingent liabilities and unrecognised contract commitments	9								
	Significant events after the balance sheet date	11								
3X2X	Total liabilities and equity		<u>\$ 564,779,458</u>	<u>100</u>	<u>\$ 555,546,296</u>	<u>100</u>	<u>\$ 580,586,874</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 AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items			For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2023		2022		2023		2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 86,824,127	100	\$ 90,738,545	100	\$ 245,021,791	100	\$ 293,928,768	100
5000	Operating costs	6(6)(14)(24)(25) and 7	(80,975,384)	(93)	(92,627,138)	(102)	(237,382,401)	(97)	(279,958,887)	(95)
5900	Net operating margin		<u>5,848,743</u>	<u>7</u>	<u>(1,888,593)</u>	<u>(2)</u>	<u>7,639,390</u>	<u>3</u>	<u>13,969,881</u>	<u>5</u>
	Operating expenses	6(14)(24)(25) and 7								
6100	Selling expenses		(2,193,286)	(3)	(2,829,337)	(3)	(6,425,472)	(2)	(9,514,756)	(3)
6200	General and administrative expenses		(1,589,143)	(2)	(1,458,135)	(2)	(4,606,002)	(2)	(4,469,813)	(2)
6000	Total operating expenses		<u>(3,782,429)</u>	<u>(5)</u>	<u>(4,287,472)</u>	<u>(5)</u>	<u>(11,031,474)</u>	<u>(4)</u>	<u>(13,984,569)</u>	<u>(5)</u>
6900	Operating profit (loss)		<u>2,066,314</u>	<u>2</u>	<u>(6,176,065)</u>	<u>(7)</u>	<u>(3,392,084)</u>	<u>(1)</u>	<u>14,688</u>	<u>-</u>
	Non-operating income and expenses									
7100	Interest income	6(20)	189,986	-	184,670	-	652,318	-	427,110	-
7010	Other income	6(21) and 7	842,378	1	8,094,314	9	5,822,909	2	11,496,050	4
7020	Other gains and losses	6(22)	217,349	-	1,092,074	1	483,322	-	2,402,811	1
7050	Finance costs	6(8)(23) and 7	(767,019)	(1)	(533,534)	-	(2,214,490)	(1)	(1,125,444)	(1)
7060	Share of profit of associates and joint ventures accounted for	6(7)								
	under equity method		<u>4,866,263</u>	<u>6</u>	<u>(962,007)</u>	<u>(1)</u>	<u>6,521,525</u>	<u>3</u>	<u>5,245,513</u>	<u>2</u>
7000	Total non-operating income and expenses		<u>5,348,957</u>	<u>6</u>	<u>7,875,517</u>	<u>9</u>	<u>11,265,584</u>	<u>4</u>	<u>18,446,040</u>	<u>6</u>
7900	Profit before income tax		<u>7,415,271</u>	<u>8</u>	<u>1,699,452</u>	<u>2</u>	<u>7,873,500</u>	<u>3</u>	<u>18,431,352</u>	<u>6</u>
7950	Income tax (expense) benefit	6(26)	(262,291)	-	579,009	-	(196,806)	-	(1,322,484)	-
8200	Profit for the period		<u>\$ 7,152,980</u>	<u>8</u>	<u>\$ 2,278,461</u>	<u>2</u>	<u>\$ 7,676,694</u>	<u>3</u>	<u>\$ 17,108,868</u>	<u>6</u>

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive (loss) income (net)	6(18)(26)								
Components of other comprehensive (loss) income that will not be reclassified to profit or loss									
8316 Unrealised (losses) gains on financial assets measured at fair value through other comprehensive (loss) income		(\$ 5,518,090)	(6)	(\$ 28,524,553)	(31)	\$ 1,655,444	1	(\$ 39,301,089)	(14)
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		400,650	-	(2,822,439)	(3)	2,302,021	1	(6,949,770)	(2)
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		(5,117,440)	(6)	(31,346,992)	(34)	3,957,465	2	(46,250,859)	(16)
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		2,895,012	3	1,652,504	2	1,676,287	1	4,286,855	1
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method		764,782	1	1,388,719	1	1,061,423	-	2,787,152	1
8399 Income tax relating to the components of other comprehensive income	6(26)	(569,688)	-	(242,632)	-	(302,349)	-	(644,334)	-
8360 Other comprehensive income that will be reclassified to profit or loss		3,090,106	4	2,798,591	3	2,435,361	1	6,429,673	2
8300 Total other comprehensive (loss) income for the period		(\$ 2,027,334)	(2)	(\$ 28,548,401)	(31)	\$ 6,392,826	3	(\$ 39,821,186)	(14)
8500 Total comprehensive income (loss) for the period		<u>\$ 5,125,646</u>	<u>6</u>	<u>(\$ 26,269,940)</u>	<u>(29)</u>	<u>\$ 14,069,520</u>	<u>6</u>	<u>(\$ 22,712,318)</u>	<u>(8)</u>
Net income attributable to:									
8610 Owners of the parent		\$ 7,500,749	8	\$ 2,494,546	2	\$ 8,430,210	3	\$ 14,864,265	5
8620 Non-controlling interest		(347,769)	-	(216,085)	-	(753,516)	-	(2,244,603)	1
		<u>\$ 7,152,980</u>	<u>8</u>	<u>\$ 2,278,461</u>	<u>2</u>	<u>\$ 7,676,694</u>	<u>3</u>	<u>\$ 17,108,868</u>	<u>6</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 6,052,200	7	(\$ 23,487,247)	(26)	\$ 14,238,738	6	(\$ 21,890,097)	(8)
8720 Non-controlling interest		(926,554)	(1)	(2,782,693)	(3)	(169,218)	-	(822,221)	-
		<u>\$ 5,125,646</u>	<u>6</u>	<u>(\$ 26,269,940)</u>	<u>(29)</u>	<u>\$ 14,069,520</u>	<u>6</u>	<u>(\$ 22,712,318)</u>	<u>(8)</u>
Basic earnings per share	6(28)								
9710 Profit for the period from continuing operations		\$ 1.27	\$ 1.22	\$ 0.29	\$ 0.39	\$ 1.35	\$ 1.31	\$ 3.15	\$ 2.93
9720 Non-controlling interest		(0.02)	(0.06)	(0.10)	(0.04)	(0.11)	(0.13)	0.53	0.39
9750 Profit attributable to common shareholders of the parent		<u>\$ 1.29</u>	<u>\$ 1.28</u>	<u>\$ 0.39</u>	<u>\$ 0.43</u>	<u>\$ 1.46</u>	<u>\$ 1.44</u>	<u>\$ 2.62</u>	<u>\$ 2.54</u>
Assuming shares held by subsidiary are not deemed as treasury stock:									
Profit for the period from continuing operations		\$ 1.27	\$ 1.22	\$ 0.29	\$ 0.39	\$ 1.34	\$ 1.31	\$ 3.14	\$ 2.92
Non-controlling interest		(0.02)	(0.06)	(0.09)	(0.04)	(0.12)	(0.13)	0.53	0.38
Profit attributable to common shareholders of the parent		<u>\$ 1.29</u>	<u>\$ 1.28</u>	<u>\$ 0.38</u>	<u>\$ 0.43</u>	<u>\$ 1.46</u>	<u>\$ 1.44</u>	<u>\$ 2.61</u>	<u>\$ 2.54</u>

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

(Expressed in thousands of New Taiwan dollars)

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		For the nine-month periods ended September 30	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 7,873,500	\$ 18,431,352
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	9,940,891	10,369,957
Amortisation	6(24)	2,956,284	2,816,069
Interest income	6(20)	(652,318)	(427,110)
Dividend income	6(21)	(4,938,169)	(10,448,254)
Net gain on financial assets and liabilities at fair value	6(22)		
through profit or loss		(208,168)	(232,171)
Interest expense	6(23)	2,214,490	1,125,444
Share of profit or loss of associates accounted for			
under the equity method		(6,521,525)	(5,245,513)
Gain on reversal of impairment loss on property, plant	6(22)		
and equipment		(86,002)	-
Loss on disposal and scrap of property, plant and	6(22)		
equipment		58,473	75,333
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(911,843)	1,527,573
Notes receivable-related parties		(14,295)	(2,557)
Accounts receivable		717,801	2,493,368
Accounts receivable-related parties		(525,882)	892,167
Other receivables		647,604	(1,069,435)
Inventories		3,837,536	(6,503,046)
Other current assets		(3,459,883)	1,430,451
Changes in operating liabilities			
Notes payable		(7,944)	(72,303)
Accounts payable		1,407,170	2,456,667
Accounts payable-related parties		(1,719,445)	(2,740,237)
Other payables		(1,228,415)	(1,696,152)
Other current liabilities		(1,099,587)	409,229
Accrued pension liabilities		(339,493)	(358,152)
Cash inflow generated from operations		7,940,780	13,232,680
Interest received		567,940	303,775
Interest paid		(2,241,519)	(1,168,547)
Income tax paid		(1,130,908)	(6,087,008)
Dividends received		8,033,692	19,808,214
Net cash flows from operating activities		13,169,985	26,089,114

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		For the nine-month periods ended September 30	
	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other receivables-related parties		\$ 1,740,713	(\$ 1,082,434)
Acquisition of financial assets at fair value through other comprehensive income		(25,560)	-
Proceeds from disposal of financial assets at fair value through profit or loss		302,743	2,422,330
Shares returned from reduction in financial assets at fair value through other comprehensive income		6,848	4,250
Proceeds from disposal of financial assets at fair value through other comprehensive income		808	-
Disposal of financial assets at amortised cost		277,094	4,226,699
Acquisition of investments accounted for under the equity method		(1,549,625)	(1,054,826)
Net cash flows provided by acquisition of ownership interests in subsidiaries	6(28)	-	16,563
Proceeds from disposal of subsidiaries		-	1,000
Acquisition of property, plant and equipment	6(29)	(16,306,183)	(17,417,606)
Proceeds from disposal of property, plant and equipment		136,367	30,195
Acquisition of intangible assets		(6,192)	-
Increase in non-current assets		(1,020,277)	(3,204,484)
Net cash flows used in investing activities		(16,443,264)	(16,058,313)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		7,324,842	24,266,160
(Decrease) increase in short-term notes and bills payable		(7,644,730)	9,636,947
Increase in other payables-related parties		55,396	960,233
Payment of corporate bonds payable		(4,850,000)	(2,500,000)
Increase in long-term borrowings		29,405,501	18,496,289
Payment of long-term borrowings		(17,696,130)	(11,152,000)
Payment of lease liabilities		(129,936)	(132,569)
Decrease in other non-current liabilities		(28,890)	(5,688)
Payment of cash dividends	6(29)	(5,585,683)	(28,129,453)
Payment of cash dividends - non-controlling interest		(2,080,277)	(2,775,079)
Payment of expired cash dividends reclassified to capital surplus		(1,726)	(536)
Net cash flows (used in) from financing activities		(1,231,633)	8,664,304
Effect of foreign exchange translations		626,340	2,672,377
Net (decrease) increase in cash and cash equivalents		(3,878,572)	21,367,482
Cash and cash equivalents at beginning of period		33,002,871	23,062,097
Cash and cash equivalents at end of period		\$ 29,124,299	\$ 44,429,579

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of New Taiwan dollars)

1. History and Organisation

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 3, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards 34, "Interim Financial Reporting" that came into effect as endorsed by the FSC.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All

amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Formosa FCFC Carpet Corp.	Spinning, dyeing, printing, finishing and manufacturing synthetic fibre, rug and carpet	100.00	100.00	100.00	The Company holds more than 50% of voting rights. (Note 3)
The Company	FCFC Investment Corp. (Cayman)	Investing	100.00	100.00	100.00	The Company holds more than 50% of voting rights.
The Company	Formosa Green Power Corp.	Renewable-energy-based electricity retailing corporation	100.00	100.00	100.00	The Company holds more than 50% of voting rights. (Note 2 and 3)
The Company	Formosa Biomedical Technology Corp.	Manufacturing and sales of cleaner and cosmetics	88.59	88.59	88.59	The Company holds more than 50% of voting rights. (Note 3)
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa Idemitsu Petrochemical Corp. as a subsidiary. (Note 3)
The Company	Formosa INEOS Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	50.00	The Company has substantial control and thus regards Formosa INEOS Chemicals Corp. as a subsidiary. (Note 3)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Chia-Nan Enterprise Corp.	Hydropower	51.00	51.00	51.00	The Company holds more than 50% of voting rights. (Note 3)
The Company	Formosa Industries Corp.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	42.50	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary. (Note 3)
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	37.40	37.40	The Company has substantial control and thus regards Formosa Taffeta Corp. as a subsidiary.
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman). (Note 3)
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman).
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Producing and marketing of PTA、PS、ABS、Phenol	100.00	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong).

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	71.00	71.00	71.00	The Company holds more than 50% of voting rights through an 88.59% voting rights owned company - Formosa Biochemical Technology Corp. (Note 3)
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (SAMOA) Co., Ltd	Investment	100.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 3)
Formosa Biomedical Technology Corp.	Formosa Waters Technology Co., Ltd	Manufacturing industrial catalyst and wholesale of other chemical products	57.00	57.00	57.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 3)
Formosa Biomedical Technology Corp.	Formosa Bio & Energy Corp. (Japan)	Manufacturing and sale of battery energy storage systems and related products	57.45	57.45	51.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 3)
Formosa Biomedical Technology Corp.	Ivy Life Sciences Co.,Ltd	Research and development and clinical application of cell therapy technologies	51.00	51.00	51.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 1 and 3)
Formosa Biomedical Technology Corp.	Formosa Eco Life Technology Co., Ltd.	Sales of cleaning supplies	70.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights. (Note 2 and 3)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Formosa Biomedical Technology (SAMOA) Co., Ltd	Formosa Biomedical Trading (Shanghai) Co., Ltd.	Importing, exporting and wholesale of healthy food	100.00	100.00	100.00	Formosa Biochemical Technology holds more than 50% of voting rights through a 100% owned company- Formosa Biomedical Technology (SAMOA) Co., Ltd. (Note 3)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co.,Ltd.	Production of cotton, Terylene greige cloth, coloured cloth and textured processing yarn products	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 3)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Production, processing, sales of yarn spinning, weaving, dyeing and finishing, carpets, curtains and cleaning supplies	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 3)
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Handling urban land consolidation, housing and building development and rental, new county and community construction and investment, and specific area development	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 3)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sales of Nylon and Polyamine fabric	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 3)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 3)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Taffeta (Hong Kong) Co., Ltd. (Note 3)
Formosa Development Co., Ltd.	Public More International Co., Ltd.	Employment services and temporary worker services	100.00	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Development Co., Ltd. (Note 3)

Note 1: On February 25, 2022, the Board of Directors of the Group's subsidiary, Formosa Biomedical Technology Corp., resolved to acquire 51% equity interest in Ivy Life Sciences Co., Ltd. in several stages. The total amount of investments in March and May 2022 was \$755,032 with a shareholding ratio of 51%.

Note 2: On August 23, 2022 and May 17, 2022, the Company and the subsidiary, Formosa Biomedical Technology Corp., were approved by the authority to establish Formosa Green Power Corp. and Formosa Eco Life Technology Co., Ltd., respectively. In addition, Formosa Eco Life Technology Co., Ltd. increased capital in May 2023. However, the subsidiary, Formosa Biomedical Technology Corp., did not participate in the capital increase and accordingly, its shareholding ratio decreased to 70%.

Note 3: The financial statements of the entity as of and for the nine-month periods ended September 30, 2023 and 2022 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None

D. Adjustments for subsidiaries with different balance sheet dates: None

E. Significant restrictions: None

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2023, December 31, 2022 and September 30, 2022, the non-controlling interest amounted to \$44,857,316, \$47,237,391 and \$49,148,120, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Taffeta Co., Ltd.	Taiwan	<u>\$ 34,054,478</u>	62.60	<u>\$ 34,810,054</u>	62.60
		Non-controlling interest			
		September 30, 2022			
				Amount	Ownership (%)
Formosa Taffeta Co., Ltd.	Taiwan			<u>\$ 35,957,165</u>	62.60

Summarised financial information of the subsidiary:

Balance sheets

Formosa Taffeta Co., Ltd.			
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 17,213,573	\$ 19,948,346	\$ 20,029,534
Non-current assets	55,651,424	55,461,489	57,611,958
Current liabilities	(5,945,939)	(8,633,765)	(8,886,046)
Non-current liabilities	(12,346,048)	(11,008,855)	(11,146,641)
Total net assets	<u>\$ 54,573,010</u>	<u>\$ 55,767,215</u>	<u>\$ 57,608,805</u>

Statements of comprehensive income

Formosa Taffeta Co., Ltd.		
	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Revenue	\$ 7,143,501	\$ 8,749,831
Profit before income tax	75,079	696,890
Income tax expense	(24,969)	(110,781)
Profit for the period	50,110	586,109
Other comprehensive loss, net of tax	(928,370)	(4,575,293)
Total comprehensive loss for the period	<u>(\$ 878,260)</u>	<u>(\$ 3,989,184)</u>

	Formosa Taffeta Co., Ltd.	
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Revenue	\$ 22,025,137	\$ 26,945,284
Profit before income tax	705,811	3,456,672
Income tax expense	(107,955)	(278,838)
Profit for the period	597,856	3,177,834
Other comprehensive income (loss), net of tax	737,474	(6,132,664)
Total comprehensive income (loss) for the period	<u>\$ 1,335,330</u>	<u>(\$ 2,954,830)</u>

Statements of cash flows

	Formosa Taffeta Co., Ltd.	
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Net cash provided by operating activities	\$ 3,664,106	\$ 2,447,219
Net cash used in investing activities	(1,125,853)	(605,092)
Net cash used in financing activities	(3,254,749)	(1,010,220)
Effect of exchange rates on cash and cash equivalents	62,770	109,603
(Decrease) increase in cash and cash equivalents	(653,726)	941,510
Cash and cash equivalents, beginning of period	5,216,541	3,471,141
Cash and cash equivalents, end of period	<u>\$ 4,562,815</u>	<u>\$ 4,412,651</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

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

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

(6) Cash equivalents

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

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method /associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3 ~ 15 years
Buildings	10 ~ 60 years
Machinery and equipment	5 ~ 15 years
Transportation equipment	3 ~ 15 years
Other equipment	2 ~ 15 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;

- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

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

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

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

(25) Non-hedging derivatives

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees', directors' and supervisors' remuneration

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

(27) Income tax

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

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(28) Treasury shares

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

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

For the shareholders' dividends that should be distributed in cash, the Company's Board of Directors would be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and then reported to the shareholders. The provisions of the preceding paragraph that must be resolved by the shareholders' meeting shall not apply.

(30) Revenue recognition

Sales of goods

A. The Group manufactures and sells a variety of petrochemical products, including the spinning, weaving, dyeing and finishing of rayon and nylon fiber. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

B. The amount of sales revenue recognised is equal to the contract price net of volume discounts and sales discounts and allowances. Volume discounts and sales discounts and allowances are estimated based on historical information, and a refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of accounts receivable

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

B. Evaluation of inventories

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

As of September 30, 2023, the carrying amount of inventories was \$44,599,854.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and petty cash	\$ 102,362	\$ 101,106	\$ 83,993
Checking accounts and demand deposits	16,894,306	10,386,991	12,357,410
Cash equivalents			
Time deposits	8,001,079	11,632,545	22,052,106
Bonds repurchased and commercial paper	4,126,552	10,882,229	9,936,070
	<u>\$ 29,124,299</u>	<u>\$ 33,002,871</u>	<u>\$ 44,429,579</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. Loss allowance is measured using 12-month expected credit losses. For the nine-month periods ended September 30, 2023 and 2022, the Group did not recognise any loss allowance.

B. “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act” is applied on the funds of USD 44,221 thousand repatriated by the Group in June 2021. As of September 30, 2023, December 31, 2022 and September 30, 2022, the funds unutilised by the Group amounting to NT\$826,243 thousand, NT\$1,369,152 thousand and NT\$ 1,406,453 thousand, respectively, that failed to meet the definition of cash and cash equivalents under IAS 7, ‘Statement of Cash Flows’ due to the restrictions under the aforesaid Act were classified as other financial assets, and listed under other non-current assets.

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

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss			
Fund	\$ 1,491,063	\$ 1,597,661	\$ 1,597,661
Derivatives	-	-	1,426
	1,491,063	1,597,661	1,599,087
Valuation adjustments	208,798	199,601	114,654
	<u>\$ 1,699,861</u>	<u>\$ 1,797,262</u>	<u>\$ 1,713,741</u>

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

	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Fund	\$ 80,643	\$ 110,775
Derivatives	-	170
	<u>\$ 80,643</u>	<u>\$ 110,945</u>
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Fund	\$ 205,342	\$ 230,745
Derivatives	-	1,426
	<u>\$ 205,342</u>	<u>\$ 232,171</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

September 30, 2023 and December 31, 2022: None.

<u>Derivative financial assets</u>	<u>September 30, 2022</u>	
	<u>Contract amount (notional principal) (in thousands)</u>	<u>Contract period</u>
Forward foreign exchange contracts		
Taipei Fubon	USD 675	July 2022 - October 2022
Taipei Fubon	USD 356	September 2022 - December 2022

C. The forward exchange contracts are buy and sell to hedge the change of exchange rate due to import and export transactions, but not adopting hedge accounting.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Equity instruments			
Listed stocks	\$ 24,450,527	\$ 24,450,527	\$ 24,450,527
Unlisted stocks	825,839	825,839	825,839
Valuation adjustment	66,258,740	66,848,948	64,267,842
	<u>\$ 91,535,106</u>	<u>\$ 92,125,314</u>	<u>\$ 89,544,208</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 8,410,475	\$ 8,410,475	\$ 8,410,475
Unlisted stocks	26,999,275	26,980,781	26,981,117
Valuation adjustment	18,835,335	16,563,181	25,473,511
	<u>\$ 54,245,085</u>	<u>\$ 51,954,437</u>	<u>\$ 60,865,103</u>

A. The Group has elected to classify equity securities investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$145,780,191, \$144,079,751 and \$150,409,311 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive loss	(\$ <u>5,518,090</u>)	(\$ <u>28,524,553</u>)
Cumulative gains (losses) reclassified to retained earnings due to derecognition (including gain (loss) included in non controlling interest)	\$ <u>12,711</u>	(\$ <u>95,033</u>)
	<u>For the nine-month period ended September 30, 2023</u>	<u>For the nine-month period ended September 30, 2022</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	\$ <u>1,655,444</u>	(\$ <u>39,301,089</u>)
Cumulative gains (losses) reclassified to retained earnings due to derecognition (including gain (loss) included in non controlling interest)	\$ <u>12,711</u>	(\$ <u>46,303</u>)

C. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$145,780,191, \$144,079,751 and \$ 150,409,311, respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits with original maturity date of more than three months	\$ 3,314,797	\$ 4,565,618	\$ 70,505
Non-current items:			
Time deposits with original maturity date of more than three months	\$ 3,223,896	\$ 2,250,169	\$ 46,210

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Interest income	\$ 49,102	\$ 936
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Interest income	\$ 178,053	\$ 1,923

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$6,538,693, \$6,815,787 and \$116,715, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 7,462,007	\$ 6,550,164	\$ 6,645,665
Less: Allowance for uncollectible accounts	-	-	-
	\$ 7,462,007	\$ 6,550,164	\$ 6,645,665
Notes receivable-related parties	\$ 22,442	\$ 8,147	\$ 11,062

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 15,789,499	\$ 16,507,016	\$ 17,867,267
Less: Allowance for uncollectible accounts	(151,826)	(151,542)	(152,081)
	<u>\$ 15,637,673</u>	<u>\$ 16,355,474</u>	<u>\$ 17,715,186</u>
Accounts receivable -related parties	<u>\$ 7,671,673</u>	<u>\$ 7,145,791</u>	<u>\$ 7,826,842</u>

A. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$37,260,786.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$7,484,449, \$6,558,311 and \$6,656,727, and accounts receivable were \$23,309,346, \$23,501,265 and \$25,542,028, respectively.

C. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	<u>September 30, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 14,387,373	(\$ 154,415)	\$ 14,232,958
Materials	8,254,249	(629,338)	7,624,911
Work in progress	7,655,806	(50,667)	7,605,139
Finished goods	15,711,611	(887,102)	14,824,509
Others	312,337	-	312,337
	<u>\$ 46,321,376</u>	<u>(\$ 1,721,522)</u>	<u>\$ 44,599,854</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 17,155,365	(\$ 362,170)	\$ 16,793,195
Materials	8,631,008	(602,177)	8,028,831
Work in progress	7,849,984	(149,410)	7,700,574
Finished goods	16,857,066	(1,266,134)	15,590,932
Others	323,858	-	323,858
	<u>\$ 50,817,281</u>	<u>(\$ 2,379,891)</u>	<u>\$ 48,437,390</u>

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 20,436,539	(\$ 227,644)	\$ 20,208,895
Materials	8,434,766	(583,656)	7,851,110
Work in progress	7,904,799	(146,403)	7,758,396
Finished goods	18,858,546	(1,261,294)	17,597,252
Others	293,021	-	293,021
	<u>\$ 55,927,671</u>	<u>(\$ 2,218,997)</u>	<u>\$ 53,708,674</u>

A. Expense and loss incurred on inventories for the three-month and nine-month periods ended September 30, 2023 and 2022 were as follows:

	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Cost of inventories sold	\$ 80,698,463	\$ 91,074,211
(Gain) loss on inventory valuation (Note)	(499,984)	709,724
Idle capacity (including annual survey and work stoppage)	650,224	720,127
Others	126,681	123,076
	<u>\$ 80,975,384</u>	<u>\$ 92,627,138</u>
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Cost of inventories sold	\$ 235,314,440	\$ 277,455,737
(Gain) loss on inventory valuation (Note)	(660,709)	457,204
Idle capacity (including annual survey and work stoppage)	2,399,643	1,599,434
Others	329,027	446,512
	<u>\$ 237,382,401</u>	<u>\$ 279,958,887</u>

Note: For the three-month and nine-month periods ended September 30, 2023, the disposal of excess inventory resulted in gain from price recovery of inventory.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, inventories pledged are described in Note 8.

(7) Investments accounted for using equity method

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Formosa Heavy Industries Corp.	\$ 7,239,730	\$ 7,262,143	\$ 6,862,808
Formosa Fairway Corp.	9,846	23,479	23,567
Formosa Plastics Transport Corp.	1,291,488	1,251,101	1,360,269
Formosa Petrochemical Corp.	79,479,418	75,322,255	78,865,103
Mai Liao Power Corp.	12,802,653	9,767,776	10,632,568
Hwa Ya Science Park Management Consulting Co., Ltd.	4,221	4,140	3,210
Formosa Environmental Technology Corp.	234,235	231,886	230,755
Formosa Synthetic Rubber Corp. (Hong Kong)	1,727,795	1,851,242	2,063,646
Formosa Resources Corp.	8,416,733	7,703,818	8,051,121
Formosa Group (Cayman) Corp.	862,806	766,965	790,834
Formosa Construction Corp.	554,333	565,507	570,315
Guo Su Plastic Industry Co., Ltd.	59,304	71,371	83,856
FG INC.	3,817,497	3,654,792	3,769,780
Formosa Smart Energy Tech Corp.	1,740,513	1,000,799	1,001,372
Beyoung International Corp.	95,401	96,117	96,061
Formosa Lithium Iron Oxide Corp.	84,580	92,603	12,776
Formosa Advanced Technologies Co., Ltd.	4,964,729	5,278,947	5,186,532
Nan Ya Optical Corp.	168,209	190,818	190,465
Kuang Yueh Co., Ltd.	1,464,210	1,429,538	1,373,027
Schoeller Textil AG	994,215	1,096,100	1,040,968
Changshu Yu Yuan Co.,	-	-	16,761
	<u>\$ 126,011,916</u>	<u>\$ 117,661,397</u>	<u>\$ 122,225,794</u>

A. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2023	December 31, 2022	September 30, 2022		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.15%	24.15%	Investments accounted for using equity method	Equity method

(b) The summarised financial information of the associate that is material to the Group is shown below:

Balance sheets

	Formosa Petrochemical Corp.		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 266,278,340	\$ 262,757,723	\$ 268,823,207
Non-current assets	153,205,984	148,710,566	156,139,254
Current liabilities	(59,776,210)	(68,174,244)	(66,981,454)
Non-current liabilities	(29,150,071)	(30,805,611)	(31,548,190)
Total net assets	<u>\$ 330,558,043</u>	<u>\$ 312,488,434</u>	<u>\$ 326,432,817</u>
Share in associate's net assets	\$ 79,829,767	\$ 75,465,956	\$ 78,833,526
Unrealised (gain) loss from sale of upstream transactions			
eliminations	(239,630)	(32,982)	142,296
Net differences in share capital	(110,719)	(110,719)	(110,719)
Carrying amount of the associate	<u>\$ 79,479,418</u>	<u>\$ 75,322,255</u>	<u>\$ 78,865,103</u>

Statements of comprehensive income

	Formosa Petrochemical Corp.	
	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Revenue	\$ 192,047,864	\$ 228,408,042
Profit (loss) for the period from continuing operations	\$ 17,156,371	(\$ 6,280,737)
Other comprehensive loss, net of tax	(168,206)	(7,341,116)
Total comprehensive income (loss)	\$ 16,988,165	(\$ 13,621,853)
Dividends received from associates	\$ 2,530,880	\$ 8,743,039

	Formosa Petrochemical Corp.	
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Revenue	\$ 534,946,172	\$ 651,896,211
Profit for the period from continuing operations	\$ 20,434,284	\$ 24,305,970
Other comprehensive income (loss), net of tax	8,113,255	(19,089,563)
Total comprehensive income	\$ 28,547,539	\$ 5,216,407
Dividends received from associates	\$ 2,530,880	\$ 8,743,039

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$46,532,498, \$42,339,142 and \$43,360,691, respectively.

	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Profit for the period from continuing operations	\$ 4,382,779	\$ 1,266,986
Other comprehensive income, net of tax	4,051,342	188,206
Total comprehensive income	\$ 8,434,121	\$ 1,455,192

	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Profit (loss) for the period from continuing operations	\$ 8,191,146	(\$ 2,717,875)
Other comprehensive income (loss), net of tax	4,775,640	(1,109,240)
Total comprehensive income (loss)	<u>\$ 12,966,786</u>	<u>(\$ 3,827,115)</u>

(d) The fair value of the Group's associates which have quoted market price was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Formosa Petrochemical Corp.	\$ 185,444,464	\$ 184,754,224	\$ 190,736,304
Kuang Yueh Co., Ltd.	2,093,665	2,233,242	2,521,703
Formosa Advanced Technologies Co., Ltd.	5,248,813	5,214,774	5,037,771
	<u>\$ 192,786,942</u>	<u>\$ 192,202,240</u>	<u>\$ 198,295,778</u>

- B. Except for the financial statements of Formosa Petrochemical Corp. and Formosa Advanced Technologies Co., Ltd., which were reviewed by the Company's appointed independent auditors, the financial statements of other investees accounted for using equity method for the nine-month periods ended September 30, 2023 and 2022 were not reviewed.
- C. On June 8, 2022, the Group's subsidiary, Formosa Biomedical Technology Corp., increased its investment in Formosa Lithium Iron Oxide Corp. in the amount of \$3,797, and the shareholding ratio increased from 15.14% to 29.61%. Accordingly, financial assets at fair value through other comprehensive income were transferred to investments accounted for using equity method.
- D. On May 5, 2022, the Board of Directors of the Group resolved to invest \$1,000,000 and \$750,000 in Formosa Smart Energy Tech Corp. in May 2022 and August 2023, respectively, and the shareholding ratio was 25%.
- E. On December 8, 2021, the competent authority of the Group resolved to invest in Guo Su Plastic Industry Co., Ltd. As of March 31, 2022, December 31, 2021 and December 27, 2021, the Group has invested \$46,531, \$27,788 and \$20,680 in Guo Su Plastic Industry Co., Ltd., respectively, and the shareholding ratio was 49%. Accordingly, the Group is the single largest shareholder of Guo Su Plastic Industry Co., Ltd. Since the Group has no intention and no current ability to direct the relevant activities of Guo Su Plastic Industry Co., Ltd., the Group has no control, but only has significant influence, over the investee.

F. Chang Shu Yu Yuan Development Co., Ltd. has implemented the liquidation procedure, and the dissolution and liquidation were completed on December 1, 2022. In addition, Chang Shu Yu Yuan Development Co., Ltd. returned the capital amounting to HKD 7,315 thousand, equivalent to \$27,857 thousand, including the amount of HKD 4,153 thousand, which reduced the book value of the investment, and another part recognised gain on investment with balance of other equity interest.

G. On August 4, 2023, the Board of Directors of the Group resolved to increase its investment in Formosa Resources Corp. amounting to US\$25,000 thousand, equivalent to NT\$799,625 thousand, in proportion to its original ownership of 25%.

H. As of September 30, 2023 and 2022, no equity investments held by the Group were pledged to others.

(8) Property, plant and equipment

	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment and other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2023</u> <u>(adjusted)</u>						
Cost	\$ 12,086,989	\$ 50,808,233	\$ 321,597,950	\$ 12,234,305	\$ 36,911,841	\$ 433,639,318
Accumulated depreciation and impairment	(166,727)	(30,867,088)	(249,693,537)	(10,050,823)	-	(290,778,175)
	<u>\$ 11,920,262</u>	<u>\$ 19,941,145</u>	<u>\$ 71,904,413</u>	<u>\$ 2,183,482</u>	<u>\$ 36,911,841</u>	<u>\$ 142,861,143</u>
<u>2023</u>						
Opening net book amount	\$ 11,920,262	\$ 19,941,145	\$ 71,904,413	\$ 2,183,482	\$ 36,911,841	\$ 142,861,143
Additions	-	146	470,248	140,178	15,161,832	15,772,404
Disposals	(2,725)	(27,716)	(161,219)	(3,120)	(60)	(194,840)
Reclassifications	99,893	890,089	7,531,625	102,426	(8,577,964)	46,069
Depreciation charge	-	(1,164,736)	(8,261,715)	(362,211)	-	(9,788,662)
Reversal of impairment loss	-	19,095	66,907	-	-	86,002
Net exchange differences	<u>23</u>	<u>230,787</u>	<u>594,780</u>	<u>11,485</u>	<u>494,318</u>	<u>1,331,393</u>
Closing net book amount	<u>\$ 12,017,453</u>	<u>\$ 19,888,810</u>	<u>\$ 72,145,039</u>	<u>\$ 2,072,240</u>	<u>\$ 43,989,967</u>	<u>\$ 150,113,509</u>
<u>At September 30, 2023</u>						
Cost	\$ 12,184,392	\$ 51,843,529	\$ 324,683,897	\$ 12,197,953	\$ 43,989,967	\$ 444,899,738
Accumulated depreciation and impairment	(166,939)	(31,954,719)	(252,538,858)	(10,125,713)	-	(294,786,229)
	<u>\$ 12,017,453</u>	<u>\$ 19,888,810</u>	<u>\$ 72,145,039</u>	<u>\$ 2,072,240</u>	<u>\$ 43,989,967</u>	<u>\$ 150,113,509</u>

	Land and land improvements	Buildings	Machinery and equipment	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2022</u>						
Cost	\$ 11,997,565	\$ 48,940,796	\$ 311,142,989	\$ 11,818,294	\$ 23,632,259	\$ 407,531,903
Accumulated depreciation and impairment	(166,562)	(28,992,646)	(237,899,215)	(9,575,679)	-	(276,634,102)
	<u>\$ 11,831,003</u>	<u>\$ 19,948,150</u>	<u>\$ 73,243,774</u>	<u>\$ 2,242,615</u>	<u>\$ 23,632,259</u>	<u>\$ 130,897,801</u>
<u>2022</u>						
Opening net book amount	\$ 11,831,003	\$ 19,948,150	\$ 73,243,774	\$ 2,242,615	\$ 23,632,259	\$ 130,897,801
Additions	-	380,492	1,413,228	112,548	16,680,062	18,586,330
Effect of consolidated entity's movement	96,672	5,730	11,365	27,490	-	141,257
Disposals	- (	15,004) (	88,532) (	1,992)	- (	105,528)
Reclassifications	8	621,818	5,971,914	114,200	(6,638,612)	69,328
Depreciation charge	- (	1,207,770) (	8,654,831) (	352,111)	- (	10,214,712)
Net exchange differences	<u>36</u>	<u>830,122</u>	<u>1,845,841</u>	<u>39,581</u>	<u>517,795</u>	<u>3,233,375</u>
Closing net book amount (adjusted)	<u>\$ 11,927,719</u>	<u>\$ 20,563,538</u>	<u>\$ 73,742,759</u>	<u>\$ 2,182,331</u>	<u>\$ 34,191,504</u>	<u>\$ 142,607,851</u>
<u>At September 30, 2022 (adjusted)</u>						
Cost	\$ 12,094,600	\$ 51,199,047	\$ 322,359,003	\$ 12,158,688	\$ 34,191,504	\$ 432,002,842
Accumulated depreciation and impairment	(166,881)	(30,635,509)	(248,616,244)	(9,976,357)	-	(289,394,991)
	<u>\$ 11,927,719</u>	<u>\$ 20,563,538</u>	<u>\$ 73,742,759</u>	<u>\$ 2,182,331</u>	<u>\$ 34,191,504</u>	<u>\$ 142,607,851</u>

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

	For the three-month periods ended September 30,	
	2023	2022
Amount capitalised	\$ 91,074	\$ 58,424
Interest rate	1.29%~5.37%	0.66%~3.79%
	For the nine-month periods ended September 30,	
	2023	2022
Amount capitalised	\$ 248,488	\$ 150,076
Interest rate	1.29%~5.37%	0.66%~3.84%

- B. Under the regulations, land may only be owned by individuals. Thus, the Group has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Group under the name of a third party, who has pledged the full amount to the Company. As of September 30, 2023, December 31, 2022 and September 30, 2022, the pledged amounts were \$820,894, \$820,894 and \$820,894, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements-lessee

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 56 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,524,190	\$ 1,597,049	\$ 1,653,356
Buildings	56,259	52,906	57,240
Transportation equipment	1,352	622	663
	<u>\$ 1,581,801</u>	<u>\$ 1,650,577</u>	<u>\$ 1,711,259</u>

	<u>For the three-month period ended September 30, 2023</u>	<u>For the three-month period ended September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 44,195	\$ 44,674
Buildings	6,528	8,129
Transportation equipment	93	41
	<u>\$ 50,816</u>	<u>\$ 52,844</u>

	<u>For the nine-month period ended September 30, 2023</u>	<u>For the nine-month period ended September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 133,373	\$ 131,141
Buildings	18,578	23,982
Transportation equipment	278	122
	<u>\$ 152,229</u>	<u>\$ 155,245</u>

- C. For the three-month and nine-month periods ended September 30, 2023 and 2022, the additions to right-of-use assets were \$5,200, \$105,377, \$70,527 and \$249,852, respectively.

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

	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,913	\$ 3,764
Expense on short-term lease contracts	16,792	16,358
Expense on variable lease payments	18,190	3,493
	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8,932	\$ 9,240
Expense on short-term lease contracts	48,803	40,538
Expense on variable lease payments	25,962	8,469

E. For the nine months periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$213,633 and \$190,816, respectively.

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

Type of loans	September 30, 2023	Interest rate range	Collateral
Bank overdrafts	\$ 635,640	2.65%	None
Bank loans			
OA loans	2,479	6.26%	None
Secured loans	80,000	1.83%~1.95%	Note 8
Unsecured loans	41,724,610	1.62%~6.70%	None
Total short-term loans	\$ 42,442,729		
Short-term notes and bills payable	\$ 25,300,000	1.42%~1.53%	None
Short-term notes and bills payable discount	(52,064)		
Net short-term notes and bills payable	\$ 25,247,936		
Type of loans	December 31, 2022	Interest rate range	Collateral
OA loans	\$ 14,035	3.35%	None
Secured loans	50,000	1.20%~1.83%	Note 8
Unsecured loans	35,053,852	1.26%~5.75%	None
Total short-term loans	\$ 35,117,887		
Short-term notes and bills payable	\$ 32,950,000	0.28%~1.51%	None
Short-term notes and bills payable discount	(57,334)		
Net short-term notes and bills payable	\$ 32,892,666		

Type of loans	September 30, 2022	Interest rate range	Collateral
OA loans	\$ 1,321	5.50%	None
Secured loans	50,000	1.20%~1.58%	Note 8
Unsecured loans	41,727,713	0.86%~4.50%	None
Total short-term loans	<u>\$ 41,779,034</u>		
Short-term notes and bills payable	\$ 27,450,000	0.80%~1.45%	None
Short-term notes and bills payable discount	(16,428)		
Net short-term notes and bills payable	<u>\$ 27,433,572</u>		

(11) Financial liabilities at fair value through profit or loss-current

Items	September 30, 2023	December 31, 2022	September 30, 2022
Derivatives	<u>\$ -</u>	<u>\$ 2,826</u>	<u>\$ -</u>

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

Items	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022
Derivatives	<u>\$ -</u>	<u>\$ -</u>

Items	For the nine-month period ended September 30, 2023	For the nine-month period ended September 30, 2022
Derivatives	<u>\$ 2,826</u>	<u>\$ -</u>

B. The non-hedging derivative instruments transaction and contract information are as follows:
September 30, 2023 and 2022: None.

	December 31, 2022	
Derivative Instruments	Contract Amount	
Liabilities	(Notional Principal)	
	(in thousands)	Contract period
Current items:		
Forward foreign exchange contracts:		
Taipei Fubon	JPY 40,660	October 2022 - January 2023
Taipei Fubon	JPY 40,000	October 2022 - January 2023
Taipei Fubon	JPY 15,170	November 2022 - January 2023
Taipei Fubon	JPY 69,830	November 2022 - February 2023

The forward exchange contracts are buy and sell JYP to hedge the change of exchange rate due to import and export transactions, but not adopting hedge accounting.

(12) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable			
Domestic unsecured nonconvertible corporate bonds	\$ 40,650,000	\$ 45,500,000	\$ 47,550,000
Less: Current portion	(3,800,000)	(4,850,000)	(6,900,000)
	<u>\$ 36,850,000</u>	<u>\$ 40,650,000</u>	<u>\$ 40,650,000</u>

The terms of nonconvertible corporate bonds were as follows:

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal	September 30, 2023	December 31, 2022	September 30, 2022	Note
<u>2012</u>								
Second issued domestic unsecured nonconvertible corporate bonds - C	2012.12.7	2021.12.7 ~ 2022.12.7	1.51	\$ 4,100,000	\$ -	\$ -	\$ 2,050,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22 ~ 2023.1.22	1.50	2,200,000	-	1,100,000	1,100,000	Serial bonds, to be settled 50%, 50%
<u>2013</u>								
First issued domestic unsecured nonconvertible corporate bonds - C	2013.7.8	2022.7.8 ~ 2023.7.8	1.52	2,800,000	-	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	700,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal	September 30, 2023	December 31, 2022	September 30, 2022	Note
<u>2019</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2019.5.13	2023.5.13 ~ 2024.5.13	0.75	\$ 3,300,000	\$ 1,650,000	\$ 3,300,000	\$ 3,300,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2019.5.13	2025.5.13 ~ 2026.5.13	0.83	3,000,000	3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2019.5.13	2028.5.13 ~ 2029.5.13	0.93	700,000	700,000	700,000	700,000	Serial bonds, to be settled 50%, 50%
<u>2020</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2020.9.3	2024.9.3 ~ 2025.9.3	0.52	2,900,000	2,900,000	2,900,000	2,900,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2020.9.3	2026.9.3 ~ 2027.9.3	0.60	5,200,000	5,200,000	5,200,000	5,200,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2020.9.3	2029.9.3 ~ 2030.9.3	0.67	1,900,000	1,900,000	1,900,000	1,900,000	Serial bonds, to be settled 50%, 50%
<u>2021</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2021.5.10	2025.5.10 ~ 2026.5.10	0.48	6,000,000	6,000,000	6,000,000	6,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2021.5.10	2027.5.10 ~ 2028.5.10	0.56	4,000,000	4,000,000	4,000,000	4,000,000	Serial bonds, to be settled 50%, 50%
					40,650,000	45,500,000	47,550,000	
Less: Current portion of bonds payable					(3,800,000)	(4,850,000)	(6,900,000)	
					<u>\$ 36,850,000</u>	<u>\$40,650,000</u>	<u>\$ 40,650,000</u>	

(13) Long-term bank loans and notes payable

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2023
Long-term bank loans				
Unsecured loans				
Taipei Fubon Bank	Jul. 14, 2023 ~ Jul. 14, 2028, each 50% of principal is payable starting from 4 years and 5 years after the first drawdown	LIBOR+0.78% (if TAIFX is higher than LIBOR+0.42%, the difference between TAIFX and LIBOR+0.42% is payable by the borrower)	None	\$ 6,453,594
First Commercial Bank	Jul. 15, 2020 ~ Jul. 15, 2025, the first payment (2023) is 4 years after the first drawdown and principal is payable semi-annually in 5 installments	1 to 5 years (including 5 years) rate of LPR-0.8125%	"	1,370,143
Mega International Commercial Bank	Dec. 13, 2021 ~ Dec. 13, 2026, the first payment (2024) is 4 years after the first drawdown and principal is payable semi-annually in 5 installments	1 to 5 years (including 5 years) rate of LPR-1.35%	"	4,614,760
Bank of Taiwan	Jul. 28, 2023 ~ Jul. 26, 2025, principal payable at maturity date	1.63%	"	2,000,000
Taiwan Cooperative Bank	Jul. 26, 2023 ~ Jul. 26, 2025, principal payable at maturity date	1.79%	"	9,000,000
Mizuho Corporate Bank	Jul. 28, 2022 ~ Dec. 15, 2024, principal payable at maturity date	1.77%	"	2,500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2023
Hua Nan Commercial Bank	Aug. 17, 2023 ~ Jan. 13, 2025, principal payable at maturity date	1.88%	None	\$ 600,000
First Commercial Bank	Aug. 17, 2023 ~ Dec. 5, 2024, principal payable at maturity date	1.84%	"	2,000,000
Mizuho Corporate Bank	Aug. 11, 2023 ~ Aug. 11, 2025, principal payable at maturity date	1.91%	"	800,000
Sino Pac Bank	Sep. 12, 2023 ~ Sep. 12, 2025, payable in full at maturity	1.89%	"	300,000
E.SUN Bank	Dec. 15, 2022 ~ Dec. 15, 2025, payable in full at maturity	1.93%	"	200,000
China Trust Bank	Sep. 8, 2023 ~ Sep. 8, 2025, payable in full at maturity	1.85%	"	400,000
Taipei Fubon Bank	Jan. 12, 2023 ~ Jan. 12, 2025, payable in full at maturity	1.93%	"	1,500,000
MUFG Bank	May. 12, 2023 ~ May. 12, 2025, payable in full at maturity	1.93%	"	1,500,000
KGI Bank.	Aug. 10, 2023 ~ Aug. 10, 2025, payable in full at maturity	1.88%	"	1,000,000
Bangkok Bank	Dec. 2, 2022 ~ Dec. 2, 2024, payable in full at maturity	1.93%	"	500,000
Mega International Commercial Bank	Aug. 21, 2023 ~ Jun. 21, 2025, payable in full at maturity	1.93%	"	900,000
Far Eastern International Bank	Sep. 20, 2022 ~ Sep. 15, 2025, payable in full at maturity	1.93%	"	1,200,000
				36,838,497
Less: Current portion of long-term loans				(685,071)
				<u>\$ 36,153,426</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Unsecured loans				
Taipei Fubon Bank	Jul. 17, 2019 ~ Jul. 17, 2024, the first payment (2023) is 4 years after the first drawdown and 62.5% of principal is payable	LIBOR+0.78% (if TAIFX is higher than LIBOR+0.42%, the difference between TAIFX and LIBOR+0.42% is payable by the borrower)	None	\$ 6,174,546
First Commercial Bank	Jul. 15, 2020 ~ Jul. 15, 2025, the first payment (2023) is 4 years after the first drawdown and principal is payable semi-annually in 5 installments	1 to 5 years (including 5 years) rate of LPR-0.8125%	"	1,680,241
Mega International Commercial Bank	Dec. 13, 2021 ~ Dec. 13, 2026, the first payment (2024) is 4 years after the first drawdown and principal is payable semi-annually in 5 installments	1 to 5 years (including 5 years) rate of LPR-1.35%	"	2,808,632
Bank of Taiwan	Jul. 28, 2022 ~ Aug. 10, 2023, principal is payable at maturity date	1.375%~1.5%	"	2,000,000
Mizuho Corporate Bank	Jul. 28, 2022 ~ Dec. 15, 2024, principal is payable at maturity date	1.515%~1.672%	"	2,500,000
Hua Nan Commercial Bank	Sep. 20, 2022 ~ Jan. 14, 2024, principal is payable at maturity date	1.36%	"	300,000
First Commercial Bank	Dec. 5, 2022 ~ Dec. 5, 2024, principal is payable at maturity date	1.73%	"	1,000,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2022
Mizuho Corporate Bank	Sep. 20, 2022 ~ Aug. 12, 2024, principal is payable at maturity date	1.88%	None	\$ 800,000
Sino Pac Bank	Aug. 12, 2022 ~ Aug. 12, 2024, payable in full at maturity	1.55%	"	300,000
E.SUN Bank	Dec. 15, 2022 ~ Dec. 15, 2025, payable in full at maturity	1.90%	"	200,000
China Trust Bank	Sep. 8, 2022 ~ Sep. 8, 2024, payable in full at maturity	1.45%	"	400,000
Taipei Fubon Bank	Jan. 12, 2022 ~ Jan. 12, 2024, payable in full at maturity	1.49%	"	1,500,000
MUFG Bank	Jun. 13, 2022 ~ Jun. 13, 2024, payable in full at maturity	1.72%	"	1,500,000
HSBC	Aug. 10, 2022 ~ Aug. 10, 2024, payable in full at maturity	1.90%	"	1,200,000
Bangkok Bank	Dec. 2, 2022 ~ Dec. 2, 2024, payable in full at maturity	1.75%	"	500,000
Mega International Commercial Bank	Oct. 21, 2022 ~ Jun. 21, 2024, payable in full at maturity	2.05%	"	700,000
Far Eastern International Bank	Sep. 20, 2022 ~ Sep. 15, 2025, payable in full at maturity	2.10%	"	1,200,000
				24,763,419
Less: Current portion of long-term loans				(6,195,140)
				<u>\$ 18,568,279</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2022
Long-term bank loans				
Unsecured loans				
Taipei Fubon Bank	Jul. 17, 2019 ~ Jul. 17, 2024, each 50% of principal is payable starting from 4 years and 5 years after the first drawdown	LIBOR+0.78% (if TAIFX is higher than LIBOR+0.42%, the difference between TAIFX and LIBOR+0.42% is payable by the borrower)	None	\$ 6,348,312
First Commercial Bank	Jul. 15, 2020 ~ Jul. 15, 2025, principal payable semi-annually after 4 years	1 to 5 years (including 5 years) rate of LPR-0.8125%	"	1,675,184
Mega International Commercial Bank	Dec. 13, 2021 ~ Dec. 13, 2026, principal payable semi-annually after 4 years	1 to 5 years (including 5 years) rate of LPR-1.35%	"	2,280,195
Sumitomo Mitsui Banking Corporation	Jul. 25, 2022 ~ Sep. 1, 2023, principal payable at maturity date	1.28%~1.41%	"	1,000,000
Bank of Taiwan	Jul. 28, 2022 ~ Aug. 10, 2023, principal payable at maturity date	1.25%	"	2,000,000
Mizuho Corporate Bank	Jul. 28, 2022 ~ Dec. 15, 2024, principal payable at maturity date	1.17%~1.32%	"	2,500,000
Hua Nan Bank	Sep. 20, 2022 ~ Jan. 14, 2024, principal payable at maturity date	1.26%	"	300,000
First Commercial Bank	Oct. 6, 2021 ~ Oct. 6, 2023, principal payable at maturity date	1.18%	"	1,000,000
Mizuho Corporate Bank	Sep. 20, 2022 ~ Aug. 12, 2024, payable in full at maturity	1.58%	"	800,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	September 30, 2022
Sino Pac Bank	Aug. 12, 2022 ~ Aug. 12, 2024, payable in full at maturity	1.38%	None	\$ 300,000
E.SUN Bank	Dec. 15, 2021 ~ Dec. 14, 2023, payable in full at maturity	1.20%	"	200,000
China Trust Bank	Sep. 8, 2022 ~ Sep. 8, 2024, payable in full at maturity	1.32%	"	400,000
Taipei Fubon Bank	Jan. 12, 2022 ~ Jan. 12, 2024, payable in full at maturity	1.13%	"	1,500,000
MUFG Bank	Jun. 13, 2022 ~ Jun. 13, 2024, payable in full at maturity	1.37%	"	1,500,000
HSBC	Aug. 10, 2022 ~ Aug. 10, 2024, payable in full at maturity	1.47%	"	1,200,000
Bangkok Bank	Dec. 3, 2021 ~ Dec. 1, 2023, payable in full at maturity	1.24%	"	200,000
Mega International Commercial Bank	Jun. 21, 2022 ~ Jun. 21, 2024, payable in full at maturity	1.24%	"	1,000,000
Far Eastern International Bank	Sep. 20, 2022 ~ Sep. 15, 2025, payable in full at maturity	1.40%	"	1,200,000
				25,403,691
Less: Current portion of long-term loans				(6,509,193)
				<u>\$ 18,894,498</u>

(14) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$28,064, \$23,301, \$83,596 and \$70,552 for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$97,306.
- B. (a) From July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10~20% for the three-month and nine-month periods ended September 30, 2023 and 2022. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$112,079, \$104,504, \$328,631 and \$312,740, respectively.

(15) Capital stock

A. As of September 30, 2023, the Company's authorised and paid-in capital was \$58,611,863, and total issued stocks was 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.

B. Changes in the treasury stocks for the nine-month periods ended September 30, 2023 and 2022 are set forth below:

Reason for reacquisition	Subsidiary	For the nine-month period ended September 30, 2023			
		Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	12,169,610	-	-	12,169,610
Reason for reacquisition	Subsidiary	For the nine-month period ended September 30, 2022			
		Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	12,169,610	-	-	12,169,610

C. The market value of treasury stocks was \$61.5 and \$69.1 (in dollars) per share at September 30, 2023 and 2022, respectively.

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

(16) Capital surplus

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

For the nine-month period ended September 30, 2023

	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal or acquisition of subsidiaries	Others
At January 1, 2023	\$ 2,710,554	\$ 5,514,032	\$ 370,900	\$ 392,782	\$ 163	\$ 258,225
Dividends allocated to subsidiaries	-	-	4,324	-	-	-
Effect from net stockholding of associates recognised under the equity method	-	-	-	152	-	-
Changes in ownership interests in subsidiaries	-	-	1,230	(2,182)	140	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	(1,726)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	22,168
At September 30, 2023	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 376,454</u>	<u>\$ 390,752</u>	<u>\$ 303</u>	<u>\$ 278,667</u>

For the nine-month period ended September 30, 2022

	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal or acquisition of subsidiaries	Others
At January 1, 2022	\$ 2,710,554	\$ 5,514,032	\$ 348,233	\$ 379,632	\$ 163	\$ 240,385
Dividends allocated to subsidiaries	-	-	21,847	-	-	-
Effect from net stockholding of associates recognised under the equity method	-	-	-	145	-	-
Changes in ownership interests in subsidiaries	-	-	820	869	-	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	-	(536)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	18,445
At September 30, 2022	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 370,900</u>	<u>\$ 380,646</u>	<u>\$ 163</u>	<u>\$ 258,294</u>

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining balance is to be set aside as special reserve if necessary; and distributed to shareholders as interest on capital. The remaining balance for current year, after allocating for interest on capital, shall be accumulated with remaining balance of previous year and to be distributed as shareholders' bonus proposed by the Board of Directors. For the distribution of cash dividends which was authorised to the Board of Directors would be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and then reported to the shareholders. The distribution of stock dividends should be reported to the shareholders for resolution.

The special reserve includes:

- (a) Reserve for a special purpose;
 - (b) Investment income recognised under equity method and deferred income tax assets arising from unused investment tax credits which are deemed unrealised and transferred to special reserve. Such investment income and deferred income tax assets are reclassified to unappropriated earnings only when they are realised;
 - (c) Net unrealised gains from financial instruments transactions. The special reserve for unrealised gains from financial instruments is reduced when the accumulated value of the unrealised gains also decreases; and
 - (d) Other special reserves as stipulated by other laws.
- B. The Company is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee bonus and special reserves shall be distributed to stockholders. The Company would prefer cash dividend. If the Company requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not exceed 50% of the total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 26, 2023 and June 8, 2022, respectively. Details are as follows:

For the years ended December 31,				
2022			2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 773,180		\$ 3,910,207	
Special reserve	141,215		6,428,356	
Cash dividends	5,568,127	\$ 0.95	28,133,694	\$ 4.80
	<u>\$ 6,482,522</u>		<u>\$ 38,472,257</u>	

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

(18) Other equity items

	Hedging reserve	Unrealised gain	Currency translation	Revaluation surplus	Total
At January 1, 2023	\$ 160	\$ 72,429,555	(\$ 2,930,647)	\$ 1,002,383	\$ 70,501,451
Revaluation:					
–Group	-	1,342,956	-	-	1,342,956
–Associates	-	2,314,142	-	-	2,314,142
Revaluation transferred to retained earnings:					
–Group	- (	523)	-	- (	523)
–Associates	- (	12,121)	-	- (	12,121)
Cash flow hedges:					
–Associates	(4,817)	-	-	- (	4,817)
Currency translation differences:					
–Group	-	-	1,392,356	-	1,392,356
–Tax of Group	-	- (	302,349)	- (	302,349)
–Associates	-	-	1,066,240	-	1,066,240
At September 30, 2023	<u>(\$ 4,657)</u>	<u>\$ 76,074,009</u>	<u>(\$ 774,400)</u>	<u>\$ 1,002,383</u>	<u>\$ 76,297,335</u>

	Hedging reserve	Unrealised gain (loss)	Currency translation	Total
At January 1, 2022	\$ 9,270	\$ 121,228,401	(\$ 6,240,670)	\$ 114,997,001
Revaluation:				
–Group	-	(34,903,409)	-	(34,903,409)
–Associates	-	(6,949,770)	-	(6,949,770)
Revaluation transferred to retained earnings:				
–Group	-	43,321	-	43,321
–Associates	-	(2,428)	-	(2,428)
Cash flow hedges:				
–Associates	(9,799)	-	-	(9,799)
Currency translation differences:				
–Group	-	-	2,955,999	2,955,999
–Tax of Group	-	-	(644,334)	(644,334)
–Associates	-	-	2,796,951	2,796,951
At September 30, 2022	<u>(\$ 529)</u>	<u>\$ 79,416,115</u>	<u>(\$ 1,132,054)</u>	<u>\$ 78,283,532</u>

(19) Operating revenue

	For the three-month periods ended September 30,	
	2023	2022
Sales revenue	\$ 86,607,225	\$ 90,522,586
Service revenue	129,207	135,047
Other operating revenue	87,695	80,912
	<u>\$ 86,824,127</u>	<u>\$ 90,738,545</u>
	For the nine-month periods ended September 30,	
	2023	2022
Sales revenue	\$ 244,434,751	\$ 293,219,960
Service revenue	361,227	407,823
Other operating revenue	225,813	300,985
	<u>\$ 245,021,791</u>	<u>\$ 293,928,768</u>

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

(20) Interest income

For the three-month periods ended September 30,		
	2023	2022
Interest income from bank deposits	\$ 175,664	\$ 156,887
Interest from current account with others	4,614	14,557
Other interest income	9,708	13,226
	<u>\$ 189,986</u>	<u>\$ 184,670</u>
For the nine-month periods ended September 30,		
	2023	2022
Interest income from bank deposits	\$ 577,231	\$ 376,159
Interest from current account with others	28,026	26,792
Other interest income	47,061	24,159
	<u>\$ 652,318</u>	<u>\$ 427,110</u>

(21) Other income

For the three-month periods ended September 30,		
	2023	2022
Rent income	\$ 38,122	\$ 35,527
Dividend income	507,324	7,573,749
Other income	296,932	485,038
	<u>\$ 842,378</u>	<u>\$ 8,094,314</u>
For the nine-month periods ended September 30,		
	2023	2022
Rent income	\$ 108,063	\$ 107,970
Dividend income	4,938,169	10,448,254
Other income	776,677	939,826
	<u>\$ 5,822,909</u>	<u>\$ 11,496,050</u>

(22) Other gains and losses

For the three-month periods ended September 30,		
	2023	2022
Loss on disposal of property, plant and equipment	(\$ 1,783)	(\$ 754)
Net currency exchange gain	226,276	1,071,702
Net gain on financial assets and liabilities at fair value through profit or loss	80,643	110,945
Reversal of impairment loss recognised in profit, property, plant and equipment	-	-
Other losses	(87,787)	(89,819)
	<u>\$ 217,349</u>	<u>\$ 1,092,074</u>

	For the nine-month periods ended September 30,	
	2023	2022
Loss on disposal of property, plant and equipment	(\$ 58,473)	(\$ 75,333)
Net currency exchange gain	521,155	2,462,692
Net gain on financial assets and liabilities at fair value through profit or loss	208,168	232,171
Reversal of impairment loss recognised in profit, property, plant and equipment	86,002	-
Other losses	(273,530)	(216,719)
	<u>\$ 483,322</u>	<u>\$ 2,402,811</u>

(23) Finance costs

	For the three-month periods ended September 30,	
	2023	2022
Interest expense:		
Bank loans	\$ 663,210	\$ 385,604
Corporate bonds	117,167	140,700
Current account with others	11,225	9,634
Discount	57,605	47,887
Other interest expenses	8,886	8,133
	<u>858,093</u>	<u>591,958</u>
Less: Capitalisation of qualifying assets	(91,074)	(58,424)
	<u>\$ 767,019</u>	<u>\$ 533,534</u>

	For the nine-month periods ended September 30,	
	2023	2022
Interest expense:		
Bank loans	\$ 1,860,885	\$ 694,458
Corporate bonds	368,911	428,281
Current account with others	33,244	19,687
Discount	173,533	112,421
Other interest expenses	26,405	20,673
	<u>2,462,978</u>	<u>1,275,520</u>
Less: Capitalisation of qualifying assets	(248,488)	(150,076)
	<u>\$ 2,214,490</u>	<u>\$ 1,125,444</u>

(24) Expenses by nature

	For the three-month periods ended September 30,	
	2023	2022
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 3,204,786	\$ 3,490,138
Employee benefit expense	3,511,901	3,596,662
Amortisation	1,054,631	941,783
	<u>\$ 7,771,318</u>	<u>\$ 8,028,583</u>
	For the nine-month periods ended September 30,	
	2023	2022
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 9,940,891	\$ 10,369,957
Employee benefit expense	10,645,243	10,903,175
Amortisation	2,956,284	2,816,069
	<u>\$ 23,542,418</u>	<u>\$ 24,089,201</u>

(25) Employee benefit expense

	For the three-month periods ended September 30,	
	2023	2022
Wages and salaries	\$ 2,969,299	\$ 3,080,451
Labor and health insurance fees	248,204	263,435
Pension costs	140,143	127,805
Other personnel expenses	154,255	124,971
	<u>\$ 3,511,901</u>	<u>\$ 3,596,662</u>
	For the nine-month periods ended September 30,	
	2023	2022
Wages and salaries	\$ 8,987,538	\$ 9,318,307
Labor and health insurance fees	788,300	778,125
Pension costs	412,227	383,292
Other personnel expenses	457,178	423,451
	<u>\$ 10,645,243</u>	<u>\$ 10,903,175</u>

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

B. For the three-month and nine-month periods ended September 30, 2023 and 2022, employees' remuneration (bonuses) was accrued at \$7,554, \$2,246, \$8,548 and \$15,315, respectively. The aforementioned amount was recognised in salary expenses.

For the nine-month periods ended September 30, 2023 and 2022, the employees' compensation was estimated and accrued based on approximately 0.1% of the distributable profit.

Employees' compensation for 2022 as resolved by the Board of Directors was in agreement with

the amount of \$7,210 recognised in profit or loss for 2022. Employees' compensation for 2022 has been distributed.

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

(26) Income tax

A. Income tax (benefit) expense

(a) Components of income tax expense (benefit):

		For the three-month periods ended September 30,	
		2023	2022
Current tax:			
Current tax on profits for the period	\$	181,231	(\$ 314,750)
Tax on undistributed surplus earnings		-	-
Adjustments in respect of prior years	(	2,027)	(301,852)
Total current tax		179,204	(616,602)
Deferred tax:			
Origination and reversal of temporary differences		105,168	39,408
Effect of exchange rate	(	22,081)	(1,815)
Total deferred tax		83,087	37,593
Income tax expense (benefit)	\$	262,291	(\$ 579,009)
		For the nine-month periods ended September 30,	
		2023	2022
Current tax:			
Current tax on profits for the period	\$	474,374	\$ 1,168,786
Tax on undistributed surplus earnings		49,531	359,493
Adjustments in respect of prior years		11,498	(483,753)
Total current tax		535,403	1,044,526
Deferred tax:			
Origination and reversal of temporary differences	(	324,629)	281,858
Effect of exchange rate	(	13,968)	(3,900)
Total deferred tax	(	338,597)	277,958
Income tax expense	\$	196,806	\$ 1,322,484

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

	For the three-month periods ended September 30,	
	2023	2022
Currency translation differences	(\$ 569,688)	(\$ 242,632)
	For the nine-month periods ended September 30,	
	2023	2022
Currency translation differences	(\$ 302,349)	(\$ 644,334)

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

(27) Earnings per share

A. Basic earnings per share

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

	For the three-month period ended September 30, 2023				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 7,415,271	\$ 7,152,980		\$ 1.27	\$ 1.22
Net loss of non-controlling interest	(131,216)	(347,769)		(0.02)	(0.06)
Profit attributable to ordinary shareholders of the parent	<u>\$ 7,546,487</u>	<u>\$ 7,500,749</u>	<u>5,849,017</u>	<u>\$ 1.29</u>	<u>\$ 1.28</u>
	For the three-month period ended September 30, 2022				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 1,699,452	\$ 2,278,461		\$ 0.29	\$ 0.39
Net loss of non-controlling interest	(543,900)	(216,085)		(0.10)	(0.04)
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,243,352</u>	<u>\$ 2,494,546</u>	<u>5,849,017</u>	<u>\$ 0.39</u>	<u>\$ 0.43</u>

For the nine-month period ended September 30, 2023					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 7,873,500	\$ 7,676,694		\$ 1.35	\$ 1.31
Net loss of non-controlling interest	(665,738)	(753,516)		(0.11)	(0.13)
Profit attributable to ordinary shareholders of the parent	<u>\$ 8,539,238</u>	<u>\$ 8,430,210</u>	<u>5,849,017</u>	<u>\$ 1.46</u>	<u>\$ 1.44</u>

For the nine-month period ended September 30, 2022					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 18,431,352	\$ 17,108,868		\$ 3.15	\$ 2.93
Net income of non-controlling interest	<u>3,131,865</u>	<u>2,244,603</u>		<u>0.53</u>	<u>0.39</u>
Profit attributable to ordinary shareholders of the parent	<u>\$ 15,299,487</u>	<u>\$ 14,864,265</u>	<u>5,849,017</u>	<u>\$ 2.62</u>	<u>\$ 2.54</u>

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

For the three-month period ended September 30, 2023					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 7,415,271	\$ 7,152,980		\$ 1.27	\$ 1.22
Net loss of non-controlling interest	(131,216)	(347,769)		(0.02)	(0.06)
Profit attributable to ordinary shareholders of the parent	<u>\$ 7,546,487</u>	<u>\$ 7,500,749</u>	<u>5,861,186</u>	<u>\$ 1.29</u>	<u>\$ 1.28</u>

	For the three-month period ended September 30, 2022				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 1,699,452	\$ 2,278,461		\$ 0.29	\$ 0.39
Net loss of non- controlling interest	(543,900)	(216,085)		(0.09)	(0.04)
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,243,352</u>	<u>\$ 2,494,546</u>	<u>5,861,186</u>	<u>\$ 0.38</u>	<u>\$ 0.43</u>
	For the nine-month period ended September 30, 2023				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 7,873,500	\$ 7,676,694		\$ 1.34	\$ 1.31
Net loss of non- controlling interest	(665,738)	(753,516)		(0.12)	(0.13)
Profit attributable to ordinary shareholders of the parent	<u>\$ 8,539,238</u>	<u>\$ 8,430,210</u>	<u>5,861,186</u>	<u>\$ 1.46</u>	<u>\$ 1.44</u>
	For the nine-month period ended September 30, 2022				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 18,431,352	\$ 17,108,868		\$ 3.14	\$ 2.92
Net income of non- controlling interest	<u>3,131,865</u>	<u>2,244,603</u>		<u>0.53</u>	<u>0.38</u>
Profit attributable to ordinary shareholders of the parent	<u>\$ 15,299,487</u>	<u>\$ 14,864,265</u>	<u>5,861,186</u>	<u>\$ 2.61</u>	<u>\$ 2.54</u>

(28) Business combinations

- A. The Group has acquired Ivy Life Sciences Co., Ltd. by cash amounting to \$182,232 and \$572,800 on March 9, 2022 and May 31, 2022, respectively, equivalent to 51% equity interest and has obtained control over it.

- B. The following table summarises the consideration paid for Ivy Life Sciences Co., Ltd. and the fair values of the temporary assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>May 31, 2022</u>
Purchase consideration	
Cash paid	\$ 755,032
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>403,115</u>
	<u>1,158,147</u>
Fair value of the temporary identifiable assets acquired and liabilities assumed	
Cash	771,595
Accounts receivable	4,046
Other current assets	4,351
Inventories	5,153
Property, plant and equipment	141,257
Intangible assets	395
Other non-current assets	8,945
Notes payable	(1,580)
Other payables	(21,247)
Other current liabilities	(29,125)
Long-term borrowings	(48,853)
Other non-current liabilities	(12,119)
Total identifiable net assets	<u>822,818</u>
Goodwill	<u>\$ 335,329</u>

- C. For the abovementioned acquisition, the acquisition price allocation report had been obtained in May 2023. Consequently, the tentative amount from the acquisition date had been adjusted and the consolidated financial statements for the comparative periods had been restated. Movements in relation to each account are as follows:

	<u>September 30, 2022</u>		
<u>Affected items</u>	<u>As reported</u>	<u>Adjustments</u>	<u>As restated</u>
Property, plant and equipment	\$ 142,595,649	\$ 12,202	\$ 142,607,851
Intangible assets	5,856	335,329	341,185
Other non-current assets	12,346,943	(339,863)	12,007,080
Non-controlling interest	49,140,452	7,668	49,148,120

Affected items	December 31, 2022		
	As reported	Adjustments	As restated
Property, plant and equipment	\$ 142,848,941	\$ 12,202	\$ 142,861,143
Intangible assets	5,585	335,329	340,914
Other non-current assets	12,314,889	(339,863)	11,975,026
Non-controlling interest	47,229,723	7,668	47,237,391

(29) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2023	2022
Purchase of fixed assets	\$ 15,772,404	\$ 18,586,330
Add: Opening balance of payable on equipment	3,543,908	3,057,560
Less: Ending balance of payable on equipment	(3,010,129)	(4,226,284)
Cash paid during the period	<u>\$ 16,306,183</u>	<u>\$ 17,417,606</u>

B. Financing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2023	2022
Cash dividends distributed	\$ 5,568,127	\$ 28,133,694
Add: Opening balance of cash dividends payable	75,964	72,427
Less: Ending balance of cash dividends payable	(58,408)	(76,668)
Cash dividends paid	<u>\$ 5,585,683</u>	<u>\$ 28,129,453</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowing (including current portion)	Liabilities from financing activities-gross
At January 1, 2023	\$ 35,117,887	\$ 32,892,666	\$ 45,500,000	\$ 24,763,419	\$ 138,273,972
Changes in cash flow from financing activities	7,324,842	(7,644,730)	(4,850,000)	11,709,371	6,539,483
Impact of changes in foreign exchange rate	-	-	-	365,707	365,707
At September 30, 2023	<u>\$ 42,442,729</u>	<u>\$ 25,247,936</u>	<u>\$ 40,650,000</u>	<u>\$ 36,838,497</u>	<u>\$ 145,179,162</u>

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowing (including current portion)	Liabilities from financing activities-gross
At January 1, 2022	\$ 17,512,874	\$ 17,796,625	\$ 50,050,000	\$ 17,177,183	\$ 102,536,682
Changes in cash flow from financing activities	24,266,160	9,636,947	(2,500,000)	7,344,289	38,747,396
Impact of changes in foreign exchange rate	-	-	-	830,219	830,219
Changes in acquisition of subsidiaries	-	-	-	52,000	52,000
At September 30, 2022	<u>\$ 41,779,034</u>	<u>\$ 27,433,572</u>	<u>\$ 47,550,000</u>	<u>\$ 25,403,691</u>	<u>\$ 142,166,297</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Formosa Petrochemical Corp.	Associate
Formosa Heavy Industries Corp.	"
Formosa Heavy Industries (Ningbo) Corp.	"
Formosa Plastics Transport Corp.	"
Formosa Synthetic Rubber (Ningbo) Corp.	"
Mai Liao Power Corp.	"
Formosa Environmental Technology Corp.	"
Hwa Ya Science Park Management Consulting Corp.	"
Formosa Resources Corp.	"
Formosa Construction Corp.	"
Formosa Fairway Corporation	"
Kuang Yueh Co., Ltd.	"
Formosa Group (Cayman) Corp.	"
Guo Su Plastic Industry Co., Ltd.	"
FG Inc.	"
Formosa Advanced Technologies Co., Ltd.	"
Schoeller Textil AG	"
Nan Ya Optical Corp.	"
Formosa Smart Energy Tech Corp.	"
Formosa AdvEnergy Technology Corp.	"
Beyoung International Corp.	"
Changshu Yu Yuan Co., Ltd.	"
Formosa Lithium Iron Oxide Corp.	"

Names of related parties	Relationship with the Group
Formosa Plastics Corp.	Other related party
Nan Ya Plastics Corp.	"
Nan Ya Plastics (Hui Zhou) Corp.	"
Nan Ya Plastics (Nan Tong) Corp.	"
Nan Ya Plastics Corp., U.S.A.	"
Nan Ya Plastics (Ningbo) Corp.	"
Nan Ya Technology Corp.	"
Nan Ya PCB Corp.	"
Nan Ya Electronic Materials Co., Ltd.	"
Formosa Automobile Sales Corporation	"
Formosa Petrochemical Transportation Corporation	"
Chang Gung University	"
Chang Gung Memorial Hospital	"
Chang Gung Biotechnology Co., Ltd.	"
Yue Chi Development Corp.	"
PFG Fiber Glass Corp.	"
Formosa Plastics Marine Corp.	"
Formosa Plastics Marine Co., Ltd.	"
Mai Liao Harbor Administration Corp.	"
Formosa Network Technology Corp.	"
Formosa Plastics Building Parking Lot	"
FPG Travel Service Co., Ltd.	"
Formosa Daikin Advanced Chemicals Co., Ltd.	"
Formosa Sumco Technology Corporation	"
Formosa Asahi Spandex Co., Ltd.	"
Formosa Plastics Logistics Corp.	"
Formosa Plastics Transport (Ningbo) Co., Ltd.	"
Formosa Electronic (Ningbo) Co., Ltd.	"
Inteplast Taiwan Corporation	"
Formosa Oil (Asia Pacific) Corporation	"
Asia Pacific Development Corp.	"
Ya Tai Development Co., Ltd.	"
Bio Trust International Corp.	"
Formosa Ha Tinh (Cayman) Ltd.	"
Formosa Ha Tinh Steel Corp. - TW	"
Formosa Ha Tinh Steel Corp.	"
BP Chemicals (Malaysia) SDN Corp.	"
INEOS Acetyls (Malaysia) SDN Bhd	"
Idemitsu Kosan Co., Ltd.	"
Idemitsu Chemicals (Hong Kong) Co., Ltd.	"
Idemitsu Chemicals U.S.A. Corp.	"

Names of related parties	Relationship with the Group
Yugen Co., Ltd.	Other related party
Yumaowu Enterprise Co., Ltd.	"
Yu Yuang Textile Co., Ltd.	"
Yu Maowu Complex Co., Ltd.	"
NKFG Corporation	"
Kuang Yueh (Vietnam) Co., Ltd.	"
Hua Ya Power Corp.	"
Asia Pacific Technology Corp.	"
Kong You Industrial Co., Ltd.	"
Hong Jing Metal Corp.	"
Formosa Industries (Ningbo) Co., Ltd.	"
Nan Ya Plastics Industry (Anshan) Co., Ltd.	"
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	"
Nan Ya Plastics Film (Nantong) Co., Ltd.	"
Nan Ya Plastics Film (Hui Zhou) Co., Ltd.	"
Nan Ya Chemical Fiber (Kunshan) Co., Ltd.	"
Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.	"
Nan Ya Plastics (Xiamen) Co., Ltd.	"
Formosa Heavy Industries (Guangzhou) Co., Ltd.	"
Asia Pacific Investment Co.	"
Nan Ya Printed Circuit Board Corp.	"
Formosa Automobile Corp.	"
Taisuwang Commerce and Trade Co., Ltd.	"
Huaya Steel Co., Ltd.	"
Fuxin Special Steel Co., Ltd.	"

(2) Significant related party transactions

A. Sales of goods:

	For the three-month periods ended September 30,	
	2023	2022
Sales of goods:		
— Associates	\$ 8,682,226	\$ 9,938,145
— Other related parties	10,542,606	11,356,709
	<u>\$ 19,224,832</u>	<u>\$ 21,294,854</u>
	For the nine-month periods ended September 30,	
	2023	2022
Sales of goods:		
— Associates	\$ 25,786,432	\$ 32,460,433
— Other related parties	30,752,947	38,206,316
	<u>\$ 56,539,379</u>	<u>\$ 70,666,749</u>

The Group sells goods to related parties. Except for terms to certain related parties which are longer, prices are the same with third parties.

B. Purchases of goods:

		For the three-month periods ended September 30,	
		2023	2022
Purchases of goods:			
— Associates			
Formosa Petrochemical Corp.	\$	38,458,420	\$ 43,928,462
Others		1,975	2,417
— Other related parties		3,166,273	3,770,879
	\$	<u>41,626,668</u>	<u>\$ 47,701,758</u>
		For the nine-month periods ended September 30,	
		2023	2022
Purchases of goods:			
— Associates			
Formosa Petrochemical Corp.	\$	111,283,748	\$ 143,005,337
Others		3,831	8,473
— Other related parties		9,738,286	15,809,630
	\$	<u>121,025,865</u>	<u>\$ 158,823,440</u>

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

C. Receivables from related parties:

	September 30, 2023	December 31, 2022	September 30, 2022
Receivables from related parties:			
— Associates	\$ 3,472,601	\$ 3,313,185	\$ 3,197,876
— Other related parties	4,221,514	3,840,753	4,640,028
	<u>\$ 7,694,115</u>	<u>\$ 7,153,938</u>	<u>\$ 7,837,904</u>

Receivables from related parties are mainly from sales of goods and receivables for payments on behalf of others for construction design services. Receivables for sales are due 30~120 days from the date of sale; receivables for payments on behalf of others for construction design services are due 270 days from the services rendered. The receivables do not bear interest and no collaterals were pledged. No provision was accrued for receivables from related party.

D. Payables to related parties:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payables to related parties:			
— Associates			
Formosa Petrochemical Corp.	\$ 11,231,896	\$ 12,574,263	\$ 13,210,110
Others	172	468	555
— Other related parties	<u>933,015</u>	<u>1,309,797</u>	<u>1,576,226</u>
	<u>\$ 12,165,083</u>	<u>\$ 13,884,528</u>	<u>\$ 14,786,891</u>

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

E. Expansion and repair project

(a) Expansion and repair project:

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Expansion and repair works of factory sites		
— Associates	\$ 375,857	\$ 38,499
— Other related parties	<u>98,453</u>	<u>41,923</u>
	<u>\$ 474,310</u>	<u>\$ 80,422</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Expansion and repair works of factory sites		
— Associates	\$ 723,329	\$ 80,933
— Other related parties	<u>330,095</u>	<u>224,858</u>
	<u>\$ 1,053,424</u>	<u>\$ 305,791</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payables to related parties:			
— Associates	\$ 28,164	\$ 7,818	\$ 26,857
— Other related parties	<u>36,963</u>	<u>8,477</u>	<u>13,038</u>
	<u>\$ 65,127</u>	<u>\$ 16,295</u>	<u>\$ 39,895</u>

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

F. Financing

(a) Loans to related parties:

i. Ending balance of accounts receivable - related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
— Associates			
Formosa Heavy Industries Corp.	\$ -	\$ -	\$ 1,000,000
— Other related parties			
Formosa Plastics Marine Co., Ltd.	688,539	2,429,252	2,781,127
	<u>\$ 688,539</u>	<u>\$ 2,429,252</u>	<u>\$ 3,781,127</u>

ii. Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
— Associates		
Formosa Heavy Industries Corp.	\$ 1,038	\$ 5,704
— Other related parties		
Formosa Plastics Marine Co., Ltd.	3,460	8,851
	<u>\$ 4,498</u>	<u>\$ 14,555</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
— Associates		
Formosa Heavy Industries Corp.	\$ 7,847	\$ 5,704
— Other related parties		
Formosa Plastics Marine Co., Ltd.	20,057	21,054
	<u>\$ 27,904</u>	<u>\$ 26,758</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan is made; interest was collected at 1.87%~1.99% and 0.98%~1.42% per annum for the nine-month periods ended September 30, 2023 and 2022, respectively.

(b) Loans from related parties:

i. Ending balance of accounts payable - related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
— Associates	\$ 1,528,054	\$ 1,472,658	\$ 1,497,775
— Other related parties	-	-	4,471
	<u>\$ 1,528,054</u>	<u>\$ 1,472,658</u>	<u>\$ 1,502,246</u>

ii. Interest expense

	For the three-month periods ended September 30,	
	2023	2022
— Associates	\$ 10,811	\$ 8,804
— Other related parties	-	122
	<u>\$ 10,811</u>	<u>\$ 8,926</u>
	For the nine-month periods ended September 30,	
	2023	2022
— Associates	\$ 32,595	\$ 16,910
— Other related parties	-	399
	<u>\$ 32,595</u>	<u>\$ 17,309</u>

The loan terms from related parties are in accordance with the contract's repayment schedule after the loan is made; interest is paid at a rate of 2.76%~2.96% and 3.08% per annum for the nine-month periods ended September 30, 2023 and 2022, respectively.

G. Operating expenses

	For the three-month periods ended September 30,	
	2023	2022
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 318,006	\$ 266,402
Formosa Plastics Transport (Ningbo) Corp.	374,301	322,994
Others	25,191	23,709
	<u>\$ 717,498</u>	<u>\$ 613,105</u>
	For the nine-month periods ended September 30,	
	2023	2022
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 1,164,037	\$ 872,636
Formosa Plastics Transport (Ningbo) Corp.	1,005,620	914,205
Others	63,636	141,658
	<u>\$ 2,233,293</u>	<u>\$ 1,928,499</u>

H. Rental revenue

		For the three-month periods ended September 30,	
		2023	2022
— Associates			
Formosa Petrochemical Corp.	\$	5,432	\$ 5,303
Others		2,638	3,245
		<u>8,070</u>	<u>8,548</u>
— Other related parties			
Nan Ya Plastics Corp.		6,833	7,198
Formosa Plastics Building Parking Lot		3,779	3,954
Formosa Network Technology Corp.		3,850	3,850
Others		6,302	5,875
		<u>20,764</u>	<u>20,877</u>
	\$	<u>28,834</u>	\$ <u>29,425</u>
		For the nine-month periods ended September 30,	
		2023	2022
— Associates			
Formosa Petrochemical Corp.	\$	16,144	\$ 15,911
Others		7,630	9,446
		<u>23,774</u>	<u>25,357</u>
— Other related parties			
Nan Ya Plastics Corp.		20,794	21,263
Formosa Plastics Building Parking Lot		11,330	11,861
Formosa Network Technology Corp.		11,550	11,550
Others		19,162	18,550
		<u>62,836</u>	<u>63,224</u>
	\$	<u>86,610</u>	\$ <u>88,581</u>

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

I. Property transactions:

(a) Acquisition of property, plant and equipment

		For the three-month periods ended September 30,	
		2023	2022
Purchase of property, plant and equipment			
— Associates	\$	359,219	\$ 154,110
— Other related parties		1,680	-
	\$	<u>360,899</u>	\$ <u>154,110</u>

	For the nine-month periods ended September 30,	
	2023	2022
Purchase of property, plant and equipment		
— Associates	\$ 686,996	\$ 185,598
— Other related parties	2,438	725
	<u>\$ 689,434</u>	<u>\$ 186,323</u>

(b) Acquisition of financial assets

For the three-month period ended September 30, 2022 : None.

				For the three-month period ended September 30, 2023
	Accounts	No. of shares	Objects	Consideration
Formosa Smart Energy Tech Corp.	Investments accounted for using equity method	75,000,000	Formosa Smart Energy Tech Corp.	\$ 750,000
Formosa Resources Corp.	Investments accounted for using equity method	79,860,000	Formosa Resources Corp.	799,625
				<u>\$ 1,549,625</u>

				For the nine-month period ended September 30, 2023
	Accounts	No. of shares	Objects	Consideration
Formosa Smart Energy Tech Corp.	Investments accounted for using equity method	75,000,000	Formosa Smart Energy Tech Corp.	\$ 750,000
Formosa Resources Corp.	Investments accounted for using equity method	79,860,000	Formosa Resources Corp.	799,625
				<u>\$ 1,549,625</u>

				For the nine-month period ended September 30, 2022
	Accounts	No. of shares	Objects	Consideration
Guo Su Plastic Industry Co., Ltd.	Investments accounted for using equity method	1,800,000	Guo Su Plastic Industry Co., Ltd.	\$ 46,531
Formosa Smart Energy Tech Corp.	Investments accounted for using equity method	100,000,000	Formosa Smart Energy Tech Corp.	1,000,000
Formosa Lithium Iron Oxide Corp.	Investments accounted for using equity method	5,063,128	Formosa Lithium Iron Oxide Corp.	3,797
				<u>\$ 1,050,328</u>

(c) Disposal of financial assets:

For the three-month and nine-month periods ended September 30, 2023: None.

				For the three-month period ended September 30, 2022	
	Accounts	No. of shares	Objects	Proceeds	Gain/(loss)
Formosa Smart Energy Tech Corp.	Long-term equity investment accounted for using equity method	100,000	Formosa AdvEnergy Technology Corporation	\$ 1,000	\$ 71
				For the nine-month period ended September 30, 2022	
	Accounts	No. of shares	Objects	Proceeds	Gain/(loss)
Formosa Smart Energy Tech Corp.	Long-term equity investment accounted for using equity method	100,000	Formosa AdvEnergy Technology Corporation	\$ 1,000	\$ 71

J. Details of affiliates endorsed/guaranteed and commitment letter for the Associate are provided in Notes 9(3) and (4).

(3) Key management compensation

	For the three-month periods ended September 30,	
	2023	2022
Salaries	\$ 12,040	\$ 14,797
Post-employment benefits	383	412
	<u>\$ 12,423</u>	<u>\$ 15,209</u>
	For the nine-month periods ended September 30,	
	2023	2022
Salaries	\$ 144,105	\$ 149,126
Post-employment benefits	1,136	1,226
	<u>\$ 145,241</u>	<u>\$ 150,352</u>

8. Pledged Assets

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

Pledged assets	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Property, plant and equipment	\$ 5,872,302	\$ 5,872,827	\$ 5,873,002	Collateral for bank loans
Inventory	17,610	17,610	17,610	Collateral for bank loans
Non-current financial assets at amortised cost - Time deposits	1,500	1,500	1,500	Guarantee deposits for natural gas
	<u>\$ 5,891,412</u>	<u>\$ 5,891,937</u>	<u>\$ 5,892,112</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

The details of commitments and contingencies as of September 30, 2023 were as follows:

- (1) Capital expenditures of property, plant and equipment that were contracted but not yet paid amounted to NTD 6,826,008 thousand, RMB 698,843 thousand and VND 406,527,039 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD 8,122 thousand, JPY 283,842 thousand, EUR 514 thousand.

(3) The provision of endorsements and guarantees to others are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Formosa Group (Cayman) Corp.	\$ 8,067,000	\$ 7,677,000	\$ 7,935,750
Formosa Taffeta (Zhong Shan) Co., Ltd.	16,135	15,355	15,875
Formosa Taffeta (Vietnam) Co., Ltd.	13,780	358,557	521,138
Formosa Taffeta (Changshu) Co., Ltd.	147,337	160,731	227,711
Formosa Taffeta (Dong Nai) Co., Ltd.	<u>2,095,947</u>	<u>2,418,137</u>	<u>2,562,823</u>
	<u>\$ 10,340,199</u>	<u>\$ 10,629,780</u>	<u>\$ 11,263,297</u>

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

- A. The Group's indirect investees, Formosa Ha Tinh (Cayman) Limited Co. and Formosa Ha Tinh Steel Corporation, were provided with a bank loan facility of USD 3,498,500 thousand and USD 2,453,500 thousand to meet the operation needs, respectively. To secure the rights of its shareholders, the Company is required to issue a promissory note to ensure the borrower will fulfill its obligation for repayment.
- B. The Group's consolidated entity, Formosa Industries Corp., was provided with a bank loan facility of USD 250,000 thousand to meet the operation needs. To secure the rights of its shareholders, the Company is required to issue a promissory note to ensure the borrower will fulfill its obligation for repayment.
- C. The Group's indirect investees, Formosa Resources Corp., Formosa Steel IB Pty Ltd. and Formosa Resources Australia Pty Ltd., were provided with a bank loan facility of USD 430,000 thousand, USD 250,000 thousand and USD 550,000 thousand to meet the operation needs, respectively. To secure the rights of its shareholders, the Company is required to issue a promissory note to ensure the borrower will fulfill its obligation for repayment.

(5) Contingencies - litigation

- A. Taiwan Cooperative Bank Co., Ltd. (hereinafter referred to as TCB) filed a civil lawsuit against the Group's subsidiary, Formosa Taffeta Co., Ltd. ("Formosa Taffeta") with the Taipei District Court in September 2019. TCB claimed that the former employees of Formosa Taffeta colluded with New Site Industries Inc. (hereinafter referred to as New Site) and New Brite Industries Inc. (hereinafter referred to as New Brite) to make false statements. TCB was misled with the fact that New Site and New Brite have accounts receivable due from Formosa Taffeta, causing damage to TCB. Therefore, TCB claimed that Formosa Taffeta should be liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated April 20, 2023, the Taipei District Court has rendered that New Site, New Brite, Formosa Taffeta and personnel involved in the case shall jointly compensate the plaintiff in the amount of NT\$290,657 thousand plus related interest. However, it should be noted

that the first instance ruling did not fully consider several vital defenses raised by Formosa Taffeta and the case remains appealable. Formosa Taffeta will file an appeal within the legal period after receiving the judgement. The ultimate outcome and amount of the lawsuit cannot presently be determined. Formosa Taffeta has received a judgement on April 27, 2023. Consequently, Formosa Taffeta has filed an appeal within the legal timeframe and engaged a lawyer to submit a strong defense to protect its rights and interests.

- B. DBS (Taiwan) Commercial Bank Co., Ltd. (“DBS”) filed a civil lawsuit against the Group’s subsidiaries, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) and Formosa Taffeta Dong Nai Co., Ltd. (“Formosa Taffeta Dong Nai”) with the Taipei District Court in September 2019. The former employees of Formosa Taffeta and Formosa Taffeta Dong Nai colluded with New Site Industries Inc. (“New Site”) to make false statements. DBS was misled with the fact that New Site has accounts receivable due from Formosa Taffeta and Formosa Taffeta Dong Nai, causing damage to DBS. Therefore, DBS claimed that Formosa Taffeta and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated December 30, 2022, the Taipei District Court has rejected the claims filed by DBS. Consequently, DBS filed an appeal in January 2023. The ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. However, Formosa Taffeta and Formosa Dong Nai have engaged lawyers to submit a strong defense to protect their rights and interests.
- C. O-Bank Co., Ltd. (“O-Bank”) filed a civil lawsuit against the Group’s subsidiaries, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) and Formosa Taffeta Dong Nai Co., Ltd. (“Formosa Taffeta Dong Nai”) with the Taipei District Court in February 2020. The former employees of Formosa Taffeta and Formosa Taffeta Dong Nai colluded with I Chin Young Inc. (“I Chin Young”) to make false statements. O-Bank was misled with the fact that I Chin Young has accounts receivable due from Formosa Taffeta and Formosa Taffeta Dong Nai, causing damage to O-Bank. Therefore, O-Bank claimed that Formosa Taffeta and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated February 10, 2023, the Taipei District Court has rejected the claims filed by O-Bank. O-bank has filed an appeal in accordance with related laws. The ultimate outcome of the appeal and amount of the lawsuit cannot presently be determined. However, Formosa Taffeta and Formosa Dong Nai have engaged lawyers to submit a strong defense to protect their rights and interests.

D. Yuanta Commercial Bank Co., Ltd. (“YCB”) filed a criminal lawsuit with a supplementary civil action against the Group’s subsidiary, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) with the Taipei District Court in October 2020. The former employees of Formosa Taffeta colluded with Loomtech Industries Inc. (“Loomtech”) to make false statements. YCB was misled with the fact that Loomtech has accounts receivable due from Formosa Taffeta, causing damage to YCB. Therefore, YCB claimed that Formosa Taffeta should be liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. In its adjudication dated May 17, 2023, the Taipei District Court has rejected the claims filed by YCB. The said judgment became final on August 24, 2023.

E. Taiwan Business Bank, Ltd. (“TBB”) filed criminal lawsuit with a supplementary civil action against the Group’s subsidiaries, Formosa Taffeta Co., Ltd. (“Formosa Taffeta”) and Formosa Taffeta Dong Nai Co., Ltd. (“Formosa Taffeta Dong Nai”). The former employees of Formosa Taffeta and Formosa Taffeta Dong Nai colluded with New Site Industries Inc. (“New Site”), New Brite Industries Inc. (“New Brite”) and I Chin Young Inc. (“I Chin Young”) to make false statements. TBB was misled with the fact that New Site, New Brite and I Chin Young has accounts receivable due from Formosa Taffeta and Formosa Taffeta Dong Nai, causing damage to TBB. Therefore, TBB claimed that Formosa Taffeta and Formosa Taffeta Dong Nai should be jointly and severally liable with the obligation of indemnity. However, this case arose purely as a result of the personal behavior of the former employee. As the case is still under trial proceedings, the ultimate outcome and amount of the lawsuit cannot presently be determined. However, Formosa Taffeta and Formosa Taffeta Dong Nai have engaged lawyers to submit a strong defense to protect their rights and interests.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On November 3, 2023, the Board of Directors of the Company resolved that the Group’s indirect investee, Formosa Construction Corp., will increase its capital amounting to \$1,500,000 for the needs of urban redevelopment project of Formosa Plastics Building. Consequently, the Group increased its investment in the investee amounting to \$500,000 in proportion to its original ownership of 33.33%.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's management strategy of its debt-to-capital ratio for the nine-month period ended September 30, 2023 is the same as that for the nine-month period ended September 30, 2022. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's debt-to-capital ratio was 23%, 22% and 20%, respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 1,699,861	\$ 1,797,262	\$ 1,713,741
Financial assets at fair value through other comprehensive income	145,780,191	144,079,751	150,409,311
Financial assets at amortised cost	<u>72,101,924</u>	<u>78,369,917</u>	<u>86,051,035</u>
	<u>\$ 219,581,976</u>	<u>\$ 224,246,930</u>	<u>\$ 238,174,087</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	\$ -	\$ 2,826	\$ -
Financial liabilities at amortised cost	176,164,825	170,218,543	178,035,630
Lease liability	<u>908,206</u>	<u>970,053</u>	<u>1,012,018</u>
	<u>\$ 177,073,031</u>	<u>\$ 171,191,422</u>	<u>\$ 179,047,648</u>

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

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and (11).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. Each entity hedges its entire foreign exchange risk exposure.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (11).

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, VND and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2023				
	Foreign Currency Amount (In Thousands)		Exchange Rate	Book Value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 391,840		32.27	\$ 12,644,677
EUR : NTD	4,972		33.86	168,352
JPY : NTD	605,215		0.22	133,147
USD : RMB	12,055		32.27	389,015
USD : VND	23,583		32.27	761,023
<u>Non-monetary items</u>				
RMB : NTD	\$ 14,499,298		4.49	\$ 65,101,848
USD : NTD	167,401		32.27	5,402,030
VND : NTD	5,202,438,324		0.0013	6,763,170
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 165,172		32.27	\$ 5,330,100
USD : VND	398,966		32.27	12,874,633

December 31, 2022				
	Foreign Currency Amount (In Thousands)		Exchange Rate	Book Value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 542,462		30.71	\$ 16,659,008
JPY : NTD	435,017		0.23	100,054
USD : RMB	23,785		30.71	730,437
USD : VND	26,173		30.71	803,773
EUR : NTD	4,211		32.70	137,700
<u>Non-monetary items</u>				
RMB : NTD	\$ 15,110,044		4.41	\$ 66,635,294
USD : NTD	168,160		30.71	5,164,194
VND : NTD	6,199,281,723		0.0013	8,059,066
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 31,784		30.71	\$ 976,087
USD : RMB	3,405		30.71	104,568
USD : VND	482,645		30.71	14,822,028
September 30, 2022				
	Foreign Currency Amount (In Thousands)		Exchange Rate	Book Value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 568,614		31.74	\$ 18,047,808
JPY : NTD	599,229		0.22	131,830
USD : RMB	15,425		31.74	489,590
USD : VND	31,165		31.74	989,177
EUR : NTD	5,603		31.10	174,253
<u>Non-monetary items</u>				
RMB : NTD	\$ 15,264,487		4.47	\$ 68,232,257
USD : NTD	175,272		31.74	5,563,133
VND : NTD	6,571,748,692		0.0013	8,543,273
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 59,564		31.74	\$ 1,890,561
USD : VND	472,221		31.74	14,988,295

- v. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2023 and 2022 amounted to \$226,276, \$1,071,702, \$521,155 and \$2,462,692, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the nine-month period ended September 30, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	126,447	\$ -
EUR : NTD	1%		1,684	-
JPY : NTD	1%		1,331	-
USD : RMB	1%		3,890	-
USD : VND	1%		7,610	-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$	-	\$ 651,018
USD : NTD	1%		-	54,020
VND : NTD	1%		-	67,632
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	53,301	\$ -
USD : VND	1%		128,746	-

For the nine-month period ended September 30, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	180,478	\$ -
JPY : NTD	1%		1,318	-
USD : RMB	1%		4,896	-
USD : VND	1%		9,892	-
EUR : NTD	1%		1,743	-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$	-	\$ 682,323
USD : NTD	1%		-	55,631
VND : NTD	1%		-	85,433
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	18,906	\$ -
USD : VND	1%		149,883	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic listed, beneficiary certificate and fund. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$13,599 and \$13,699, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,457,802 and \$1,504,093, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine-month periods ended September 30, 2023 and 2022, the Group's borrowings at variable rate were denominated in the NTD and USD.
 - ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. For the nine-month periods ended September 30, 2023 and 2022, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the periods then ended would have been \$294,708 and \$203,230 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, classified as the contract cash flows of instruments stated at amortised cost at fair value through other comprehensive income.

- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On September 30, 2023, December 31, 2022 and September 30, 2022, the Group's written-off financial assets that are still under recourse procedures amounted to \$4,924, \$4,924 and \$4,924, respectively.
- v. The Group used the forecastability of Directorate-General of Budget, Accounting and Statistics, Executive Yuan and Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 91 days past due
<u>At September 30, 2023</u>				
Expected loss rate	0.17%~1.00%	0.02%~100.00%	0.05%~100.00%	77.00%~100.00%
Total book value	\$ 30,450,602	\$ 299,638	\$ 105,992	\$ 89,389
Loss allowance	\$ 53,756	\$ 19,876	\$ 4,733	\$ 73,461
<u>At December 31, 2022</u>				
Expected loss rate	0.14%~1.00%	0.10%~13.00%	0.09%~47.00%	100%
Total book value	\$ 29,695,671	\$ 414,021	\$ 43,932	\$ 57,494
Loss allowance	\$ 73,388	\$ 8,807	\$ 11,853	\$ 57,494
<u>At September 30, 2022</u>				
Expected loss rate	0.04%~1.00%	0.03%~13.00%	0.03%~76.00%	51.81%~100.00%
Total book value	\$ 31,690,353	\$ 414,830	\$ 118,008	\$ 127,645
Loss allowance	\$ 82,521	\$ 8,782	\$ 8,770	\$ 52,008

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

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	\$ 30,450,602	\$ 29,695,671	\$ 31,690,353
Up to 30 days	299,638	414,021	414,830
31 to 90 days	105,992	43,932	118,008
91 to 180 days	85,884	57,494	127,645
Over 181 days	3,505	-	-
	<u>\$ 30,945,621</u>	<u>\$ 30,211,118</u>	<u>\$ 32,350,836</u>

The above ageing analysis was based on past due date.

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

For the nine-month period ended September 30, 2023			
	Accounts receivable	Contract assets	Notes receivable
At January 1	\$ 151,542	\$ -	\$ -
Reversal of impairment loss	(312)	-	-
Effect of exchange rate changes	596	-	-
At September 30	<u>\$ 151,826</u>	<u>\$ -</u>	<u>\$ -</u>
For the nine-month period ended September 30, 2022			
	Accounts receivable	Contract assets	Notes receivable
At January 1	\$ 155,526	\$ -	\$ -
Write-offs	(4,924)	-	-
Effect of exchange rate changes	1,479	-	-
At September 30	<u>\$ 152,081</u>	<u>\$ -</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

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

Non-derivative financial liabilities:

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 200,879	\$ 174,758	\$ 428,150	\$ 550,568
Bonds payable	3,800,000	10,950,000	21,350,000	4,550,000
Long-term borrowings	685,071	26,730,976	9,422,450	-

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 183,105	\$ 158,662	\$ 386,184	\$ 408,013
Bonds payable	4,850,000	3,800,000	27,650,000	9,200,000
Long-term borrowings	6,195,140	15,649,277	1,795,549	1,123,453

Non-derivative financial liabilities:

<u>September 30, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Lease liability	\$ 170,669	\$ 147,426	\$ 340,683	\$ 352,843
Bonds payable	6,900,000	3,800,000	27,650,000	9,200,000
Long-term borrowings	6,509,193	13,444,229	5,450,269	-

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

Derivative financial liabilities:

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Forward exchange contracts	\$ 2,826	\$ -	\$ -	\$ -

September 30, 2023 and 2022: None.

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

(3) Fair value estimation

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

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in stock investment, private equity fund market, and most derivative instruments is included in Level 2.

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

- B. Financial instruments not measured at fair value

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

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

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Fund	\$ -	\$ 1,699,861	\$ -	\$ 1,699,861
Financial assets at fair value through other comprehensive income				
Equity securities	<u>119,604,545</u>	<u>2,396,340</u>	<u>23,779,306</u>	<u>145,780,191</u>
	<u>\$ 119,604,545</u>	<u>\$ 4,096,201</u>	<u>\$ 23,779,306</u>	<u>\$ 147,480,052</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Derivative instruments				
Fund	\$ -	\$ 1,797,262	\$ -	\$ 1,797,262
Financial assets at fair value through other comprehensive income				
Equity securities	<u>119,848,002</u>	<u>2,451,596</u>	<u>21,780,153</u>	<u>144,079,751</u>
	<u>\$ 119,848,002</u>	<u>\$ 4,248,858</u>	<u>\$ 21,780,153</u>	<u>\$ 145,877,013</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 2,826</u>	<u>\$ -</u>	<u>\$ 2,826</u>

<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 1,426	\$ -	\$ 1,426
Fund	-	1,712,315	-	1,712,315
Financial assets at fair value through other comprehensive income				
Equity securities	118,200,235	2,430,982	29,778,094	150,409,311
	<u>\$ 118,200,235</u>	<u>\$ 4,144,723</u>	<u>\$ 29,778,094</u>	<u>\$ 152,123,052</u>

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

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

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

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2023 and 2022:

	<u>For the nine-month period ended September 30, 2023</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	21,780,153
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		1,999,676
Sold during the period	(	523)
At September 30	\$	<u>23,779,306</u>
	<u>For the nine-month period ended September 30, 2022</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	36,813,499
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(	7,034,903)
Sold during the period	(	502)
At September 30	\$	<u>29,778,596</u>

- G. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer into or out from Level 3.
- H. The Group Treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. The Treasury sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to Accounting Division monthly. Accounting Division is responsible for managing and reviewing valuation processes.

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

	Fair value at September 30, 2023	Fair value at December 31, 2022	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non- derivative equity instrument:						
Unlisted shares	\$ 12,873,319	\$ 11,909,013	\$ 15,760,673	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	1,269,732	1,712,563	1,623,571	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the long-term revenue growth rate and long- term pre-tax operating margin, the higher the fair value
	9,636,255	8,158,577	12,393,850	Net asset value	Not applicable	Not applicable

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

			September 30, 2023	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>128,733</u>	\$ <u>128,733</u>
Equity instruments	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	± 1%	\$ <u>12,697</u>	\$ <u>12,697</u>

			December 31, 2022	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>119,090</u>	\$ <u>119,090</u>
Equity instruments	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	± 1%	\$ <u>17,126</u>	\$ <u>17,126</u>

			September 30, 2022	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>157,607</u>	\$ <u>157,607</u>
Equity instruments	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	± 1%	\$ <u>16,236</u>	\$ <u>16,236</u>

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2), and (11); 12(2) and (3).
- J. Significant intragroup transactions during the reporting periods: Refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 9.

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

(4) Major shareholders information

Major shareholders information: Refer to table 11.

14. Segment Information

(1) General information

The Group's reportable segments are strategic business units and provide different products and services. Strategic business units are separately managed because each unit needs different techniques and marketing strategies. The Group's reportable segments are as follows:

1st Petrochemical Div: responsible for production of benzene, p-xylene and o-xylene.

2nd Petrochemical Div: responsible for production of styrene, synthetic phenolic and acetone.

3rd Petrochemical Div: responsible for production of purified terephthalic acid.

Plastics Division: responsible for production of ABS resin, polypropylene and PS.

Formosa Taffeta Co., Ltd.: responsible for production of blended fabric, spun fabric, cross-woven fabric, polyamine and polyester fabric, epidemic fabric, designer sportswear fabric, high-tech and function fabric, tire cord fabric, pure cotton yarn, blended yarn, various functional yarn, fireproof fabric, anti-static cloth and industrial fabric, and operation of petrol stations to sell petroleum, diesel fuel, kerosene and small package of petroleum products and provide car wash services.

Green Energy Division: responsible for solar energy and small hydropower generation.

(2) Measurement of segment information

The Group has not yet amortised tax expenses or non-recurring gains and losses to reportable segments. Further, not all reportable segments' profit or loss include significant non-cash items besides depreciation and amortisation. Reporting amount and reports for operating decision-maker are the same.

The Group's operating segment profit or loss is measured based on operating income before tax for performance assessment basis. The Group considers the sale and transfer among segments as transactions with third parties and measured at market price.

(3) Information about segment profit or loss, assets and liabilities

For the nine-month period ended September 30, 2023									
	1st Petrochemical Div	2nd Petrochemical Div	3rd Petrochemical Div	Plastics Division	Formosa Taffeta Co., Ltd.	Green Energy Division	Other divisions	Reconciliation and offset	Total
External revenue	\$ 43,929,775	\$ 44,343,166	\$ 44,672,802	\$ 63,265,281	\$ 16,809,447	\$ 99,538	\$ 31,901,782	\$ -	\$ 245,021,791
Internal revenue	57,434,855	14,707,543	2,210,280	9,631,825	168,187	36,671	10,120,000	(94,309,361)	-
Total revenue	<u>\$ 101,364,630</u>	<u>\$ 59,050,709</u>	<u>\$ 46,883,082</u>	<u>\$ 72,897,106</u>	<u>\$ 16,977,634</u>	<u>\$ 136,209</u>	<u>\$ 42,021,782</u>	<u>(\$ 94,309,361)</u>	<u>\$ 245,021,791</u>
Segment profit (loss)	<u>\$ 3,902,987</u>	<u>(\$ 2,845,713)</u>	<u>(\$ 1,173,177)</u>	<u>(\$ 1,860,300)</u>	<u>\$ 658,842</u>	<u>\$ 26,565</u>	<u>\$ 7,243,252</u>	<u>\$ 1,921,044</u>	<u>\$ 7,873,500</u>
Total assets of segments	<u>\$ 42,133,358</u>	<u>\$ 31,450,892</u>	<u>\$ 49,185,465</u>	<u>\$ 52,254,377</u>	<u>\$ 69,486,352</u>	<u>\$ 833,660</u>	<u>\$ 426,949,333</u>	<u>(\$ 107,513,979)</u>	<u>\$ 564,779,458</u>
For the nine-month period ended September 30, 2022									
	1st Petrochemical Div	2nd Petrochemical Div	3rd Petrochemical Div	Plastics Division	Formosa Taffeta Co., Ltd.	Green Energy Division	Other divisions	Reconciliation and offset	Total
External revenue	\$ 48,830,932	\$ 49,733,685	\$ 56,097,521	\$ 77,615,643	\$ 20,016,627	\$ 117,504	\$ 41,516,856	\$ -	\$ 293,928,768
Internal revenue	75,759,659	20,318,040	3,239,723	15,167,157	152,125	-	14,364,053	(129,000,757)	-
Total revenue	<u>\$ 124,590,591</u>	<u>\$ 70,051,725</u>	<u>\$ 59,337,244</u>	<u>\$ 92,782,800</u>	<u>\$ 20,168,752</u>	<u>\$ 117,504</u>	<u>\$ 55,880,909</u>	<u>(\$ 129,000,757)</u>	<u>\$ 293,928,768</u>
Segment profit (loss)	<u>\$ 1,493,182</u>	<u>(\$ 523,718)</u>	<u>\$ 1,607,248</u>	<u>\$ 229,597</u>	<u>\$ 3,411,184</u>	<u>\$ 54,128</u>	<u>\$ 13,853,374</u>	<u>(\$ 1,693,643)</u>	<u>\$ 18,431,352</u>
Total assets of segments	<u>\$ 39,314,015</u>	<u>\$ 32,445,058</u>	<u>\$ 47,979,624</u>	<u>\$ 52,191,151</u>	<u>\$ 73,014,570</u>	<u>\$ 737,376</u>	<u>\$ 452,482,360</u>	<u>(\$ 117,577,280)</u>	<u>\$ 580,586,874</u>

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Formosa Chemicals and Fibre Corporation and subsidiaries

Loans to others

For the nine-month period ended September 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2023 (Note 3)	Balance at September 30, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 7,500,000	\$ 4,500,000	\$ -	1.87~1.99	1	2	Additional operating capital	\$ -	-	\$ -	\$ 83,705,365	\$ 167,410,729	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	1.87~1.99	1	2	Additional operating capital	-	-	-	83,705,365	167,410,729	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	500,000	500,000	-	1.87~1.99	2	1	Additional operating capital	-	-	-	66,964,292	133,928,583	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	8,400,000	5,700,000	-	1.87~1.99	2	1	Additional operating capital	-	-	-	66,964,292	133,928,583	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	4,678,470	1,558,539	688,539	1.87~1.99	2	1	Additional operating capital	-	-	-	66,964,292	133,928,583	-
0	The Company	Formosa Carpet Co., Ltd.	Other receivables-related parties	Yes	100,000	100,000	-	1.87~1.99	2	1	Additional operating capital	-	-	-	66,964,292	133,928,583	-
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	500,000	500,000	-	1.87~1.99	2	1	Additional operating capital	-	-	-	66,964,292	133,928,583	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	7,500,000	4,500,000	-	1.87~1.99	1	2	Additional operating capital	-	-	-	83,705,365	167,410,729	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2023 (Note 3)	Balance at September 30, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Steel IB PTY LTD	Other receivables- related parties	Yes	\$ 1,700,000	\$ 1,700,000	\$ -	1.99	2	1	Additional operating capital	\$ -	-	\$ -	\$ 66,964,292	\$ 133,928,583	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	1,108,950	-	-	2.84~2.92	1	2	Additional operating capital	-	-	-	7,873,307	15,746,614	-

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

(1) The Company is '0'.

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

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

Note 3 : Maximum outstanding balance of loans to others during the nine-month period ended September 30.

Note 4 : The nature of loans:

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

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

Note 5 : Amount of business transactions with the borrower :

(1) No business transactions is "1".

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

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

Note 7 : The calculation of line of credit:

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

The ceiling on loans granted by the Company to others shall not be more than 50% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

The ceiling on loans granted by a subsidiary to others shall not be more than 100% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

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

Formosa Chemicals and Fibre Corporation and subsidiaries

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
			Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Formosa Group (Cayman) Limited	6	\$ 217,633,948	\$ 8,067,000	\$ 8,067,000	\$ 8,067,000	\$ -	2.41	\$ 435,267,896	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	35,472,456	1,064,910	1,064,910	16,135	-	1.95	70,944,913	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	35,472,456	1,615,440	1,387,610	13,780	-	2.54	70,944,913	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	2	35,472,456	1,774,850	1,774,850	147,337	-	3.25	70,944,913	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	35,472,456	4,275,775	4,275,775	2,095,947	-	7.83	70,944,913	Y	N	N	-

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

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

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 130% of the Company's net assets, the limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount. For companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on endorsements to a single party is the higher value of purchasing or selling.

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

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

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

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

Formosa Chemicals and Fibre Corporation and subsidiaries

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

For the nine-month period ended September 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	486,978,694	\$ 38,860,900	7.65	\$ 38,860,900	-
The Company	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	63,621,500	2,047,340	14.97	2,047,340	-
The Company	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	413,327,750	27,527,628	5.21	27,527,628	-
The Company	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	334,815,409	21,963,891	10.81	21,963,891	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	14,723,422	311,400	3.09	311,400	-
The Company	Mega Private US Dollar Money Market Funds	-	Financial assets at fair value through profit or loss - current	4,554,251	1,699,861	-	1,699,861	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	39,562,740	1,123,977	17.98	1,123,977	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	Other related parties	Financial assets at fair value through other comprehensive income - non-current	8,999	3,793,521	2.92	3,793,521	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets at fair value through other comprehensive income - non-current	23,164,820	3,046,174	2.00	3,046,174	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,070,151	28,348	0.79	28,348	-
The Company	Stocks_Yi-Jih Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	63,174	16,996	1.51	16,996	-
The Company	Stocks_Chinese Television System Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,376,202	65,678	1.41	65,678	-
The Company	Stocks_Formosa Plastics Maritime Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	355,880	145,754	18.22	145,754	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	19,769,234	\$ 244,518	17.38	\$ 244,518	-
The Company	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,925,000	303,293	12.50	303,293	-
The Company	Stocks_Formosa Plastics Marine Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	11,656,800	463,941	15.00	463,941	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,622	4,932,232	19.00	4,932,232	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income - non-current	3,750,000	32,700	3.91	32,700	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,390,250	10,761	1.97	10,761	-
The Company	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	621,178,219	7,215,904	11.43	7,215,904	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	865,373	18,303	0.18	18,303	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	132,120	10,804	0.56	10,804	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,008,000	1,210	4.24	1,210	-
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	423,720	5,818	0.46	5,818	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma (Cayman), Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,559,814	72,800	12.36	72,800	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,418,109	108,525	2.95	108,525	-
Formosa Biomedical Technology Corp.	Stocks_Maxigen Biotech Inc.	-	Financial assets at fair value through other comprehensive income - non-current	8,702,041	410,846	9.78	410,846	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Smart Energy Tech Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	35,000,000	350,000	5.00	350,000	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Biomedical Technology Corp.	Stocks_Apexcella Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,600,000	\$ 46,872	6.62	\$ 46,872	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	12,169,610	748,431	0.21	748,431	3
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Financial assets at fair value through other comprehensive income - current	35	-	-	-	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	640	51	-	51	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	482,194	32,114	0.01	32,114	-
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	10,000,000	349,000	2.35	349,000	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	7,711,010	505,842	0.25	505,842	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	365,267,576	29,440,567	3.83	29,440,567	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - non-current	234,166	7,971	0.54	7,971	-
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	14,400	38,872	10.00	38,872	-
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets at fair value through other comprehensive income - non-current	948,409	28,443	1.20	28,443	-
Formosa Taffeta Co., Ltd.	FG INC.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	600	277,931	3.00	277,931	-
Formosa Taffeta Co., Ltd.	NKFG Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	5,540,000	22,991	2.50	22,991	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	209,010,676	\$ 2,428,119	3.85	\$ 2,428,119	-
Formosa Development Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	2,193,228	55,818	0.13	55,818	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IFRS 9 "Financial instruments".

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

Note 3: The Company's stocks held by the subsidiaries—Formosa Taffeta Co., Ltd. is deemed as treasury stocks. Details are provided in Note 6 (16).

Formosa Chemicals and Fibre Corporation and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the nine-month period ended September 30, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at September 30, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
The Company	Formosa Resources Corporation	Investments accounted for under equity method	Formosa Resources Corporation	Associates	830,047,125	\$ 7,703,818	79,860,000	\$ 799,625	-	\$ -	\$ -	\$ -	909,907,125	\$ 8,416,733
The Company	Formosa Smart Energy Tech Corp.	Investments accounted for under equity method	Formosa Smart Energy Tech Corp.	Associates	80,000,000	800,799	60,000,000	600,000	-	-	-	-	140,000,000	1,390,513
Formosa Biomedical Technology Corp.	Asteran Milestone Private Equity Fund	Financial assets at fair value through profit or loss - current	-	-	-	234,543	-	-	-	302,743	106,598	196,145	-	-

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

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

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

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the nine-month period ended September 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction		Differences in transaction terms compared to third party transactions (Note 1)				Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)
The Company	Formosa Plastics Corp.	Other related parties	Sales	\$ 2,000,730)	(1)	30 days	\$ -	-	\$ 256,660	1	-
The Company	Nan Ya Plastics Corp.	Other related parties	Sales	(18,246,568)	(12)	30 days	-	-	1,998,997	11	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	(639,560)	-	60 days	-	-	Notes receivable 117,790	48	-
									Accounts receivable 235,020	1	-
The Company	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	(230,481)	-	60 days	-	-	76,588	-	-
The Company	Formosa Petrochemical Corp.	Associates	Sales	(22,859,896)	(15)	30 days	-	-	3,167,646	18	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd	Subsidiary	Sales	(21,339,035)	(14)	90 days	-	-	3,766,614	21	-
The Company	Formosa Chemicals Industries Co.,Ltd	Subsidiary	Sales	(807,613)	(1)	30 days	-	-	323,206	2	-
The Company	PFG Fiber Glass Corp.	Other related parties	Sales	(280,390)	-	30 days	-	-	30,713	0	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(7,482,649)	(5)	30 days	-	-	184,084	1	-
The Company	Formosa Plastics Corp., U.S.A.	Other related parties	Sales	(517,626)	-	30 days	-	-	90,979	1	-
The Company	Formosa Plastics Corp.	Other related parties	Purchases	3,134,210	2	30 days	-	-	(256,093)	(2)	-
The Company	Nan Ya Plastics Corp.	Other related parties	Purchases	4,210,863	3	30 days	-	-	(53,010)	0	-

							Differences in transaction terms compared to third party transactions					
Transaction							(Note 1)		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
The Company	Formosa Petrochemical Corp.	Associates	Purchases	\$ 101,547,554	76	30 days	\$ -	-	(\$ 10,435,824)	(73)	-	
Formosa Biomedical Technology Corp.	Nan Ya Technology Corp.	Other related parties	Sales	(110,258)	(5)	30 days	-	-	3,300	1	-	
Formosa Waters Technology Co., Ltd	Formosa Petrochemical Corp.	Associates	Sales	(101,756)	41	30 days	-	-	7,487	42	-	
Formosa INEOS Chemicals Corp.	The Company	Parent company	Sales	(589,007)	(19)	30 days	-	-	56,308	8	-	
Formosa INEOS Chemicals Corp.	INEOS ACETYLS (MALAYSIA) SDN BHD	Associates	Sales	(786,452)	(26)	90 days after shipped	-	-	501,829	70	-	
Formosa INEOS Chemicals Corp.	Formosa Plastics Corp.	Other related parties	Sales	(120,536)	(4)	15 days	-	-	-	-	-	
Formosa INEOS Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Sales	(293,544)	(10)	30 days	-	-	3,924	-	-	
Formosa INEOS Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Purchases	1,409,151	67	45 days	-	-	(20,898)	(36)	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	Sales	(3,451,595)	(57)	30 days	-	-	447,221	56	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	Sales	(2,024,020)	(34)	30 days	-	-	273,785	34	-	
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(446,561)	(7)	30 days	-	-	53,976	7	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	The Company	Parent company	Sales	(808,548)	(1)	30 days	-	-	-	-	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(5,018,283)	(7)	90 days	-	-	740,539	6	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	983,286	1	90 days	-	-	(285,862)	(3)	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Associates	Purchases	921,747	1	90 days	-	-	(370,652)	(4)	-	
Formosa Industries Corp.	The Company	Parent company	Sales	(620,587)	(5)	60 days	-	-	120,250	8	-	

Table 5, Page 2

							Differences in transaction terms compared to third party transactions					
Transaction							(Note 1)		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Co., Ltd.	Associates	Sales	\$ 302,881)	(2)	60 days	\$ -	-	\$ 66,969	5	-	
Formosa Industries Corp.	Formosa Plastics Corp.	Other related parties	Purchases	164,654	1	30 days	-	-	(39,126)	(4)	-	
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related parties	Purchases	534,991	5	30 days	-	-	(197,814)	(18)	-	
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(1,299,386)	(16)	30 days	-	-	224,869	39	-	
Formosa Idemitsu Petrochemical Corp.	IDEMITSU CHEMICALS EUROPE GmbH	Associates	Sales	(270,463)	(3)	30 days after closing date	-	-	48,445	8	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associates	Sales	(869,565)	(11)	30 days after closing date	-	-	113,708	20	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associates	Sales	(679,105)	(9)	30 days after closing date	-	-	24,805	4	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associates	Sales	(373,929)	(5)	30 days after closing date	-	-	47,708	8	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (U.S.A) Co., Ltd.	Associates	Sales	(188,748)	(2)	30 days after closing date	-	-	41,705	7	-	
Formosa Idemitsu Petrochemical Corp.	Formosa Chemicals Industries (Ningbo) Co., Ltd	Associates	Sales	(230,827)	(3)	90 days	-	-	-	-	-	
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	Other related parties	Sales	(178,432)	(1)	Pay 120 days after delivery	-	-	71,133	4	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	(152,056)	(1)	60 days after monthly billings	-	-	42,028	3	-	
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Other related parties	Purchases	7,394,520	55	Pay every 15 days by mail transfer	-	-	(403,201)	(52)	-	
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Other related parties	Purchases	356,339	3	Pay by mail transfer on the 15th of the following month	-	-	(44,498)	(6)	-	
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	137,086	1	Pay by mail transfer on the 15th of the following month	-	-	(7,347)	-	-	

			Transaction		Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)				Footnote (Note 1)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Associates	Sales	(\$ 129,221)	6	60 days after monthly billings	\$ -	-	\$ 17,486	3	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related parties	Sales	(100,762)	4	60 days after monthly billings	-	-	8,361	2	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(112,156)	5	60 days after monthly billings	-	-	20,167	18	-

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
For the nine-month period ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Formosa Plastics Corp.	Other related parties	\$ 256,660	11.21	\$ -	-	\$ 253,842	\$ -
The Company	Nan Ya Plastics Corp.	Other related parties	1,998,997	12.20	-	-	1,509,309	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable	2.04	-	-	117,790	-
			Accounts receivable		-	-	78,512	-
The Company	Formosa Petrochemical Corp.	Associates	3,167,646	10.04	-	-	3,154,098	-
The Company	Formosa Industries Corp.	Subsidiary	Accounts receivable	3.95	-	-	91,259	-
			Other receivables		-	-	-	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary	3,766,614	7.09	-	-	1,512,870	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Accounts receivable	22.01	-	-	184,084	-
			Other receivables		-	-	105,732	-
Formosa INEOS Chemicals Corporation	INEOS ACETYLS (MALAYSIA) SDN BHD	Associates	501,829	2.23	-	-	190,047	-
Formosa Idemitsu Petrochemical Corporation	The Company	Parent company	224,869	12.05	-	-	224,869	-
Formosa Idemitsu Petrochemical Corporation	Idemitsu Chemicals Taiwan Corp.	Associates	113,708	11.77	-	-	113,708	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	447,221	9.93	-	-	447,221	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	273,785	10.36	-	-	273,702	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	740,593	10.96	-	-	740,593	-
Formosa Industries Corp.	The Company	Parent company	120,250	6.54	-	-	99,401	-

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	(\$ 21,339,035)	In regular terms	(14)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	(7,482,649)	In regular terms	(5)

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

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

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

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

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

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Information on investees (Excluding those in Mainland China)
For the nine-month period ended September 30, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the nine- month period ended September 30, 2023 (Note 2(3))	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	\$ 719,003	\$ 719,003	630,022,431	37.40	\$ 19,977,881	\$ 597,856	\$ 219,211	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	661,334,402	32.91	7,239,730	(388,104)	(127,719)	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	9,846	(25,516)	(8,504)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	299,272	299,272	6,566,384	33.33	1,291,488	123,981	41,323	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	79,479,418	20,434,284	4,728,541	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	764,201,100	24.94	12,802,653	9,891,001	2,466,816	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	34,012,602	34,012,602	56,000	100.00	65,149,218	(1,062,095)	(1,062,095)	-
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	4,221	245	81	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	370,561	370,561	21,163,000	51.00	330,832	2,772	1,414	-
The Company	Formosa Idemitsu Petrochemical Corp.	Taiwan	Wholesale and retail of petrochemical and plastic raw materials	299,999	299,999	60,000,000	50.00	1,153,392	18,466	6,346	-

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the nine- month period ended September 30, 2023 (Note 2(3))	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
				\$	\$						
The Company	Formosa Industries Corp.	Vietnam	Textile, polyester staple fibre, cotton	\$ 8,435,801	\$ 8,435,801	-	42.50	\$ 5,584,137	(\$ 2,483,564)	(\$ 1,055,515)	-
The Company	Formosa INEOS Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	1,201,500	1,201,500	120,150,000	50.00	2,105,550	(32,192)	(8,146)	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	234,235	9,651	2,349	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	2,844,748	166,110	147,164	-
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	22,037,185	100.00	179,816	(2,834)	(2,834)	-
The Company	Guo Su Plastic Industry Co., Ltd.	Taiwan	Manufacture of synthetic resin and plastic products	95,000	95,000	3,675,000	49.00	59,304	(24,627)	(12,067)	-
The Company	Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	Hong Kong	Investments	4,214,914	4,214,914	138,333,334	33.34	1,727,795	(370,094)	(123,391)	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	9,099,071	8,303,053	909,907,125	25.00	8,416,733	(2,505,886)	(627,496)	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	12,500	25.00	862,806	218,257	54,564	-

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss)	Investment income (loss)		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	of the investee for the	recognised by the		
									September 30, 2023 (Note 2(2))	nine-month period ended September 30, 2023 (Note 2(3))		
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	\$ 600,000	\$ 600,000	60,000,000	33.33	\$ 554,333	(\$ 11,386)	(\$ 3,795)	-	
The Company	FG INC.	United States	Investments	3,413,031	3,413,031	6,000	30.00	3,476,162	(37,203)	(11,578)	-	
The Company	Formosa Smart Energy Tech Corp.	Taiwan	Renewable energy - investment, research and development of energy storage equipment	1,400,000	800,000	140,000,000	20.00	1,390,513	(42,104)	(10,286)	-	
The Company	Formosa Green Power Corp.	Taiwan	Renewable-energy- based electricity retailing corporation	5,000	5,000	500,000	100.00	4,874	(37)	(37)	-	
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	29,959,815	29,959,815	-	100.00	49,417,233	(2,007,136)	(2,007,136)	-	
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	467,400	30.00	95,401	1,929	579	-	
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	476,196	476,196	27,336,218	71.00	626,446	110,776	78,651	-	
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	13,932	5,446	5,446	-	

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognised by the Company for the nine- month period ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
									(Note 2(2))	(Note 2(3))	
Formosa Biomedical Technology Corp.	Formosa Waters Technology Co., Ltd.	Taiwan	Industrial Catalyst Manufacturing and Wholesale of Other Chemical Products	\$ 7,650	\$ 7,650	765,001	57.00	\$ 28,381	\$ 20,510	\$ 11,691	-
Formosa Biomedical Technology Corp.	Formosa Bio& Energy Crop. (Japan)	Japan	Manufacturing and sale of battery energy storage systems and related products	17,568	5,018	72,105,000	57.45	8,813	(6,641)	(3,816)	-
Formosa Biomedical Technology Corp.	Ivy Life Sciences Co., Ltd.	Taiwan	Research and development and clinical application of cell therapy technologies	755,032	755,032	62,342,000	51.00	752,885	(6,861)	(3,499)	-
Formosa Biomedical Technology Corp.	Formosa Eco Life Technology Co., Ltd	Taiwan	Sales of cleaning supplies	12,926	12,926	1,292,597	70.00	11,120	(2,271)	(1,682)	-
Formosa Biomedical Technology Corp.	Formosa Lithium Iron Oxide Corp.	Taiwan	Production and sales of Basic Chemical Industrial, Powder Metallurgy, cathode materials for lithium iron phosphate batteries and Wholesale of Batteries	268,252	268,252	26,049,036	29.60	84,580	(27,098)	(8,024)	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,284,084	42,276	42,276	-

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the nine- month period ended September 30, 2023 (Note 2(3))	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
				\$	\$				\$	\$	
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	1,762,711	1,762,711	135,686,472	30.68	4,947,802	506,276	155,325	-
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Taiwan	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	114,912	114,912	16,100,000	100.00	185,500	7,289	3,999	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Vietnam	Production, processing, further processing various yam and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	2,454,463	80,927	80,927	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	213,771	213,771	18,595,352	17.98	1,462,495	844,487	143,774	-
Formosa Taffeta Co., Ltd.	Formosa Industries Corp.	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	1,987,122	1,987,122	-	10.00	1,401,149	(2,483,564)	(248,356)	-
Formosa Taffeta Co., Ltd.	Schoeller Textil AG	Switzerland	Textile R&D, production and sales	1,285,507	1,285,507	21,874	50.00	994,215	(300,360)	(151,914)	-

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognised by the Company for the nine- month period ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	(Note 2(2))	(Note 2(3))	
Formosa Taffeta Co., Ltd.	Nan Ya Optical Corp.	Taiwan	LED lighting system, lighting piping engineering design planning, manufacturing and installation	\$ 263,327	\$ 263,327	7,013,871	15.22	\$ 168,209	\$ 80,992	\$ 12,325	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yarn	2,806,938	2,806,938	-	100.00	2,810,625	(145,911)	(145,911)	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	16,927	506,276	538	-
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Taiwan	Employment service, manpower allocation and agency service	5,000	5,000	-	100.00	15,187	4,702	4,702	-
Public More Internation Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-towear, processing and trading of cotton cloth, and import and export of the aforementioned products	1,591	1,591	15,000	0.01	1,715	844,487	85	-

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

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

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the nine-month period ended September 30, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Formosa Chemicals and Fibre Corporation and subsidiaries

Information on investments in Mainland China

For the nine-month period ended September 30, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine-month period ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
				2023	Mainland China	to Taiwan	30, 2023	2023		September 30, 2023	30, 2023	2023	
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	\$ 4,834,511	1	\$ 4,051,414	\$ -	\$ -	\$ 4,051,414	\$ 945,041	100.00	\$ 945,041	\$ 15,746,614	\$ -	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	35,575,404	1	29,959,815	-	-	29,959,815	(2,007,136)	100.00	(2,007,136)	49,417,233	2,003,898	-
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	12,777,478	4	4,163,050	-	-	4,163,050	370,094	33.00	123,389	1,727,795	-	-
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	1	29,610	-	-	29,610	5,446	100.00	5,446	14,197	-	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	86,922	100.00	86,922	2,316,074	43,914	Note 3

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine-month period ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Mainland China	to Taiwan							
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	\$ 1,302,019	2	\$ 1,334,739	\$ -	\$ -	\$ 1,334,739	\$ 41,244	100.00	\$ 41,244	\$ 1,140,351	\$ -	Note 4

Note 1: Investment methods are classified into the following three categories.

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

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

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2023 and September 30, 2023 all amount to US\$46,400,000.

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

Note 4: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2023 and September 30, 2023 all amount to US\$42,000,000. In order to effectively utilise the residential land of the Company,

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

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

Chang Shu Yu Yuan Development Co., Ltd. was merged with Chang Shu Fushun Enterprise Management Co., Ltd. in the third quarter of 2015, Chang Shu Yu Yuan Development Co., Ltd. is the surviving company
The company was liquidated in 2022.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
			Note
The Company	\$ 38,174,279	\$ 45,937,693	Note

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the nine-month period ended September 30, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing						
	Amount	%	Amount	%	Balance at September 30, 2023	%	Balance at September 30, 2023	Purpose	Maximum balance during the nine-month period ended September 30,		Balance at September 30, 2023	Interest rate	Interest during the nine-month period ended September 30,		Others
									2023	2023			2023	2023	
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 8,992	0.05	\$ -	-	\$ 767	0.05	\$ 1,064,910	For short-term loans from financial institutions	\$ -		\$ -	-	\$ -	-	-
Formosa Taffeta (Changshu) Co., Ltd.	5,241	0.03	-	-	34	0.00	1,774,850	For short-term loans from financial institutions	-		-	-	-	-	-

Formosa Chemicals and Fibre Corporation and subsidiaries
Information on Major Shareholders
For the nine-month period ended September 30, 2023

Table 11

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