

**FORMOSA CHEMICALS & FIBRE
CORPORATION**

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 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

INDEX

Items	Pages
Index	
Independent Auditors' Report	1-6
Parent Company Only Balance Sheets	7-8
Parent Company Only Statements of Comprehensive Income	9-10
Parent Company Only Statements of Changes in Equity	11
Parent Company Only Statements of Cash Flows	12-13
Notes to Parent Company Only Financial Statements	14-77

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000449

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

Opinion

We have audited the accompanying parent company only balance sheets of FORMOSA CHEMICALS & FIBRE CORPORATION (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter – *Audits of the Other Independent Auditors* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Assessment of loss allowance for accounts receivable

Description

Refer to Note 4(10) for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, and Note 6(4) for details of loss allowance for accounts receivable. As of December 31, 2023, the Company's accounts receivable amounted to NT\$18,517,986 thousand, net of loss allowance in the amount of NT\$66,840 thousand.

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

How our audit addressed the matter

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

1. Obtained the overdue aging report used when management assessed the expected credit impairment loss, assessed whether the logic of data source was consistently applied, and tested its accuracy with proper documents.

2. Assessed the reasonableness of estimates used by management in calculating expected credit impairment loss and obtained supporting documents, including forward-looking information, disputed accounts, overdue accounts, subsequent collection, and other indicators that would show that the customer would be unable to repay on schedule.
3. Performed subsequent collection test in order to verify the adequacy of loss allowance provided for accounts receivable.

Valuation of inventories

Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for detailed information on allowance for inventory valuation losses. As of December 31, 2023, the inventory and allowance for inventory valuation losses were NT\$20,417,319 thousand and NT\$881,660 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of petrochemical plastic products, fibers weaving and cords. Because the price of petrochemical plastic products is subject to the fluctuations in international crude oil prices, and the textile market is competitive, there is a higher risk of inventory valuation loss. The Company recognises inventories at the lower of cost and net realisable value, and the net realisable value is calculated based on average price less selling expenses. Since the net realisable value used in inventory valuation involves subjective judgement and high uncertainty in estimation, and the allowance for inventory valuation loss is material to the financial statements, we considered the valuation of inventory as a key audit matter.

How our audit addressed the matter

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

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

Other matter – audits of the other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to NT\$121,180,477 thousand and NT\$112,548,005 thousand, constituting 27% and 25% of total assets as of December 31, 2023 and 2022, respectively, and comprehensive income (loss) was NT\$9,800,832 thousand and (NT\$4,470,574) thousand, constituting 52% and 12% of total comprehensive income (loss) for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent auditors.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Juanlu, Man-Yu

Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	4(2) and 6(1)	\$	1,848,039	-	\$	11,634,474	3
1110	Financial assets at fair value through profit or loss - current	6(2)		1,641,598	-		1,562,719	
1120	Current financial assets at fair value through other comprehensive income	6(3)		94,639,552	21		91,204,762	21
1150	Notes receivable, net	6(4)		150,012	-		198,376	-
1160	Notes receivable - related parties	6(4) and 7		122,578	-		186,163	-
1170	Accounts receivable, net	6(4)		7,278,874	2		6,517,260	1
1180	Accounts receivable - related parties	6(4) and 7		11,239,112	3		10,853,824	2
1200	Other receivables	7		1,211,760	-		1,332,436	-
1210	Other receivables - related parties	7		3,077,427	1		2,758,252	1
130X	Inventory	6(5)		19,535,659	4		19,172,462	4
1470	Other current assets			5,312,327	1		3,820,291	1
11XX	Total current assets			146,056,938	32		149,241,019	33
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		23,244,057	5		19,828,417	5
1550	Investments accounted for under equity method	6(6)		212,740,157	47		209,725,866	47
1600	Property, plant and equipment	6(7) and 8		62,096,791	14		58,282,675	13
1755	Right-of-use assets	6(8)		14,817	-		23,502	-
1840	Deferred income tax assets	6(24)		1,911,776	-		1,585,212	-
1900	Other non-current assets	4(2) and 6(1)		6,819,918	2		7,096,790	2
15XX	Total non-current assets			306,827,516	68		296,542,462	67
1XXX	Total assets		\$	452,884,454	100	\$	445,783,481	100

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FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 10,404,900	2	\$ 10,300,000	2
2110	Short-term notes and bills payable	6(9)	26,780,338	6	31,596,955	7
2170	Accounts payable		2,565,099	1	1,481,060	-
2180	Accounts payable - related parties	7	9,674,925	2	12,934,223	3
2200	Other payables	7	5,185,834	1	6,640,301	2
2230	Current income tax liabilities		67,451	-	100,396	-
2280	Current lease liabilities		1,922	-	5,732	-
2320	Long-term liabilities, current portion	6(10)(11)	5,300,000	1	6,850,000	2
2399	Other current liabilities		1,871,309	1	2,185,430	-
21XX	Total current liabilities		61,851,778	14	72,094,097	16
Non-current liabilities						
2530	Corporate bonds payable	6(10)	36,850,000	8	40,650,000	9
2540	Long-term borrowings	6(11)	11,000,000	2	2,500,000	1
2570	Deferred income tax liabilities	6(24)	15,863	-	32,029	-
2580	Non-current lease liabilities		13,412	-	18,247	-
2600	Other non-current liabilities	6(12)	3,894,877	1	4,362,367	1
25XX	Total non-current liabilities		51,774,152	11	47,562,643	11
2XXX	Total liabilities		113,625,930	25	119,656,740	27
Equity						
	Share capital	6(13)				
3110	Common stock		58,611,863	13	58,611,863	13
	Capital surplus	6(14)				
3200	Capital surplus		9,272,140	2	9,246,656	2
	Retained earnings	6(15)				
3310	Legal reserve		70,997,369	16	70,224,189	16
3320	Special reserve		76,602,492	17	76,461,277	17
3350	Unappropriated retained earnings		43,627,704	10	41,405,257	9
	Other equity interest	6(16)				
3400	Other equity interest		80,470,908	17	70,501,451	16
3500	Treasury stocks	6(13)	(323,952)	-	(323,952)	-
3XXX	Total equity		339,258,524	75	326,126,741	73
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 452,884,454	100	\$ 445,783,481	100

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Years ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7		\$ 212,980,107	100	\$ 247,351,121	100
5000 Operating costs	6(5)(22)(23) and 7		(204,681,055)	(96)	(243,357,386)	(98)
5900 Net operating margin			8,299,052	4	3,993,735	2
5910 Unrealized profit from sales			(79,152)	-	(42,925)	-
5920 Realized profit from sales			42,925	-	325,044	-
5950 Net operating margin			8,262,825	4	4,275,854	2
Operating expenses	6(12)(22)(23) and 7					
6100 Selling expenses			(4,118,667)	(2)	(6,750,734)	(3)
6200 General and administrative expenses			(3,515,237)	(2)	(3,712,064)	(1)
6000 Total operating expenses			(7,633,904)	(4)	(10,462,798)	(4)
6900 Operating profit (loss)			628,921	-	(6,186,944)	(2)
Non-operating income and expenses						
7100 Interest income	6(18) and 7		155,356	-	88,113	-
7010 Other income	6(19) and 7		5,017,528	2	9,659,746	4
7020 Other gains and losses	6(20)		180,477	-	2,602,241	1
7050 Finance costs	6(7)(21) and 7		(1,303,800)	-	(1,017,942)	(1)
7070 Share of profit of associates and joint ventures accounted for under equity method	6(6)		4,028,695	2	2,057,411	1
7000 Total non-operating income and expenses			8,078,256	4	13,389,569	5
7900 Profit before income tax			8,707,177	4	7,202,625	3
7950 Income tax (expense) benefit	6(24)		(158,659)	-	156,906	-
8200 Profit for the year			\$ 8,548,518	4	\$ 7,359,531	3

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Years ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss) (net)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(12)	\$ 24,079	-	\$ 294,190	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	6,857,278	3	(36,116,309)	(14)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		4,270,130	2	(11,602,079)	(5)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		11,151,487	5	(47,424,198)	(19)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(16)	(1,156,093)	-	1,549,826	-
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(16)	(106,233)	-	2,110,713	1
8399	Income tax relating to the components of other comprehensive income	6(16)(24)	236,747	-	(359,626)	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(1,025,579)	-	3,300,913	1
8300	Other comprehensive income (loss) for the year		\$ 10,125,908	5	(\$ 44,123,285)	(18)
8500	Total comprehensive income (loss) for the year		\$ 18,674,426	9	(\$ 36,763,754)	(15)
	Basic earnings per share (in dollars)	6(25)	Before Tax	After Tax	Before Tax	After Tax
9750	Net income		\$ 1.49	\$ 1.46	\$ 1.23	\$ 1.26
	Assuming shares held by subsidiary are not deemed as treasury stock:					
	Basic earnings per share (in dollars)					
	Net income		\$ 1.49	\$ 1.46	\$ 1.23	\$ 1.26

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest						
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Revaluation surplus	Treasury stocks	Total	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Year ended December 31, 2022													
		\$ 58,611,863	\$ 9,192,999	\$ 66,313,982	\$ 70,032,921	\$ 72,145,718	(\$ 6,240,670)	\$ 121,228,401	\$ 9,270	\$ -	(\$ 323,952)	\$ 390,970,532	
		-	-	-	-	7,359,531	-	-	-	-	-	7,359,531	
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	412,469	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(44,123,285)	
Total comprehensive income (loss)		-	-	-	-	7,772,000	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(36,763,754)	
Appropriations of 2021 earnings	6(15)												
Legal reserve		-	-	3,910,207	-	(3,910,207)	-	-	-	-	-	-	
Special reserve		-	-	-	6,428,356	(6,428,356)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(28,133,694)	-	-	-	-	-	(28,133,694)	
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	21,847	-	-	-	-	-	-	-	-	21,847	
Changes in the net interest of associates recognised under the equity method	6(14)	-	145	-	-	2,428	-	(2,428)	-	-	-	145	
Expired cash dividends reclassified to capital surplus	6(14)	-	18,555	-	-	-	-	-	-	-	-	18,555	
Expired dividends paid from capital surplus	6(14)	-	(715)	-	-	-	-	-	-	-	-	(715)	
Changes in ownership interests in subsidiaries	6(14)	-	13,825	-	-	-	-	-	-	-	-	13,825	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(16)	-	-	-	-	(42,632)	-	42,632	-	-	-	-	
Balance at December 31, 2022		\$ 58,611,863	\$ 9,246,656	\$ 70,224,189	\$ 76,461,277	\$ 41,405,257	(\$ 2,930,647)	\$ 72,429,555	\$ 160	\$ 1,002,383	(\$ 323,952)	\$ 326,126,741	
Year ended December 31, 2023													
		\$ 58,611,863	\$ 9,246,656	\$ 70,224,189	\$ 76,461,277	\$ 41,405,257	(\$ 2,930,647)	\$ 72,429,555	\$ 160	\$ 1,002,383	(\$ 323,952)	\$ 326,126,741	
Profit for the year		-	-	-	-	8,548,518	-	-	-	-	-	8,548,518	
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	134,088	(1,033,854)	11,017,399	8,275	-	-	10,125,908	
Total comprehensive income (loss)		-	-	-	-	8,682,606	(1,033,854)	11,017,399	8,275	-	-	18,674,426	
Appropriations of 2022 earnings	6(15)												
Legal reserve		-	-	773,180	-	(773,180)	-	-	-	-	-	-	
Special reserve		-	-	-	141,215	(141,215)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(5,568,127)	-	-	-	-	-	(5,568,127)	
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	4,324	-	-	-	-	-	-	-	-	4,324	
Changes in the net interest of associates recognised under the equity method	6(14)	-	180	-	-	22,725	-	(22,725)	-	-	-	180	
Expired cash dividends reclassified to capital surplus	6(14)	-	22,168	-	-	-	-	-	-	-	-	22,168	
Expired dividends paid from capital surplus	6(14)	-	(1,873)	-	-	-	-	-	-	-	-	(1,873)	
Changes in ownership interests in subsidiaries	6(14)	-	685	-	-	-	-	-	-	-	-	685	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(16)	-	-	-	-	(362)	-	362	-	-	-	-	
Balance at December 31, 2023		\$ 58,611,863	\$ 9,272,140	\$ 70,997,369	\$ 76,602,492	\$ 43,627,704	(\$ 3,964,501)	\$ 83,424,591	\$ 8,435	\$ 1,002,383	(\$ 323,952)	\$ 339,258,524	

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 8,707,177	\$ 7,202,625
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	5,586,348	6,368,522
Amortization	6(22)	3,300,506	3,406,195
Net gain on financial assets and liabilities at fair value through profit or loss	6(20)	(78,879)	(192,014)
Interest expense	6(21)	1,303,800	1,017,942
Interest income	6(18)	(155,356)	(88,113)
Dividend income	6(19)	(4,479,258)	(8,958,243)
Share of profit or loss of associates accounted for under the equity method	6(6)	(4,028,695)	(2,057,411)
Gain on reversal of impairment loss on property, plant and equipment	6(7)(20)	(86,002)	-
Loss on disposal and scrap of property, plant and equipment	6(20)	27,904	59,283
Realised (unrealised) gain from sales		36,227	(282,119)
Gain on lease modification	6(20)	(353)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		48,364	59,772
Notes receivable-related parties		63,585	132,230
Accounts receivable		(761,614)	987,656
Accounts receivable-related parties		(385,288)	6,764,105
Other receivables		118,871	(70,781)
Inventory		(363,197)	1,866,839
Other current assets		(1,492,036)	263,900
Changes in operating liabilities			
Accounts payable		1,084,039	103,584
Accounts payable-related parties		(3,259,298)	(3,088,064)
Other payables		(1,737,391)	(651,920)
Other current liabilities		(314,121)	(410,714)
Accrued pension liabilities		(419,235)	(368,841)
Cash inflow generated from operations		2,716,098	12,064,433
Interest received		155,361	82,807
Dividends received		10,371,855	23,014,316
Interest paid		(1,324,001)	(1,021,203)
Income tax paid		(297,587)	(3,547,411)
Net cash flows from operating activities		<u>11,621,726</u>	<u>30,592,942</u>

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other receivables-related parties		(\$ 319,175)	(\$ 59,559)
Proceeds from disposal of financial assets at fair value through profit or loss		-	2,422,330
Shares returned from reduction in financial assets at fair value through other comprehensive income		6,848	4,250
Acquisition of investments accounted for under the equity method		(1,899,625)	(851,531)
Acquisition of property, plant and equipment	6(26)	(9,184,334)	(8,017,299)
Proceeds from disposal of property, plant and equipment		122,926	31,012
Increase in other non-current assets		(2,994,038)	(3,590,809)
Decrease (increase) in guarantee deposits paid		37,202	(15,663)
Net cash flows used in investing activities		(14,230,196)	(10,077,269)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		104,900	1,415,700
(Decrease) increase in short-term notes and bills payable		(4,816,617)	14,100,271
Increase in long-term borrowings		11,000,000	5,500,000
Payment of long-term borrowings		(3,000,000)	(1,000,000)
Payment of corporate bonds payable		(4,850,000)	(4,550,000)
Payment of lease liabilities		(4,763)	(5,735)
(Decrease) increase in other non-current liabilities		(24,176)	7,105
Payment of cash dividends	6(26)	(5,585,436)	(28,130,157)
Expired dividends paid from capital surplus	6(14)	(1,873)	(715)
Net cash flows used in financing activities		(7,177,965)	(12,663,531)
Net (decrease) increase in cash and cash equivalents		(9,786,435)	7,852,142
Cash and cash equivalents at beginning of year		11,634,474	3,782,332
Cash and cash equivalents at end of year		<u>\$ 1,848,039</u>	<u>\$ 11,634,474</u>

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

FORMOSA CHEMICALS & FIBRE CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. History and Organization

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

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 8, 2024.

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[®]") Accounting Standards 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 Company's financial condition and operating results based on the Company's assessment.

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

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 Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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 Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

These parent company only financial statements have been prepared by the Company in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) The reason and effect of financial statements reclassifications

A. The nature and reason of reclassifications

On December 31, 2022 and January 1, 2022, the capital originally repatriated by the Company and deposited into a special account as a result of applying “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act” amounting to US \$35,795 thousand (equivalent to NT \$1,110,280 thousand) and US \$35,795 thousand (equivalent to NT \$991,166 thousand), respectively, which failed to meet the definition of cash and cash equivalents under IAS 7, ‘Statement of Cash Flows’ due to the restrictions under “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act” were classified as other financial assets. However, according to IFRS Q&A amended by the competent authority on January 5, 2024, the restriction from the Act did not change the nature of deposits, and entities can ask to withdraw the deposit, therefore, the deposit should be listed in cash and cash equivalents. Accordingly, the Company reclassified the undrawn amount of the special account which was repatriated in accordance with “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act” as cash and cash equivalent.

B. The reclassified amount for each item or item category:

The parent company only balance sheet

Affected items	December 31, 2022		
	Before reclassification	Reclassified amount	After reclassification
Cash and cash equivalents	\$ 10,524,194	\$ 1,110,280	\$ 11,634,474
Other non-current assets, others	8,207,070	(1,110,280)	7,096,790
Affected items	January 1, 2022		
	Before reclassification	Reclassified amount	After reclassification
Cash and cash equivalents	\$ 2,791,166	\$ 991,166	\$ 3,782,332
Other non-current assets, others	7,888,369	(991,166)	6,897,203

The parent company only statement of cash flows

Affected items	For the year ended December 31, 2022		
	Before reclassification	Reclassified amount	After reclassification
Increase in other non-current assets	(\$ 3,709,923)	\$ 119,114	(\$ 3,590,809)
Increase in cash and cash equivalents for the year	7,733,028	119,114	7,852,142
Cash and cash equivalents at beginning of the year	2,791,166	991,166	3,782,332
Cash and cash equivalents at end of the year	10,524,194	1,110,280	11,634,474

(3) Basis of preparation

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

B. Translation of foreign operations

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

(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 fair value through profit or loss

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

(12) Inventories

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

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

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

- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

M. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land Improvements	10 years
Buildings	15 ~ 50 years
Machinery and equipment	5 ~ 15 years
Transportation equipment	3 ~ 15 years
Other equipment	3 ~ 15 years

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

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

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

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

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

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

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

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

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

(16) Impairment of non-financial assets

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

(17) 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.

(18) 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.

(19) 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.

(20) Non-hedging derivatives

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will

be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees', directors' and supervisors' remuneration

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

(22) Income tax

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

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) Treasury shares

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

(24) Dividends

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

(25) Revenue recognition

Sales of goods

- A. The Company manufactures and sells a variety of petrochemical products, including the spinning, weaving, dyeing and finishing of rayon and nylon fiber. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. The amount of sales revenue recognised is equal to the contract price net of volume discounts and sales discounts and allowances. Volume discounts and sales discounts and allowances are estimated based on historical information, and a refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to

120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of accounts receivable

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

B. Evaluation of inventories

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

As of December 31, 2023, the carrying amount of inventories was \$19,535,659.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 179	\$ 315
Checking accounts and demand deposits	1,847,860	4,275,782
Cash equivalents		
Commercial papers	-	4,733,977
Bonds with resale agreement	-	2,624,400
	<u>\$ 1,848,039</u>	<u>\$ 11,634,474</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. Loss allowance is measured using 12-month expected credit losses. For the years ended December 31, 2023 and 2022, the Company did not recognise any loss allowance.

B. The Company repatriated the capital in the amount of USD 35,795 thousand in accordance with “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act” in June 2021. As of December 31, 2023, the undrawn capital amounted to NTD 652,930 thousand, which was restricted under the “The Management, Utilisation, and Taxation of Repatriated Offshore Funds Act”. However, according to IFRS Q&A amended by the competent authority on January 5, 2024, the restriction from the Act did not change the nature of deposits, therefore, the capital was still listed in ‘cash and cash equivalent’. As of December 31, 2022 and January 1, 2022, the comparable amount prepared due to the reclassification in accordance with the related regulations is provided in Note 4(2).

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Fund	\$ 1,491,063	\$ 1,491,063
Valuation adjustment	150,535	71,656
Total	<u>\$ 1,641,598</u>	<u>\$ 1,562,719</u>

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Fund	<u>\$ 78,879</u>	<u>\$ 192,014</u>

- B. The Company did not pledge financial assets at fair value through profit or loss to others as collateral.
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Equity instruments		
Listed stocks	\$ 23,864,654	\$ 23,864,654
Unlisted stocks	725,839	725,839
Valuation adjustment	<u>70,049,059</u>	<u>66,614,269</u>
	<u>\$ 94,639,552</u>	<u>\$ 91,204,762</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 20,177,405	\$ 20,184,253
Valuation adjustment	<u>3,066,652</u>	<u>(355,836)</u>
	<u>\$ 23,244,057</u>	<u>\$ 19,828,417</u>

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 6,857,278</u>	<u>(\$ 36,116,309)</u>

- B. As at December 31, 2023 and 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 Company were \$117,883,609 and \$111,033,179, respectively.
- C. The Company did not pledge financial assets at fair value through other comprehensive income to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 150,012	\$ 198,376
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 150,012</u>	<u>\$ 198,376</u>
Notes receivable - related parties	<u>\$ 122,578</u>	<u>\$ 186,163</u>
Accounts receivable	\$ 7,345,714	\$ 6,584,412
Less: Allowance for uncollectible accounts	(66,840)	(67,152)
	<u>\$ 7,278,874</u>	<u>\$ 6,517,260</u>
Accounts receivable - related parties	<u>\$ 11,239,112</u>	<u>\$ 10,853,824</u>

A. As of December 31, 2023 and 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 \$25,771,462.

B. As at December 31, 2023 and 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 Company's notes receivable were \$272,590 and \$384,539 and accounts receivable were \$18,517,986 and \$17,371,084, respectively.

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

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,549,112	(\$ 45,470)	\$ 7,503,642
Supplies	3,573,669	(644,231)	2,929,438
Work in progress	2,642,197	(82,326)	2,559,871
Finished goods	6,646,875	(109,633)	6,537,242
Other inventory	5,466	-	5,466
	<u>\$ 20,417,319</u>	<u>(\$ 881,660)</u>	<u>\$ 19,535,659</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,799,563	(\$ 218,780)	\$ 7,580,783
Supplies	3,626,399	(596,417)	3,029,982
Work in progress	2,675,454	(149,410)	2,526,044
Finished goods	6,291,849	(276,707)	6,015,142
Other inventory	20,511	-	20,511
	<u>\$ 20,413,776</u>	<u>(\$ 1,241,314)</u>	<u>\$ 19,172,462</u>

Expense and loss incurred on inventories for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Cost of inventories sold	\$ 202,364,181	\$ 240,893,193
(Gain) loss on inventory valuation (Note)	(359,654)	265,496
Idle capacity (including annual survey and work stoppage)	2,662,609	2,171,631
Others	13,919	27,066
	<u>\$ 204,681,055</u>	<u>\$ 243,357,386</u>

Note: For the year ended December 31, 2023, disposal of excess inventory resulted in gain from price recovery of inventory.

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries		
FCFC Investment Corp. (Cayman)	\$ 61,816,990	\$ 66,631,431
Formosa Taffeta Co., Ltd.	19,896,366	20,429,118
Formosa Industries Corp., Vietnam	5,312,398	6,495,225
Formosa Idemitsu Petrochemical Corp.	1,148,552	1,147,046
Formosa INEOS Chemicals Corp.	2,135,486	2,645,680
Formosa Biomedical Technology Corp.	2,770,766	2,903,755
Formosa Carpet Corp.	180,484	180,575
Chia-Nan Enterprise Corp.	330,975	352,189
Formosa Green Power Corp.	4,878	4,911
Associates		
Formosa Petrochemical Corp.	81,037,549	75,322,255
Mai Liao Power Corp.	13,803,883	9,767,776
Formosa Heavy Industries Corp.	6,775,494	7,262,143
Formosa Resource Corp.	7,714,129	7,703,818
Formosa Synthetic Rubber Corp. (Hong Kong)	1,656,499	1,851,242
FG INC.	3,306,098	3,313,454
Formosa Plastics Transport Corp.	1,278,023	1,251,101
Formosa Group (CAYMAN) Corp.	835,318	766,965
Formosa Environmental Technology Corp.	234,986	231,886
Formosa Fairway Corp.	5,572	23,479
Formosa Plastics Construction Corp.	1,051,551	565,507
Formosa Smart Energy Tech Corp.	1,384,277	800,799
Hwa Ya Science Park Management Consulting Co., Ltd.	4,299	4,140
Guo Su Plastic Industry Co., Ltd.	55,584	71,371
	<u>\$ 212,740,157</u>	<u>\$ 209,725,866</u>

- A. The related information on subsidiaries is provided in Note 4(3) of consolidated financial statements for 2023.
- B. The investments accounted for using equity method were based on the investees' audited financial statements for the corresponding periods. The share of profit of subsidiaries and associates accounted for under equity method amounted to \$4,028,695 and \$2,057,411 for the years ended December 31, 2023 and 2022, respectively.
- C. The financial information of the associate that is material to the Company is as follows:

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

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

Balance Sheet

	Formosa Petrochemical Corp.	
	December 31, 2023	December 31, 2022
Current assets	\$ 252,790,537	\$ 262,757,723
Non-current assets	153,763,295	148,710,566
Current liabilities	(43,165,010)	(68,174,244)
Non-current liabilities	(27,054,537)	(30,805,611)
Total net assets	<u>\$ 336,334,285</u>	<u>\$ 312,488,434</u>
Share in associate's net assets	\$ 81,224,730	\$ 75,465,956
Unrealised gain from sales of upstream transactions eliminations	(76,462)	(32,982)
Net differences in share capital	(110,719)	(110,719)
Carrying amount of the associate	<u>\$ 81,037,549</u>	<u>\$ 75,322,255</u>

Statement of comprehensive income

	Formosa Petrochemical Corp.	
	For the years ended December 31,	
	2023	2022
Revenue	\$ 710,310,293	\$ 845,450,311
Profit for the year from continuing operations	\$ 21,888,842	\$ 14,421,560
Other comprehensive income (loss), net of tax	12,434,821	(23,143,116)
Total comprehensive income (loss)	<u>\$ 34,323,663</u>	<u>(\$ 8,721,556)</u>
Dividends received from associates	<u>\$ 2,530,880</u>	<u>\$ 8,743,039</u>

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

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to \$38,105,713 and \$33,613,681, respectively.

	For the years ended December 31,	
	2023	2022
Profit (loss) for the year from continuing operations	\$ 7,549,639	(\$ 7,392,808)
Other comprehensive income (loss), net of tax	3,976,969	(5,416,798)
Total comprehensive income (loss)	<u>\$ 11,526,608</u>	<u>(\$ 12,809,606)</u>

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

	December 31, 2023	December 31, 2022
Formosa Petrochemical Corp.	<u>\$ 185,674,544</u>	<u>\$ 184,754,224</u>

G. On August 4, 2023, the Board of Directors of the Company 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. On December 8, 2021, the Board of Directors of the Company resolved to invest in Guo Su Plastic Industry Co., Ltd. As of March 31, 2022, December 31, 2021 and December 27, 2021, the Company 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 Company is the single largest shareholder of Guo Su Plastic Industry Co., Ltd. Since the Company has no intention and no current ability to direct the relevant activities of Guo Su Plastic Industry Co., Ltd., the Company has no control, but only has significant influence, over the investee.

I. On May 5, 2022, the Board of Directors resolved to invest in \$800,000 and \$500,000 in Formosa Smart Energy Tech Corp. in May 2022 and August 2023, respectively, and the shareholding ratio was 20%.

J. On November 3, 2023, the Board of Directors of the Company resolved to increase its investment in Formosa Plastics Construction Corp. amounting to NT\$500,000 thousand, in proportion to its original ownership of 33.3%.

K. The Company received cash dividends of \$5,892,597 and \$14,056,073 for the years ended December 31, 2023 and 2022, respectively, from its investments accounted for using equity method. The cash dividends are recorded as a deduction from the Company's investments accounted for using equity method.

L. As of December 31, 2023 and 2022, no equity investment held by the Company was pledged to others.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>						
Cost	\$ 9,520,205	\$ 20,729,024	\$ 191,639,240	\$ 4,717,954	\$ 9,911,909	\$ 236,518,332
Accumulated depreciation and impairment	-	(15,819,823)	(158,627,689)	(3,788,145)	-	(178,235,657)
	<u>\$ 9,520,205</u>	<u>\$ 4,909,201</u>	<u>\$ 33,011,551</u>	<u>\$ 929,809</u>	<u>\$ 9,911,909</u>	<u>\$ 58,282,675</u>
<u>2023</u>						
Opening net book amount	\$ 9,520,205	\$ 4,909,201	\$ 33,011,551	\$ 929,809	\$ 9,911,909	\$ 58,282,675
Additions	-	-	161,329	44,187	9,321,418	9,526,934
Disposals	(2,976)	(19,095)	(128,748)	(11)	-	(150,830)
Reclassifications	99,893	864,872	7,017,406	119,682	(8,168,651)	(66,798)
Depreciation charge	-	(609,239)	(4,732,669)	(239,284)	-	(5,581,192)
Reversal of impairment loss	-	19,095	66,907	-	-	86,002
Closing net book amount	<u>\$ 9,617,122</u>	<u>\$ 5,164,834</u>	<u>\$ 35,395,776</u>	<u>\$ 854,383</u>	<u>\$ 11,064,676</u>	<u>\$ 62,096,791</u>
<u>At December 31, 2023</u>						
Cost	\$ 9,617,122	\$ 21,347,638	\$ 192,325,624	\$ 4,804,591	\$ 11,064,676	\$ 239,159,651
Accumulated depreciation and impairment	-	(16,182,804)	(156,929,848)	(3,950,208)	-	(177,062,860)
	<u>\$ 9,617,122</u>	<u>\$ 5,164,834</u>	<u>\$ 35,395,776</u>	<u>\$ 854,383</u>	<u>\$ 11,064,676</u>	<u>\$ 62,096,791</u>

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

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

	For the years ended December 31,	
	2023	2022
Amount capitalised	\$ 135,735	\$ 91,503
Interest rate	1.29%~1.40%	0.92%~1.32%

- B. Under the regulations, land may only be owned by individuals. Thus, the Company has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Company under the name of a third party, who has pledged the full amount to the Company. As of December 31, 2023 and 2022, the pledged amount were \$9,618 and \$12,594, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements—lessee

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 14,817	\$ 16,764
Buildings	-	6,738
	<u>\$ 14,817</u>	<u>\$ 23,502</u>

	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 1,947	\$ 1,947
Buildings	3,209	3,854
	<u>\$ 5,156</u>	<u>\$ 5,801</u>

- C. For the years ended December 31, 2023 and 2022, the additions to right-of use assets were \$0 and \$7,835, respectively.

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

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 297	\$ 302
Expense on short-term lease contracts	7,197	19,174
Expense on variable lease payments	3,859	3,342
Gain on lease modification	353	-

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$16,116 and \$28,553, respectively.

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

Type of loans	December 31, 2023	Interest rate range	Collateral
Unsecured loans	\$ 10,404,900	1.62%~1.69%	None
Short-term notes and bills payable	\$ 26,850,000	1.40%~1.56%	None
Short-term notes and bills payable discount	(69,662)		
Net short-term notes and bills payable	<u>\$ 26,780,338</u>		
Type of loans	December 31, 2022	Interest rate range	Collateral
Unsecured loans	\$ 10,300,000	1.26%~1.62%	None
Short-term notes and bills payable	\$ 31,650,000	1.35%~1.60%	None
Short-term notes and bills payable discount	(53,045)		
Net short-term notes and bills payable	<u>\$ 31,596,955</u>		

(10) Bonds payable

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

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

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2023	December 31, 2022	Note
<u>2012</u>							
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22 ~ 2023.1.22	1.5	\$ 2,200,000	\$ -	\$ 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	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	700,000	1,400,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%
<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	Serial bonds, to be settled 50%, 50%

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

(11) Long-term bank loans and notes payable

Type of loans	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank loan				
Unsecured loans				
Bank of Taiwan	Jul. 26, 2023~Jul. 26, 2025, the borrowings are repayable in full upon maturity	1.63%	None	\$ 2,000,000
Taiwan Cooperative Bank	Jul. 26, 2023 ~ Jul. 26, 2025, principal payable at maturity date	1.79%	None	9,000,000
Mizuho Bank, Ltd.	Jul. 28, 2022~Dec. 15, 2024, the borrowings are repayable in full upon maturity	1.77%	None	1,500,000
				12,500,000
Less: Current portion of long-term loans				(1,500,000)
				\$ 11,000,000

Type of loans	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank loan				
Unsecured loans				
Bank of Taiwan	Jul. 28, 2022~Aug. 10, 2023, the borrowings are repayable in full upon maturity	1.38%~1.50%	None	\$ 2,000,000
Mizuho Bank, Ltd.	Jul. 28, 2022~Dec. 15, 2024, the borrowings are repayable in full upon maturity	1.52%~1.67%	None	2,500,000
				4,500,000
Less: Current portion of long-term loans				(2,000,000)
				\$ 2,500,000

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following

year, the Company will make contributions for the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 6,754,340	\$ 7,159,101
Fair value of plan assets	(2,982,221)	(2,943,674)
Net defined benefit liability	<u>\$ 3,772,119</u>	<u>\$ 4,215,427</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2023</u>			
Balance at January 1	\$ 7,159,101	(\$ 2,943,674)	\$ 4,215,427
Current service cost	48,184	-	48,184
Interest expense (income)	89,489	(37,111)	52,378
	<u>7,296,774</u>	<u>(2,980,785)</u>	<u>4,315,989</u>
Remeasurements:			
Return on plan assets	-	(29,040)	(29,040)
Experience adjustments	4,961	-	4,961
	<u>4,961</u>	<u>(29,040)</u>	<u>(24,079)</u>
Pension fund contribution	-	(48,198)	(48,198)
Paid pension	(547,395)	75,802	(471,593)
	<u>(547,395)</u>	<u>27,604</u>	<u>(519,791)</u>
Balance at December 31	<u>\$ 6,754,340</u>	<u>(\$ 2,982,221)</u>	<u>\$ 3,772,119</u>

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

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.25%	1.25%
Future salary increases	2.85%	2.85%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.35%	Decrease 0.35%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 69,014)	\$ 71,051	\$ 103,002	(\$ 99,695)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 85,952)	\$ 88,633	\$ 127,623	(\$ 123,223)

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 are \$49,527.

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

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$170,003 and \$165,804, respectively.

(13) Capital stock

A. As of December 31, 2023, the authorised and paid-in capital was \$58,611,863, consisting of 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.

B. Changes in the treasury stocks for the years ended December 31, 2023 and 2022 are set forth below:

For the year ended December 31, 2023					
Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co., Ltd.	12,169,610	-	-	12,169,610

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

C. The market value of treasury stocks were \$62.3 and \$70.5 (in dollars) per share at December 31, 2023 and 2022, respectively.

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

(14) Capital surplus

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

For the year ended December 31, 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 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 disposal of net stockholding of associates recognised under the equity method	-	-	-	180	-	-
Changes in ownership interests in subsidiaries	-	-	1,230	(685)	140	-
Expired cash dividends reclassified to capital surplus	-	-	-	-	- (	1,873)
Overdue dividends are transferred to capital surplus	-	-	-	-	-	22,168
At December 31, 2023	<u>\$2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 376,454</u>	<u>\$ 392,277</u>	<u>\$ 303</u>	<u>\$ 278,520</u>

For the year ended December 31, 2022

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

(15) Retained earnings

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

The special reserve includes:

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

- iv. Other special reserves as stipulated by other laws.
- B. The Company is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee compensation and special reserves shall be distributed to stockholders. The Company would prefer cash dividend. If the Company requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not exceed 50% of the total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on May 26, 2023 and June 8, 2022, respectively. The appropriations of 2021 earnings had been resolved after meeting the statutory voting threshold before June 8, 2022 via the electronic voting platform for the stockholders' meeting and had been resolved at the stockholders' meeting on June 30, 2021. Details are as follows:

	For the years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollar)	Amount	Dividends per share (in dollar)
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' compensation and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The appropriations of the 2023 net income was approved during the Board of Directors' meeting on March 8, 2024 as follows:

	For the year ended December 31, 2023	
	Amount	Dividends per share (in dollar)
Legal reserve	\$ 870,497	
Special reserve	142,568	
Cash dividends	7,326,483	\$ 1.25
	<u>\$ 8,339,548</u>	

(16) Other equity items

	Hedging reserve	Unrealised gain (loss)	Currency translation	Revaluation surplus	Total
At January 1, 2023	\$ 160	\$ 72,429,555	(\$ 2,930,647)	\$ 1,002,383	\$ 70,501,451
Revaluation:					
–Parent company	-	6,857,278	-	-	6,857,278
–Subsidiaries	-	109,835	-	-	109,835
–Associates	-	4,050,286	-	-	4,050,286
Revaluation transferred to retained earnings:					
–Subsidiaries	-	362	-	-	362
–Associates	-	(22,725)	-	-	(22,725)
Cash flow hedges:					
–Associates	8,275	-	-	-	8,275
Currency translation differences:					
–Parent company	-	-	(1,156,093)	-	(1,156,093)
–Tax of parent company	-	-	236,747	-	236,747
–Subsidiaries	-	-	(41,011)	-	(41,011)
–Associates	-	-	(73,497)	-	(73,497)
At December 31, 2023	<u>\$ 8,435</u>	<u>\$ 83,424,591</u>	<u>(\$ 3,964,501)</u>	<u>\$ 1,002,383</u>	<u>\$ 80,470,908</u>

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

(17) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 212,962,508	\$ 247,320,472
Other operating revenue	17,599	30,649
	<u>\$ 212,980,107</u>	<u>\$ 247,351,121</u>

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

(18) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 88,023	\$ 18,873
Interest from current account with others	40,133	40,958
Other interest income	27,200	28,282
	<u>\$ 155,356</u>	<u>\$ 88,113</u>

(19) Other income

	For the years ended December 31,	
	2023	2022
Rental revenue	\$ 190,697	\$ 155,857
Dividend income	4,479,258	8,958,243
Other revenue	347,573	545,646
	<u>\$ 5,017,528</u>	<u>\$ 9,659,746</u>

(20) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange gain	\$ 160,436	\$ 2,559,231
Loss on disposal of property, plant and equipment	(27,904)	(59,283)
Gain on lease modification	353	-
Net gain on financial assets at fair value through profit or loss	78,879	192,014
Gain on reversal of impairment loss recognised in profit, property, plant and equipment	86,002	-
Other losses	(117,289)	(89,721)
	<u>\$ 180,477</u>	<u>\$ 2,602,241</u>

(21) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank loans	\$ 286,673	\$ 170,307
Corporate bond	485,623	566,257
Discount	198,958	132,249
Banker's acceptances	444,233	221,968
Other interest expenses	24,048	18,664
	<u>1,439,535</u>	<u>1,109,445</u>
Less: Capitalisation of qualifying assets	(135,735)	(91,503)
Finance costs	<u>\$ 1,303,800</u>	<u>\$ 1,017,942</u>

(22) Expenses by nature

	For the years ended December 31,	
	2023	2022
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 5,586,348	\$ 6,368,522
Employee benefit expense	7,016,052	7,550,394
Amortisation	3,300,506	3,406,195
	<u>\$ 15,902,906</u>	<u>\$ 17,325,111</u>

(23) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	\$ 6,004,973	\$ 6,544,808
Labor and health insurance fees	449,478	444,391
Pension costs	270,565	248,479
Other personnel expenses	291,036	312,716
	<u>\$ 7,016,052</u>	<u>\$ 7,550,394</u>

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

B. For the years ended December 31, 2023 and 2022, employees' remuneration was accrued at \$8,716 and \$7,210, respectively. The aforementioned amount was recognised in salary expenses. For the years ended December 31, 2023 and 2022, the employees' compensation was estimated and accrued based on approximately 0.1% of the retained earnings.

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 had been distributed.

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

(24) Income tax

A. Income tax expense (benefit)

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

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 220,080	\$ 234,967
Tax on undistributed surplus earnings	20,857	105,873
Prior year income tax under (over) estimation	<u>23,705</u>	<u>(671,222)</u>
Total current tax	<u>264,642</u>	<u>(330,382)</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(105,983)</u>	<u>173,476</u>
Total deferred tax	<u>(105,983)</u>	<u>173,476</u>
Income tax expense (benefit)	<u>\$ 158,659</u>	<u>(\$ 156,906)</u>

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

	For the years ended December 31,	
	2023	2022
Currency translation differences	(\$ 236,747)	\$ 359,626

B. Reconciliation between income tax expense (benefit) and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 1,741,435	\$ 1,440,525
Effect from items disallowed by tax regulation	(1,627,338)	(1,267,049)
Non-deductible withholding income tax for offshore income	-	234,967
Tax on undistributed surplus earnings	20,857	105,873
Prior year income tax under (over) estimation	23,705	(671,222)
Income tax expense (benefit)	\$ 158,659	(\$ 156,906)

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

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Loss on inventory	\$ 248,262	(\$ 71,930)	\$ -	\$ 176,332
Currency translation differences	605,539	-	236,747	842,286
Unrealised gain from downstream transactions	-	15,830	-	15,830
Unfunded pension expense	553,849	(82,304)	-	471,545
Impairment loss	118,011	(33,194)	-	84,817
Unrealised exchange loss	18,623	34,577	-	53,200
Others	40,928	226,838	-	267,766
Subtotal	1,585,212	89,817	236,747	1,911,776
Deferred tax liabilities:				
Difference in useful life for depreciation	(\$ 23,444)	\$ 7,581	\$ -	(\$ 15,863)
Unrealised loss from downstream transactions	(8,585)	8,585	-	-
Subtotal	(\$ 32,029)	\$ 16,166	\$ -	(\$ 15,863)
Total	\$ 1,553,183	\$ 105,983	\$ 236,747	\$ 1,895,913

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

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

A. Basic earnings per share

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

For the years ended December 31, 2023 and 2022, the earnings per share are calculated as follows:

For the year ended December 31, 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>					
Net income	\$ 8,707,177	\$ 8,548,518	5,849,017	\$ 1.49	\$ 1.46

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

- B. Employees' compensation could be distributed in the form of stock. Since there is no significant impact when calculating diluted earnings per share, basic earnings per share equals diluted earnings per share.
- C. If stocks of the parent company held by subsidiaries are not treated as treasury stocks, the calculation of basic earnings per share for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 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>					
Net income	\$ 8,707,177	\$ 8,548,518	5,861,186	\$ 1.49	\$ 1.46

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

(26) Supplemental cash flow information

- A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Purchase of fixed assets	\$ 9,526,934	\$ 8,283,394
Add: Opening balance of payable on equipment	1,644,736	1,378,641
Less: Ending balance of payable on equipment	(1,987,336)	(1,644,736)
Cash paid during the year	<u>\$ 9,184,334</u>	<u>\$ 8,017,299</u>

B. Financing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Distribution of cash dividends	\$ 5,568,127	\$ 28,133,694
Add: Opening balance of dividends payable	75,964	72,427
Less: Ending balance of dividends payable	(58,655)	(75,964)
Cash dividends paid during the year	<u>\$ 5,585,436</u>	<u>\$ 28,130,157</u>

(27) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2023	\$10,300,000	\$31,596,955	\$45,500,000	\$ 4,500,000	\$ 91,896,955
Changes in cash flow from financing activities	<u>104,900</u>	<u>(4,816,617)</u>	<u>(4,850,000)</u>	<u>8,000,000</u>	<u>(1,561,717)</u>
At December 31, 2023	<u>\$10,404,900</u>	<u>\$26,780,338</u>	<u>\$40,650,000</u>	<u>\$12,500,000</u>	<u>\$ 90,335,238</u>

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2022	\$ 8,884,300	\$17,496,684	\$50,050,000	\$ -	\$ 76,430,984
Changes in cash flow from financing activities	<u>1,415,700</u>	<u>14,100,271</u>	<u>(4,550,000)</u>	<u>4,500,000</u>	<u>15,465,971</u>
At December 31, 2022	<u>\$10,300,000</u>	<u>\$31,596,955</u>	<u>\$45,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 91,896,955</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary
Formosa Power (Ningbo) Co., Ltd.	"
Formosa Industries Corp., Vietnam	"
Formosa Biomedical Technology Corp. and its subsidiary	"
Formosa Idemitsu Petrochemical Corp.	"
Formosa INEOS Chemicals Corp.	"
Formosa Carpet Corp.	"
Chia-Nan Enterprise Corp.	"
Formosa Green Power Corp.	"
Formosa Taffeta Co., Ltd. and its subsidiary	"
Formosa Petrochemical Corp.	Associate
Formosa Heavy Industries Corp.	"
Formosa Plastics Transport Corp.	"
Formosa Synthetic Rubber (Hong Kong) Corp.	"
Mai-Liao Power Corp.	"
Formosa Group Corp. (Cayman)	"
Formosa Environmental Technology Co.	"
Hwa Ya Science Park Management Consulting Co, Ltd.	"
Formosa Plastics Construction Corp.	"
Formosa Fairway Corp.	"
Formosa Resources Corp.	"
Formosa Steel IB PTY LTD	"
Formosa Advanced Technologies Co., Ltd.	"
FG INC.	"
Guo Su Plastic Industry Co., Ltd.	"
Formosa Smart Energy Tech Corp.	"
Formosa AdvEnergy Technology Corp.	"
Formosa Lithium Iron Oxide Corp.	"
CH algae Co., Ltd.	"
InnoGT CO., LTD.	"
Formosa Plastics Corp.	Other related party
Nan Ya Plastics Corp.	"
Nan Ya Plastics (Hui Zhou) Corp.	"
Nan Ya Plastics (Ningbo) Corp.	"
Ming Chi University Of Technology	"
Chang Gung University	"
Yue Chi Development Corp	"
PFG Fiber Glass Corp.	"
Formosa Plastics Marine Corp.	"
Formosa Plastics Marine Co., Ltd.	"
Mai Liao Harbor Administration Corp.	"

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

(2) Significant related party transactions

A. Sales of goods:

	For the years ended December 31,	
	2023	2022
Sales of goods:		
— Subsidiaries		
Formosa Chemicals Industries		
(Ningbo) Co., Ltd.	\$ 29,446,724	\$ 33,296,983
Others	11,661,566	19,986,947
— Associates		
Formosa Petrochemical Corp.	32,129,651	36,723,899
Others	298	577
— Other related parties		
Nan Ya Plastics Corp.	24,008,251	29,403,614
Others	3,924,467	4,214,188
	<u>\$ 101,170,957</u>	<u>\$ 123,626,208</u>

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

B. Purchases of goods:

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
— Subsidiaries	\$ 4,364,961	\$ 5,100,419
— Associates		
Formosa Petrochemical Corp.	139,662,953	167,506,909
— Other related parties	9,343,403	15,095,059
	<u>\$ 153,371,317</u>	<u>\$ 187,702,387</u>

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

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Receivables from related parties:		
— Subsidiaries		
Formosa Chemicals Industries		
(Ningbo) Co., Ltd.	\$ 4,359,918	\$ 4,262,356
Others	1,246,512	1,540,380
— Associates		
Formosa Petrochemical Corp.	3,520,956	2,902,296
Others	22	36
— Other related parties		
Nan Ya Plastics Corp.	1,920,188	1,990,843
Others	314,094	344,076
	<u>\$ 11,361,690</u>	<u>\$ 11,039,987</u>

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

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Payables to related parties:		
— Subsidiaries	\$ 337,544	\$ 265,922
— Associates		
Formosa Petrochemical Corp.	8,629,971	11,811,508
— Other related parties	707,410	856,793
	<u>\$ 9,674,925</u>	<u>\$ 12,934,223</u>

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

E. Expansion and repair project

(a) Expansion and repair project:

	For the years ended December 31,	
	2023	2022
Expansion and repair works of factory sites:		
— Associates	\$ 808,658	\$ 125,295
— Other related parties	352,343	260,796
	<u>\$ 1,161,001</u>	<u>\$ 386,091</u>

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

	December 31, 2023	December 31, 2022
Payables to related parties:		
— Associates	\$ -	\$ 7,818
— Other related parties	31,612	8,477
	<u>\$ 31,612</u>	<u>\$ 16,295</u>

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

F. Financing

(a) Loans to related parties

	December 31, 2023	December 31, 2022
— Subsidiaries	\$ -	\$ 329,000
— Associates		
Formosa Steel IB Pty Ltd.	1,622,500	-
— Other related parties		
Formosa Plastics Marine Co., Ltd.	1,454,927	2,429,252
	<u>\$ 3,077,427</u>	<u>\$ 2,758,252</u>

(b) Interest income

	For the years ended December 31,	
	2023	2022
— Subsidiaries	\$ 123	\$ 599
— Associates		
Formosa Heavy Industries Corp.	7,847	8,141
Formosa Steel IB Pty Ltd.	5,849	-
— Other related parties		
Formosa Plastics Marine Co., Ltd.	26,155	32,201
	<u>\$ 39,974</u>	<u>\$ 40,941</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan was made; interest were collected at 1.86% ~ 1.99% and 0.98% ~ 1.79% per annum for the years ended December 31, 2023 and 2022, respectively.

G. Operating expenses

	For the years ended December 31,	
	2023	2022
Transportation charges		
— Other related parties		
Formosa Plastics Marine Corp.	\$ 1,441,063	\$ 976,919
Others	-	70,354
	<u>\$ 1,441,063</u>	<u>\$ 1,047,273</u>

H. Rental revenue

	For the years ended December 31,	
	2023	2022
— Subsidiaries		
Formosa INEOS Chemicals Corp.	\$ 15,841	\$ 15,903
Formosa Biomedical Technology Corp.	50,542	9,872
Others	3,336	3,197
	<u>69,719</u>	<u>28,972</u>
— Associates		
Formosa Petrochemical Corp.	17,946	21,215
Others	10,427	11,989
	<u>28,373</u>	<u>33,204</u>
— Other related parties		
Nan Ya Plastics Corp.	26,004	28,461
Formosa Plastics Building Parking Lot	13,736	15,116
Formosa Network Technology Corp.	15,400	15,400
Others	25,532	24,520
	<u>80,672</u>	<u>83,497</u>
	<u>\$ 178,764</u>	<u>\$ 145,673</u>

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

I. Property transactions:

(a) Purchase of property, plant and equipment

	For the years ended December 31,	
	2023	2022
Associates	<u>\$ 758,898</u>	<u>\$ 278,856</u>

(b) Acquisition of financial assets

					2023
	Items	Number of shares	Name of the securities		Additional amount
Formosa Smart Energy Tech Corp.	Investments accounted for using equity method	60,000,000	Shares of Formosa Smart Energy Tech Corp.	\$	600,000
Formosa Plastics Construction Corp.	Investments accounted for using equity method	50,000,000	Shares of Formosa Plastics Construction Corp.		500,000
Formosa Resources Corp.	Investments accounted for using equity method	79,860,000	Shares of Formosa Resources Corp.		
					799,625
					<u>\$ 1,899,625</u>
					2022
	Items	Number of shares	Name of the securities		Additional amount
Formosa Smart Energy Tech Corp.	Investments accounted for using equity method	80,000,000	Shares of Formosa Smart Energy Tech Corp.	\$	800,000
Guo Su Plastic Industry Co., Ltd.	Investments accounted for using equity method	1,800,000	Shares of Guo Su Plastic Industry Co., Ltd.		
					46,531
					<u>\$ 846,531</u>

J. Sales of materials:

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

		For the years ended December 31,	
		2023	2022
Sales of materials:			
— Subsidiaries		<u>\$ 579,854</u>	<u>\$ 578,093</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receivable from sales of materials:			
— Subsidiaries		<u>\$ 26,182</u>	<u>\$ 59,142</u>

K. Donation

	For the years ended December 31,	
	2023	2022
Other related parties	\$ -	\$ 4,853

L. Details of the Company providing endorsements / guarantees and issuing promissory note for related parties are provided in Notes 9(3) and (4).

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries	\$ 144,726	\$ 106,508
Post-employment benefits	1,520	1,644
Total	\$ 146,246	\$ 108,152

8. Pledged Assets

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

Pledged assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 5,737,666	\$ 5,737,666	Collaterals for bank loans

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

The details of commitments and contingencies as of December 31, 2023 were as follows:

- (1) Capital expenditures contracted for property, plant and equipment at the balance sheet date but not yet incurred amounted to \$5,516,796 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD 911 thousand, JPY 99,380 and EUR 93 thousand.
- (3) The endorsements and guarantees to others are as follows:

	December 31, 2023	December 31, 2022
Formosa Group Corp. (Cayman)	\$ 7,683,750	\$ 7,677,000

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

- A. The Company's indirect investees, Formosa Ha Tinh (Cayman) Limited Co. and Formosa Ha Tinh Steel Corporation, were provided with a bank loan facility of USD 4,848,500 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 Company'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 695,000 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,.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Board of Directors has resolved the appropriations of 2023 earnings on March 8, 2024. Details are provided in Note 6(15) F.

12. Others

(1) Capital management

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

During the years ended December 31, 2023 and 2022, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio at 21% and 20%, respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 1,641,598	\$ 1,562,719
Financial assets at fair value through other comprehensive income	117,883,609	111,033,179
Financial assets at amortised cost	<u>25,023,581</u>	<u>33,613,766</u>
	<u>\$ 144,548,788</u>	<u>\$ 146,209,664</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 107,827,071	\$ 113,018,243
Lease liabilities	15,334	23,979
	<u>\$ 107,842,405</u>	<u>\$ 113,042,222</u>

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

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2023				
	Foreign Currency			
	<u>Amount (In Thousands)</u>	<u>Exchange Rate</u>		<u>Book Value (NTD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 1,269,882	30.74	\$	39,036,173
JPY : NTD	22,569	0.22		4,965
EUR : NTD	692	33.98		23,514
<u>Non-monetary items</u>				
RMB : NTD	\$ 14,572,421	4.34	\$	63,244,307
USD : NTD	161,438	30.74		4,962,604
VND : NTD	4,086,460,000	0.0013		5,312,398
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 68,663	30.74	\$	2,110,701
JPY : NTD	25,997	0.22		5,719

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

- iv. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$160,436 and \$2,559,231, respectively.

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

For the year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	390,362	\$ -
JPY : NTD	1%		50	-
EUR : NTD	1%		235	-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$	-	\$ 632,443
USD : NTD	1%		-	49,626
VND : NTD	1%		-	53,124
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	21,107	\$ -
JPY : NTD	1%		57	-
For the year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	123,630	\$ -
JPY : NTD	1%		171	-
EUR : NTD	1%		45	-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$	-	\$ 666,314
USD : NTD	1%		-	51,647
VND : NTD	1%		-	64,952
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	9,761	\$ -
JPY : NTD	1%		55	-
EUR : NTD	1%		111	-

Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$13,133 and \$12,502, 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 \$1,178,836 and \$1,110,332, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in the NTD.
- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of instruments stated at fair value through other comprehensive income.

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

		Up to 30 days past due	31~60 days past due	61~90 days past due	Over 91 days past due
	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>
<u>At December 31, 2023</u>					
Expected loss rate	0.05%	0.03%	0.03%	-	51.19%
Total book value	\$ 18,488,985	\$ 152,049	\$ 104,332	\$ -	\$ 112,050
Loss allowance	\$ 9,396	\$ 48	\$ 36	\$ -	\$ 57,360
<u>At December 31, 2022</u>					
Expected loss rate	0.14%	0.10%	0.09%	-	100.00%
Total book value	\$ 17,441,532	\$ 350,363	\$ 18,656	\$ -	\$ 42,224
Loss allowance	\$ 24,563	\$ 347	\$ 18	\$ -	\$ 42,224

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

	<u>For the year ended December 31, 2023</u>		
	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Notes receivable</u>
At January 1	\$ 67,152	\$ -	\$ -
Reversal of impairment loss	(312)	-	-
At December 31	<u>\$ 66,840</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	December 31, 2023	December 31, 2022
Not past due	\$ 18,488,985	\$ 17,411,532
Up to 30 days	152,049	350,363
31 to 60 days	104,332	18,656
61 to 90 days	-	-
Over 91 days	112,050	42,224
	<u>\$ 18,857,416</u>	<u>\$ 17,822,775</u>

The above ageing analysis was based on past due date.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, loans to related parties, time deposits and cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 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	\$ 2,126	\$ 4,167	\$ 3,540	\$ 6,455
Bonds payable	3,800,000	10,950,000	21,350,000	4,550,000
Long-term borrowings	1,500,000	11,000,000	-	-

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	\$ 6,038	\$ 5,060	\$ 6,245	\$ 7,916
Bonds payable	4,850,000	3,800,000	27,650,000	9,200,000
Long-term borrowings	2,000,000	2,500,000	-	-

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

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

(3) Fair value estimation

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

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

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

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

- B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values. The carrying amounts of long-term borrowings (including current portion) and lease

liabilities are reasonable basis for fair value estimate given that their interest rates are approximate to market rates.

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

<u>December 31, 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	\$ -	\$ 1,641,598	\$ -	\$ 1,641,598
Financial assets at fair value through other				
Equity securities	92,478,330	2,161,222	23,244,057	117,883,609
	<u>\$ 92,478,330</u>	<u>\$ 3,802,820</u>	<u>\$ 23,244,057</u>	<u>\$ 119,525,207</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				
Fund	\$ -	\$ 1,562,719	\$ -	\$ 1,562,719
Financial assets at fair value through other				
Equity securities	89,086,166	2,118,596	19,828,417	111,033,179
	<u>\$ 89,086,166</u>	<u>\$ 3,681,315</u>	<u>\$ 19,828,417</u>	<u>\$ 112,595,898</u>

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

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

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants, the inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment or valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Company takes into account adjustments for credit risks of the counterparty and the Company's credit quality.
- E. For the years ended December 31, 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 years ended December 31, 2023 and 2022:

	<u>For the year ended December 31, 2023</u>	
	<u>Non-derivative equity instrument</u>	
At January 1	\$	19,828,417
Gain or loss recognised in other comprehensive income Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		3,422,488
Proceeds from capital reduction	(	6,848)
At December 31	<u>\$</u>	<u>23,244,057</u>

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

G. For the years ended December 31, 2023 and 2022, there was no transfer from Level 3.

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

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

	<u>December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:				
Unlisted shares	\$ 14,717,827	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability, control premium	The higher the multiple, the higher the fair value
	1,338,551	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
	7,187,679	Net asset value	Not applicable	Not applicable

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

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

		December 31, 2023		
		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability, control premium	±1%	\$ 147,178	\$ 147,178
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	±1%	\$ 13,386	\$ 13,386
		December 31, 2022		
		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability, control premium	±1%	\$ 117,029	\$ 117,029
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	±1%	\$ 17,126	\$ 17,126

13. Supplementary Disclosures

(4) Significant transactions information

In accordance with Rules Governing the Preparation of Financial Statements by Securities Issuers, significant transactions for the year ended December 31, 2023 are stated as follows.

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

(5) Information on investees

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

(6) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(7) Major shareholders information

Major shareholders information: Please refer to table 11.

14. Segment Information

None.

Formosa Chemicals and Fibre Corporation
Loans to others
For the year ended December 31, 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 year ended December 31, 2023 (Note 3)	Balance at December 31, 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	\$ -	-	\$ -	\$ 84,814,631	\$ 169,629,263	-
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	-	-	-	84,814,631	169,629,263	-
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	-	-	-	67,851,705	135,703,410	-
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	-	-	-	67,851,705	135,703,410	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	4,678,470	1,874,927	1,454,927	1.87~1.99	2	1	Additional operating capital	-	-	-	67,851,705	135,703,410	-
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.87~1.99	2	1	Additional operating capital	-	-	-	67,851,705	135,703,410	-
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	-	-	-	67,851,705	135,703,410	-
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	-	-	-	84,814,631	169,629,263	-
0	The Company	Formosa Steel IB PTY LTD.	Other receivables-related parties	Yes	1,700,000	1,622,500	1,622,500	1.99	2	1	Additional operating capital	-	-	-	67,851,705	135,703,410	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	1,084,850	-	-	2.76~2.92	1	2	Additional operating capital	-	-	-	8,101,750	16,203,501	-

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 3)	Balance at December 31, 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			
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$ 2,169,700	\$ 2,169,700	\$ 2,169,700	2.76	1	2	Additional operating capital	\$ -	-	\$ -	\$ 8,101,750	\$ 16,203,501	-

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

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

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

Note 3 : Maximum outstanding balance of loans to others during the year period ended December 31, 2023

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.

Table 2

Formosa Chemicals and Fibre Corporation
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Formosa Group (Cayman) Limited	6	\$ 220,518,042	\$ 7,683,750	\$ 7,683,750	\$ 7,683,750	\$ -	2.26	\$ 441,036,083	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhongshan) Co., Ltd.	2	35,328,782	1,070,025	1,013,265	-	-	1.86	70,657,564	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	35,328,782	1,615,440	1,320,315	99,540	-	2.43	70,657,564	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	2	35,328,782	1,783,375	1,688,775	97,237	-	3.11	70,657,564	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	35,328,782	4,296,313	4,068,413	1,957,634	-	7.49	70,657,564	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
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 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 December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Mega Private US Dollar Money Market Funds	-	Financial assets at fair value through profit or loss -	4,554,251	\$ 1,641,598	-	\$ 1,641,598	-
The Company	Stocks_Formosa Plastics Corp.	Other related parties	current Financial assets at fair value through other comprehensive income - current	486,978,694	38,568,713	7.65	38,568,713	-
The Company	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	413,327,750	27,486,295	5.21	27,486,295	-
The Company	Stocks_Nan Ya Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	334,815,409	26,115,602	10.81	26,115,602	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	14,723,422	307,720	3.09	307,720	-
The Company	Stocks_Asia Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	63,621,500	2,161,222	14.97	2,161,222	-
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	1,146,924	17.98	1,146,924	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	Other related parties	Financial assets at fair value through other comprehensive income - non-current	8,999	4,412,072	2.92	4,412,072	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets at fair value through other comprehensive income - non-current	23,164,820	3,108,951	2.00	3,108,951	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,070,151	28,637	0.79	28,637	-
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	90,438	1.41	90,438	-
The Company	Stocks_Formosa Plastics Maritime Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	355,880	191,627	18.22	191,627	-
The Company	Stocks_Formosa Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	20,471,042	257,919	18.00	257,919	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	2,925,000	\$ 265,385	12.50	\$ 265,385	-
The Company	Stocks_Formosa Plastics Marine Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	11,656,800	501,825	15.00	501,825	-
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	6,307,880	19.00	6,307,880	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets at fair value through other comprehensive income - non-current	3,750,000	31,275	3.91	31,275	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,390,250	11,039	1.97	11,039	-
The Company	Stocks_Formosa Ha Tinh(Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	621,178,219	6,873,089	11.43	6,873,089	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Financial assets at fair value through other comprehensive income - current	865,373	18,086	0.18	18,086	-
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	9,092	0.56	9,092	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,008,000	917	4.24	917	-
Formosa Biomedical Technology Corp.	Stocks_Apexcella Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,600,000	37,926	6.62	37,296	-
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	4,996	0.46	4,996	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma (Cayman), Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,559,814	-	12.36	-	-
Formosa Biomedical Technology Corp.	Stocks_UBI Pharma Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,418,109	117,925	2.95	117,925	-
Formosa Biomedical Technology Corp.	Stock_Maxigen Biotech Inc.	-	Financial assets at fair value through other comprehensive income - non-current	8,702,040	336,943	9.78	336,943	-
Formosa Biomedical Technology Corp.	Stock_Formosa Smart Energy Tech Corp.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	35,000,000	347,200	5.00	347,200	-
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	758,167	0.21	758,167	3

Table 3, Page 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	50	-	50	-
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Other related parties	Financial assets at fair value through other comprehensive income - current	482,194	32,066	0.01	32,066	-
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	322,900	2.35	322,900	-
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	601,459	0.25	601,459	-
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	29,477,093	3.83	29,477,093	-
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - non-current	234,166	9,146	0.54	9,146	-
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	40,579	10.00	40,579	-
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets at fair value through other comprehensive income - non-current	948,409	28,984	1.20	28,984	-
Formosa Taffeta Co., Ltd.	FG INC	Other related parties	Financial assets at fair value through other comprehensive income - non-current	600	264,331	3.00	264,331	-
Formosa Taffeta Co., Ltd.	NKFG Co	Other related parties	Financial assets at fair value through other comprehensive income - non-current	1,838,426	18,384	1.16	18,384	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income - non-current	209,010,676	2,310,362	3.85	2,310,362	-
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	2,193,228	55,269	0.13	55,269	-

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

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

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

Formosa Chemicals and Fibre Corporation

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

For the year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 4

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)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Formosa Smart Energy Tech Corp.	Investments measured by equity method	Formosa Smart Energy Tech Corp.	Associates	80,000,000	\$ 800,799	60,000,000	\$ 600,000	-	\$ -	\$ -	\$ -	140,000,000	\$ 1,384,277
The Company	Formosa Resources Corp.	Investments measured by equity method	Formosa Resources Corp.	Associates	830,047,125	7,703,818	79,860,000	799,625	-	-	-	-	909,907,125	7,714,129
The Company	Formosa Plastics Construction Corp.	Investments measured by equity method	Formosa Plastics Construction Corp.	Associates	60,000,000	565,507	50,000,000	500,000	-	-	-	-	110,000,000	1,051,551
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
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)
			Purchases (sales)	Amount			Unit price	Credit term	Balance			
The Company	Formosa Plastics Corp.	Other related parties	Sales	(\$ 2,658,645) (	1)	30 days	\$ -	-	\$ 129,235		1	-
The Company	Nan Ya Plastics Corp.	Other related parties	Sales	(24,008,251) (	11)	30 days	-	-	1,920,188		1	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	(857,753)	-	60 days	-	-	Notes receivable 122,578		45	-
The Company	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	(275,504)	-	60 days	-	-	Accounts receivable 234,985		1	-
The Company	Formosa Petrochemical Corp.	Associates	Sales	(32,129,651) (	15)	30 days	-	-	41,833		-	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd	Subsidiary	Sales	(29,446,724) (	14)	90 days	-	-	3,520,956		19	-
The Company	Formosa Chemicals Industries Co.,Ltd	Subsidiary	Sales	(967,643)	-	30 days	-	-	4,359,918		24	-
The Company	PFG Fiber Glass Corp.	Other related parties	Sales	(352,151)	-	30 days	-	-	188,301		1	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(9,419,213) (	4)	30 days	-	-	24,489		-	-
The Company	Formosa Plastics Corp., U.S.A.	Other related parties	Sales	(729,957)	-	30 days	-	-	629,439		3	-
The Company	Formosa Plastics Corp.	Other related parties	Purchases	3,959,026	2	30 days	-	-	109,832		1	-
The Company	Formosa Plastics Corp.	Other related parties	Purchases	3,959,026	2	30 days	-	-	(286,587) (		2)	-
The Company	Nan Ya Plastics Corp.	Other related parties	Purchases	5,384,377	3	30 days	-	-	(420,823) (		3)	-
The Company	Formosa Petrochemical Corp.	Associates	Purchases	139,662,953	75	30 days	-	-	(8,629,971) (		61)	-
Formosa Biomedical Technology Corp.	Nan Ya Technology Corp.	Other related parties	Sales	(144,765) (	5)	30 days	-	-	1,072		-	-

			Transaction		Differences in transaction terms compared to third party transactions		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 Waters Technology Co., Ltd.	Formosa Petrochemical Corp.	Associates	Sales	(\$ 130,711)	39	30 days	\$ -	-	\$ 1,809	20	-	
Formosa INEOS Chemicals Corp.	The Company	Parent company	Sales	(773,903)	(17)	30 days	-	-	63,895	6	-	
Formosa INEOS Chemicals Corp.	INEOS ACETYLS (MALAYSIA) SDN BHD	Associates	Sales	(1,565,736)	(34)	90 days after shipped	-	-	766,118	72	-	
Formosa INEOS Chemicals Corp.	Formosa Plastics Corp.	Other related parties	Sales	(144,267)	(3)	15 days	-	-	12,406	1	-	
Formosa INEOS Chemicals Corp.	Nan Ya Plastics Corp.	Other related parties	Sales	(139,128)	(3)	30 days	-	-	22,199	2	-	
Formosa INEOS Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Sales	(469,579)	(10)	30 days	-	-	59,852	6	-	
Formosa INEOS Chemicals Corp.	Formosa Petrochemical Corp.	Associates	Purchases	2,059,059	66	45 days	-	-	(221,456)	(85)	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates	Sales	(4,614,719)	(57)	30 days	-	-	428,202	54	-	
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties	Sales	(2,680,754)	(33)	30 days	-	-	252,206	32	-	
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(659,180)	(8)	30 days	-	-	89,362	11	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	The Company	Parent company	Sales	(808,503)	(1)	30 days	-	-	-	-	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties	Sales	(7,131,058)	(7)	90 days	-	-	910,660	10	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	1,420,194	1	90 days	-	-	(318,384)	(4)	-	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Associates	Purchases	964,540	1	90 days	-	-	(28,455)	-	-	

							Differences in transaction terms compared to third party transactions					
Transaction									Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
Formosa Industries Corp.	The Company	Parent company	Sales	(\$ 952,950)	(6)	60 days	\$ -	-	\$ 162,036	14	-	
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Co., Ltd.	Associates	Sales	(434,819)	(3)	60 days	-	-	69,317	6	-	
Formosa Industries Corp.	Formosa Plastics Corp.	Other related parties	Purchases	220,050	2	30 days	-	-	(28,625)	(2)	-	
Formosa Industries Corp.	Nan Ya Plastics Corp.	Other related parties	Purchases	616,586	4	30 days	-	-	(119,677)	(9)	-	
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(1,759,317)	(18)	30 days	-	-	110,467	18	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Japan Co., Ltd.	Associates	Sales	(319,207)	(3)	30 days after closing date	-	-	22,873	4	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associates	Sales	(1,176,899)	(12)	30 days after closing date	-	-	129,383	22	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Associates	Sales	(766,916)	(8)	30 days after closing date	-	-	28,582	5	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Associates	Sales	(595,891)	(6)	30 days after closing date	-	-	73,310	12	-	
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (U.S.A) Co., Ltd.	Associates	Sales	(236,820)	(2)	30 days after closing date	-	-	32,019	5	-	
Formosa Idemitsu Petrochemical Corp.	Formosa Chemicals Industries (Ningbo) Co., Ltd	Associates	Sales	(230,827)	(2)	90 days	-	-	-	-	-	
Formosa Taffeta Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Associates	Sales	(118,339)	(1)	Pay by mail transfer 60 days after delivery	-	-	17,199	1	-	

Table 5, Page 3

							Differences in transaction terms compared to third party transactions					
			Transaction						Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	Other related parties	Sales	(\$ 236,157) (	1)	Pay 120 days after delivery	\$ -	-	\$ 67,839	5	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Corp.	Subsidiary	Sales	(196,657) (	1)	60 days after monthly billings	-	-	27,131	2	-	
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Other related parties	Purchases	9,875,208	56	Pay every 15 days by mail transfer	-	- (	434,086)	54	-	
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Other related parties	Purchases	478,134	3	Pay by mail transfer on the 15th of the following month	-	- (	37,275) (	5)	-	
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Other related parties	Purchases	179,834	1	Pay by mail transfer on the 15th of the following month	-	- (	8,332) (	1)	-	
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Associates	Sales	(112,485) (	8)	60 days after monthly billings	-	-	27,257	22	-	
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp.	Associates	Purchases	108,724	9	60 days after monthly billings	-	- (	9,707) (	9)	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh (Vietnam) Co., Ltd.	Other related parties	Sales	(138,335) (	5)	60 days after monthly billings	-	-	34,555	7	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(143,159) (	5)	60 days after monthly billings	-	-	15,302	3	-	
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp.	Associates	Purchases	459,934	27	60 days after monthly billings	-	- (	61,853) (	35)	-	

Table 5, Page 4

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			
Transaction												
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases	Percentage of total purchases			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 1)	
			(sales)	Amount	(sales)	Credit term						
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Associates	Sales	(\$ 179,060)	(6)	60 days after monthly billings	\$ -	-	\$ 12,897	3	-	

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

Formosa Chemicals and Fibre Corporation
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			(Note 1)			Amount	Action taken		
The Company	Formosa Plastics Corp.	Other related parties	\$	129,235	15.26	\$ -	-	\$ 129,235	\$ -
The Company	Nan Ya Plastics Corp.	Other related parties		1,920,188	12.28	-	-	1,920,188	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable	122,578	2.04	-	-	122,578	-
			Accounts receivable	234,985		-	-	81,373	-
The Company	Formosa Petrochemical Corp.	Associates		3,520,956	10.00	-	-	3,506,712	-
The Company	Formosa Industries Corp.	Subsidiary	Accounts receivable	188,301	4.72	-	-	27,516	-
			Other receivables	140,714		-	-	-	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Subsidiary		4,359,918	6.83	-	-	2,913,877	-
The Company	Formosa Plastic Corp. U.S.A.	Other related parties		109,832	8.62	-	-	88,061	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Accounts receivable	629,439	13.93	-	-	629,439	-
			Other receivables	151,334		-	-	-	-
Formosa INEOS Chemicals Corp.	INEOS ACETYLS (MALAYSIA) SDN BHD	Associates		766,118	2.60	-	-	168,175	-
Formosa Idemitsu Petrochemical Corp.	The company	Parent company		110,467	20.31	-	-	110,467	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Taiwan Corp.	Associates		129,383	11.07	-	-	129,383	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Associates		428,202	10.16	-	-	342,358	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	Other related parties		252,206	10.74	-	-	131,801	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	Other related parties		910,660	10.25	-	-	910,660	-
Formosa Industries Corp.	The company	Associates		162,036	6.47	-	-	119,803	-

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

Formosa Chemicals and Fibre Corporation
Significant inter-company transactions during the reporting period
For the year ended December 31, 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	(\$ 29,446,724)	In regular terms	(14)
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	(9,419,213)	In regular terms	(4)

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Formosa Chemicals and Fibre Corporation
Information on investees (Excluding those in Mainland China)
For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 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	\$ 19,896,366	\$ 444,554	\$ 161,876	-	
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	661,334,402	32.91	6,775,494 (	1,846,402) (	607,643)	-	
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,697,951	33.33	5,572 (	41,380) (	13,792)	-	
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	299,272	299,272	6,566,384	33.33	1,278,023	88,989	29,660	-	
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	81,037,549	21,888,842	5,242,984	-	
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	764,201,100	24.94	13,803,883	12,446,276	3,104,101	-	
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	34,012,602	34,012,602	56,000	100.00	61,816,990 (	2,121,575) (	2,121,575)	-	
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	4,299	388	128	-	
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	370,561	370,561	21,163,000	51.00	330,975	3,053	1,557	-	
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	1,148,552	6,701	1,548	-	
The Company	Formosa Industries Corp.	Vietnam	Textile, polyester staple fibre, cotton, and electricity generation	8,435,801	8,435,801	-	42.50	5,312,398 (	2,566,019) (	1,090,558)	-	
The Company	Formosa INEOS Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	1,201,500	1,201,500	120,150,000	50.00	2,135,486	28,637	21,807	-	

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023		Investment income (loss) recognised by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value					
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	\$ 417,145	\$ 417,145	41,714,475	24.34	\$ 234,986	\$ 12,839	\$ 3,125	-		
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	2,770,766	238,285	211,103	-		
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	22,037,185	100.00	180,484	(2,232)	(2,232)	-		
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	55,584	(32,219)	(15,787)	-		
The Company	Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	Hong Kong	Investments	4,214,914	4,214,914	138,333,334	33.34	1,656,499	(492,589)	(164,229)	-		
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	7,714,129	(3,064,624)	(767,181)	-		
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	12,500	25.00	835,318	274,623	68,656	-		
The Company	Formosa Plastics Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	1,100,000	600,000	110,000,000	33.33	1,051,551	(23,157)	(7,768)	-		
The Company	FG INC.	United States	Investments	3,413,031	3,413,031	6,000	30.00	3,306,098	(33,835)	(10,530)	-		
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	1,384,277	(67,630)	(16,522)	-		
The Company	Formosa Green Power Corp.	Taiwan	Renewable-energy-based electricity retailing corporation	5,000	5,000	500,000	100.00	4,878	(33)	(33)	-		

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023		Investment income (loss) recognised by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value					
				\$	\$			\$	(\$		(\$		
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	\$ 29,959,815	\$ 29,959,815	-	100.00	\$ 46,418,680	(\$ 3,333,995)		(\$ 3,333,995)		-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	467,400	30.00	93,958	(2,879)	(863)			-
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	476,196	476,196	27,336,218	71.00	652,377	147,306		104,582		-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	15,036	6,815		6,815		-
Formosa Biomedical Technology Corp.	Formosa Waters Technology Co., Ltd.	Taiwan	1.Industrial Catalyst Manufacturing 2.Wholesale of Other Chemical Products	7,650	7,650	765,001	57.00	32,484	27,708		15,794		-
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	57.45	7,260	(8,085)	(4,645)			-
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	752,001	(8,592)	(4,383)			-
Formosa Biomedical Technology Corp.	Formosa Eco Life Technology Co., Ltd	Taiwan	Sales of cleaning supplies	12,926	12,926	1,292,597	70.00	10,126	(3,691)	(2,676)			-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value				
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	-	-	\$ -	(\$ 169,381)	(\$ 48,926)	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	2,758,947	2,758,947	-	100.00	3,506,150	161,901	161,901	-	
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	4,983,531	530,215	162,670	-	
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	186,420	8,658	5,369	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Vietnam	Production, processing, further processing various yarn and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	2,318,906	46,382	46,382	-	
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	1,412,835	734,189	129,188	-	

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023		Investment income (loss) recognised by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value					
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	\$ 1,338,654	(\$ 2,566,019)		(\$ 256,602)		-
Formosa Taffeta Co., Ltd.	Schoeller Textil AG	Switzerland	Textile R&D, production and sales	1,285,507	1,285,507	21,874	50.00	1,033,980	(364,496)		(182,248)		-
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	176,689		100,619		15,312	-
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	2,673,298	(166,985)		(166,985)		-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	17,051		530,215		563	-
Formosa Development Co., Ltd.	Public More Internation Co., Ltd.	Taiwan	Employment service, manpower allocation and agency service	5,000	5,000	-	100.00	16,615		6,129		6,129	-
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	1,728		734,189		97	-

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

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

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 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 year ended December 31, 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 year ended December 31, 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
Information on investments in Mainland China
For the year ended December 31, 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 year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	\$ 4,834,511	1	\$ 4,051,414	\$ -	\$ -	\$ 4,051,414	\$ 1,212,420	100.00	\$ 1,212,420	\$ 15,463,911	\$ 1,596,328	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	35,575,404	1	29,959,815	-	-	29,959,815	(3,333,995)	100.00	(3,333,995)	46,418,680	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	(492,589)	33.34	(164,229)	1,656,499	-	-
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	1	29,610	-	-	29,610	6,815	100.00	6,815	15,036	-	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	2	1,402,085	-	-	1,402,085	135,070	100.00	135,070	2,283,279	43,914	3

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to				Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023						
					Remitted to Mainland China	Remitted back 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	\$ 25,632	100.00	\$ 25,632	\$ 1,087,466	\$ -	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. It’s paid-in capital is RMB\$13,592,920.

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

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2023 and December 31, 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 December 31, 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.

Company name	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 38,174,279	\$ 43,755,268

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

Formosa Chemicals and Fibre Corporation

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 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 December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others	
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 9,942	0.05	\$ -	-	\$ 45	0.05	\$ 1,013,265	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-	
Formosa Taffeta (Changshu) Co., Ltd.	7,733	0.04	-	-	1,233	-	1,688,775	For short-term loans from financial institutions	-	-	-	-	-	

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

FORMOSA CHEMICALS & FIBRE CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

Statement 1 (Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Cash on hand		\$ 69
Revolving funds		110
Cash in banks	Checking deposits and demand deposits	850,645
	Foreign currency demand deposits:	
	USD, exchange rate: \$30.74	982,125
	EUR, exchange rate: \$33.98	9,993
	JPY, exchange rate: \$0.22	4,902
	RMB, exchange rate: \$4.34	195
Total		<u>\$ 1,848,039</u>

FORMOSA CHEMICALS & FIBRE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 2

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Ending Balance			Fair Value Amount	Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Percentage of Ownership	Amount		
Current items:											
Formosa Plastics Corp.	486,978,694	\$ 9,155,094	-	\$ -	-	\$ -	486,978,694	7.65%	\$ 9,155,094	\$ 38,568,713	None
Nan Ya Plastics Corp.	413,327,750	4,231,685	-	-	-	-	413,327,750	5.21%	4,231,685	27,486,295	"
Nan Ya Technology Corp.	334,815,409	10,461,715	-	-	-	-	334,815,409	10.81%	10,461,715	26,115,602	"
Formosan Union Chemical Corp.	14,723,422	16,160	-	-	-	-	14,723,422	3.09%	16,160	307,720	"
Asia Pacific Investment Corp.	63,621,500	725,839	-	-	-	-	63,621,500	14.97%	725,839	2,161,222	"
Subtotal		24,590,493		-		-			24,590,493	\$ 94,639,552	"
Adjustments for change in value of financial assets		66,614,269		3,434,790		-			70,049,059		
Total		\$ 91,204,762		\$ 3,434,790		\$ -			\$ 94,639,552		
Non-current items:											
Mai-Liao Harbor Administration Corp.	39,562,740	\$ 539,260	-	\$ -	-	\$ -	39,562,740	17.98%	\$ 539,260	\$ 1,146,924	None
Formosa Plastic Corp. U.S.A.	8,999	818,316	-	-	-	-	8,999	2.92%	818,316	4,412,072	"
Taiwan Stock Exchange Corporation.	20,499,841	1,800	2,664,979	-	-	-	23,164,820	2.00%	1,800	3,108,951	"
Taiwan Aerospace Corp.	1,070,151	10,702	-	-	-	-	1,070,151	0.79%	10,702	28,637	"
Yi-Jih Development Corp.	63,174	690	-	-	-	-	63,174	1.51%	690	16,996	"
Chinese Television System Corp.	2,376,202	38,419	-	-	-	-	2,376,202	1.41%	38,419	90,438	"
Formosa Plastics Maritime Corp.	355,880	1,750	-	-	-	-	355,880	18.22%	1,750	191,627	"
Formosa Development Corp.	19,769,234	90,010	701,808	-	-	-	20,471,042	18.00%	90,010	257,919	"
Formosa Network Technology Corp.	2,925,000	13,331	-	-	-	-	2,925,000	12.50%	13,331	265,385	"
Formosa Plastics Marine Corp.	2,428,500	15,000	9,228,300	-	-	-	11,656,800	15.00%	15,000	501,825	"

FORMOSA CHEMICALS & FIBRE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 2

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Ending Balance			Fair Value Amount	Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Percentage of Ownership	Amount		
Formosa Ocean Group Marine Investment Corp.	2,622	\$ 856,948	-	\$ -	-	\$ -	2,622	19.00%	\$ 856,948	\$ 6,307,880	None
Guangyuan Investment Corp.	3,750,000	37,500	-	-	-	-	3,750,000	3.91%	37,500	31,275	"
Mega Growth Venture Capital Co., Ltd.	2,075,000	20,750	-	-	(684,750)	(6,848)	1,390,250	1.97%	13,902	11,039	"
Formosa Ha Tinh (Cayman) Limited	621,178,219	17,739,777	-	-	-	-	621,178,219	11.43%	17,739,777	6,873,089	"
Subtotal		20,184,253		-		(6,848)			20,177,405	<u>\$ 23,244,057</u>	
Adjustments for change in value of financial assets		(355,836)		3,422,488		-			3,066,652		
Total		<u>\$ 19,828,417</u>		<u>\$ 3,422,488</u>		<u>(\$ 6,848)</u>			<u>\$ 23,244,057</u>		

FORMOSA CHEMICALS & FIBRE CORPORATION

NOTES RECEIVABLE

DECEMBER 31, 2023

Statement 3

(Expressed in thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
General customers			
Entire Technology Co., Ltd.	Payments to suppliers	\$ 75,858	
CHENG FONG PLASTICS CO., LTD.	Payments to suppliers	24,370	
Jvan An International Co., Ltd.	Payments to suppliers	15,755	
TAIWAN CHUNG SHIN, CO., LTD.	Payments to suppliers	13,910	
			Balance of each client has not exceeded 5% of total account balance
Others	Payments to suppliers	20,119	
Subtotal		150,012	
Less: Loss allowance		-	
Total		<u>\$ 150,012</u>	
Related party			
Formosa Taffeta Co., Ltd.	Payments to suppliers	\$ 122,578	
Less: Loss allowance		-	
Total		<u>\$ 122,578</u>	

Aforementioned notes receivable were all generated from operating activities.

FORMOSA CHEMICALS & FIBRE CORPORATION

ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

Statement 4

(Expressed in thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
General customers			
TRICON ENERGY, LTD.	Payments to suppliers	\$ 622,799	
XIN LONG GUANG PLASTICS CO., LTD.	Payments to suppliers	402,893	
TAITA CHEMICAL COMPANY, LIMITED	Payments to suppliers	434,365	
			Balance of each client has not exceeded 5% of total account balance
Others	Payments to suppliers	6,508,456	
Subtotal		7,345,714	
Less: Loss allowance		(66,840)	
Total		<u>\$ 7,278,874</u>	
Related parties			
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Payments to suppliers	\$ 4,359,918	
Formosa Petrochemical Corp.	Payments to suppliers	3,520,956	
Nan Ya Plastics Corp.	Payments to suppliers	1,920,188	
			Balance of each client has not exceeded 5% of total account balance
Others	Payments to suppliers	1,438,050	
Subtotal		11,239,112	
Less: Loss allowance		-	
Total		<u>\$ 11,239,112</u>	

Aforementioned accounts receivable were all generated from operating activities.

FORMOSA CHEMICALS & FIBRE CORPORATION

INVENTORIES

DECEMBER 31, 2023

Statement 5

(Expressed in thousands of New Taiwan Dollars)

Items	Amount		Basis of market price
	Cost	Market price	
Raw materials	\$ 7,549,112	\$ 7,503,642	Net realisable value
Supplies	3,573,669	3,959,236	Net realisable value
Work in progress	2,642,197	2,559,871	Net realisable value
Finished goods	6,646,875	6,537,242	Net realisable value
Other inventories	5,466	5,466	Net realisable value
Subtotal	20,417,319	<u>\$ 20,565,457</u>	
Allowance for valuation loss	(881,660)		
Total	<u>\$ 19,535,659</u>		

FORMOSA CHEMICALS & FIBRE CORPORATION
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 6

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Investment profit (loss) accounted for using equity method	Others (Note 1)	Ending Balance			Market Value or Net Assets Value	Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount			No. of shares	Percentage of Ownership	Amount		
Formosa Taffeta Co., Ltd.	630,022,431	\$ 20,429,118	-	\$ -	-	(\$ 945,034)	\$ 161,876	\$ 250,406	630,022,431	37.40	\$ 19,896,366	\$ 20,236,013	None
Formosa Heavy Industries Corp.	661,334,402	7,262,143	-	-	-	-	(607,643)	120,994	661,334,402	32.91	6,775,494	6,859,226	"
Formosa Fairway Corporation	4,697,951	23,479	-	-	-	-	(13,792)	(4,115)	4,697,951	33.33	5,572	5,572	"
Formosa Plastics Transport Corp.	6,566,384	1,251,101	-	-	-	-	29,660	(2,738)	6,566,384	33.33	1,278,023	1,278,023	"
Formosa Petrochemical Corp.	2,300,799,801	75,322,255	-	-	-	(2,530,880)	5,242,984	3,003,190	2,300,799,801	24.15	81,037,549	81,224,730	"
Mai-Liao Power Corp.	764,201,100	9,767,776	-	-	-	-	3,104,101	932,006	764,201,100	24.94	13,803,883	13,803,883	"
FCFC Investment Corp. (Cayman)	56,000	66,631,431	-	-	-	(1,596,328)	(2,121,575)	(1,096,538)	56,000	100.00	61,816,990	61,882,591	"
Hwa Ya Science Park Management Consulting Co., Ltd.	33,000	4,140	-	-	-	-	128	31	33,000	33.00	4,299	4,299	"
Chia-Nan Enterprise Corporation	21,163,000	352,189	-	-	-	(22,771)	1,557	-	21,163,000	51.00	330,975	330,974	"
Formosa Idemitsu Petrochemical Corp.	60,000,000	1,147,046	-	-	-	-	1,548	(42)	60,000,000	50.00	1,148,552	1,150,218	"
Formosa Industries Corp., Vietnam	-	6,495,225	-	-	-	-	(1,090,558)	(92,269)	-	42.50	5,312,398	5,306,207	"
Formosa INEOS Chemicals Corp.	120,150,000	2,645,680	-	-	-	(531,983)	21,807	(18)	120,150,000	50.00	2,135,486	2,135,766	"
Formosa Environmental Technology Co.	41,714,475	231,886	-	-	-	-	3,125	(25)	41,714,475	24.34	234,986	234,986	"
Formosa Biomedical Technology Corp.	147,556,136	2,903,755	-	-	-	(265,601)	211,103	(78,491)	147,556,136	88.59	2,770,766	2,773,657	"
Formosa FCFC Carpet Corp.	22,037,185	180,575	-	-	-	-	(2,232)	2,141	22,037,185	100.00	180,484	183,201	"
Guo Su Plastic Industry Co., Ltd	3,675,000	71,371	-	-	-	-	(15,787)	-	3,675,000	49.00	55,584	10,142	"
Formosa Synthetic Rubber (Hong Kong) Co., Ltd.	138,333,334	1,851,242	-	-	-	-	(164,229)	(30,514)	138,333,334	33.34	1,656,499	1,656,500	"
Formosa Resources Corporation	830,047,125	7,703,818	79,860,000	799,625	-	-	(767,181)	(22,133)	909,907,125	25.00	7,714,129	7,714,129	"

FORMOSA CHEMICALS & FIBRE CORPORATION
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 6

(Expressed in thousands of New Taiwan Dollars)

Investee	Beginning Balance		Addition		Decrease		Investment profit (loss) accounted for using equity method	Others (Note 1)	Ending Balance				Collateral or endorsement provided
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount			No. of shares	Percentage of Ownership	Amount	Market Value or Net Assets Value	
Formosa Group Corp. (Cayman)	12,500	\$ 766,965	-	\$ -	-	\$ -	\$ 68,656	(\$ 302)	12,500	25.00	\$ 835,319	\$ 851,920	None
Formosa Plastics Construction Corp.	60,000,000	565,507	50,000,000	500,000	-	-	(7,768)	(6,188)	110,000,000	33.33	1,051,551	1,051,542	"
FG INC.	6,000	3,313,454	-	-	-	-	(10,530)	3,174	6,000	30.00	3,306,098	3,433,068	"
Formosa Smart Energy Tech Corp	80,000,000	800,799	60,000,000	600,000	-	-	(16,522)	-	140,000,000	20.00	1,384,277	1,694,342	"
Formosa Green Power Corp.	500,000	4,911	-	-	-	-	(33)	-	500,000	100.00	4,878	4,878	"
		<u>\$ 209,725,866</u>		<u>\$ 1,899,625</u>		<u>(\$ 5,892,597)</u>	<u>\$ 4,028,695</u>	<u>\$ 2,978,569</u>			<u>\$ 212,740,158</u>	<u>\$ 212,126,647</u>	

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

FORMOSA CHEMICALS & FIBRE CORPORATION
STATEMENT OF CHANGES IN COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 7

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Addition	Decrease	Reclassification	Ending Balance	Note
Cost						
Land	\$ 9,520,205	\$ -	(\$ 2,976)	\$ 99,893	\$ 9,617,122	Please refer to Note 8
Buildings and structures	20,729,024	-	(247,698)	866,312	21,347,638	
Machinery and equipment	191,639,240	161,329	(6,492,351)	7,017,406	192,325,624	
Transportation equipment	473,717	3,035	(4,580)	-	472,172	
Other equipment	4,244,237	41,152	(74,406)	121,436	4,332,419	
Construction in progress and equipment under acceptance	9,911,909	9,321,418	-	(8,168,651)	11,064,676	
	<u>236,518,332</u>	<u>9,526,934</u>	<u>(6,822,011)</u>	<u>(63,604)</u>	<u>239,159,651</u>	
Accumulated depreciation						
Buildings and structures	(15,632,296)	(609,239)	228,603	(1,440)	(16,014,372)	
Machinery and equipment	(156,967,448)	(4,732,669)	6,363,603	-	(155,336,514)	
Transportation equipment	(376,124)	(23,576)	4,580	-	(395,120)	
Other equipment	(3,404,750)	(215,708)	74,395	(1,754)	(3,547,817)	
	<u>(176,380,618)</u>	<u>(5,581,192)</u>	<u>6,671,181</u>	<u>(3,194)</u>	<u>(175,293,823)</u>	
Accumulated impairment						
Buildings and structures	(187,527)	19,095	-	-	(168,432)	
Machinery and equipment	(1,660,241)	66,907	-	-	(1,593,334)	
Transportation equipment	(1,219)	-	-	-	(1,219)	
Other equipment	(6,052)	-	-	-	(6,052)	
Construction in progress and equipment under acceptance	-	-	-	-	-	
	<u>(1,855,039)</u>	<u>86,002</u>	<u>-</u>	<u>-</u>	<u>(1,769,037)</u>	
Net amount of property, plant and equipment	<u>\$ 58,282,675</u>	<u>\$ 4,031,744</u>	<u>(\$ 150,830)</u>	<u>(\$ 66,798)</u>	<u>\$ 62,096,791</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
ACCOUNTS PAYABLE AND PAYABLES TO RELATED PARTIES
DECEMBER 31, 2023

Statement 8 (Expressed in thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
General customers			
Others	Payments to suppliers	<u>\$ 2,565,099</u>	Balance of each supplier has not exceeded 5% of total account balance
Related parties			
Formosa Petrochemical Corp.	Payments to suppliers	\$ 8,629,971	
Others	Payments to suppliers	<u>1,044,954</u>	Balance of each supplier has not exceeded 5% of total account balance
		<u>\$ 9,674,925</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION

OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 9		(Expressed in thousands of New Taiwan Dollars)		
Items	Unit	Volume	Amount	Note
Para-Xylene (PX)	MT	1,317,044	\$ 43,360,306	
Acrylonitrile Butadiene Styrene	MT	308,722	14,959,774	
Styrene Monomer	MT	759,347	24,955,677	
Recovery of Light Oil	MT	1,294,826	26,279,814	
Polypropylene (PP)	MT	379,108	13,205,739	
Purified Terephthalic Acid (PTA)	MT	638,300	16,493,435	
Polycarbonate (PC)	MT	151,072	9,419,213	
Polystyrene (PS)	MT	311,592	12,235,506	
Phenol	MT	464,728	13,668,869	
Isophthalic Acid (PIA)	MT	191,377	6,407,811	
Acetone	MT	281,967	6,299,982	
Nylon Fully Oriented Yarn	MT	36,286	3,457,343	
Electricity	MH	2,209,477	7,631,035	
Ortho-Xylene (OX)	MT	195,928	6,663,558	
Hydrogen	MT	52,408	2,767,736	
Debutanization	MT	91,247	1,482,919	
Rayon Staple Fiber	MT	10,546	608,530	
Nylon Chip	MT	7,293	364,154	
Heavy Aromatic Oil	MT	101,020	1,449,582	
Synthetic Fibre Yarn	BL	38,299	555,746	
Meta-Xylene	MT	21,836	796,370	
Nylon Draw Textured Yarn	MT	2,855	418,529	
Sodium Sulphate	MT	7,609	38,328	
Spun Fabric	KY	140	35,268	
Others			1,213,147	
Sales revenue			214,768,371	
Less: Sales returns			(79,797)	
Sales discounts and allowances			(1,726,066)	
Operating revenue, net			212,962,508	
Other operating revenue			17,599	
Total operating revenue			\$ 212,980,107	

FORMOSA CHEMICALS & FIBRE CORPORATION
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 10

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Materials at the beginning of the year	\$ 7,799,563	
Add: Purchases during the year	240,376,507	
Internal inventory transferred	24,094,745	
Less: Materials at the end of the year	(7,549,112)	
Disposed	(27,593)	
Transferred to manufacturing expenses	(11,799,964)	
Raw materials used	252,894,146	
Direct labor	1,741,338	
Manufacturing expense	37,260,325	
Manufacturing cost	291,895,809	
Add: Beginning work in progress	2,675,454	
Transferred of operating expenses	3,066	
Less: Ending work in progress	(2,642,197)	
Transferred to manufacturing expenses	(742,778)	
Cost of finished goods	291,189,354	
Add: Finished goods at beginning of year	6,291,849	
Less: Finished goods at end of year	(6,646,875)	
Samples sent	(10,415)	
Cost for self-use - Direct material	(24,094,745)	
Cost for self-use - sub-material	(64,349,596)	
Scraps	(15,391)	
Cost of goods sold	202,364,181	
Loss on inventory valuation	(359,654)	
Idle capacity (including annual survey and work stoppage)	2,662,609	
Other operating costs	13,919	
Operating costs	<u>\$ 204,681,055</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 11

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Main sub-material	\$ 7,046,288	
Depreciation	5,375,064	
Utilities expense	7,425,635	
Vapor expense	7,007,489	
Maintenance expense	1,916,460	
Indirect labor	1,990,109	
Research and development	131,306	
		None of the balances of each expense account is greater than 5% of this account balance.
Others	6,367,974	
	<u>\$ 37,260,325</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 12 (Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Freight	\$ 2,896,464	
Export expenses	663,011	
Wages and salaries	236,454	
Others	322,738	None of the balances of each expense account is greater than 5% of this account balance.
	<u>\$ 4,118,667</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 13

(Expressed in thousands of New Taiwan dollars)

Items	Amount	Note
Wages and salaries	\$ 1,841,806	
Research and development	329,434	
Depreciation	200,600	
Others	1,143,397	None of the balances of each expense account is greater than 5% of this account balance.
	<u>\$ 3,515,237</u>	

FORMOSA CHEMICALS & FIBRE CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 14

(Expressed in thousands of New Taiwan dollars)

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary expenses	\$ 3,691,176	\$ 2,313,797	\$ 6,004,973	\$ 3,943,234	\$ 2,601,574	\$ 6,544,808
Labour and health insurance fees	291,148	158,330	449,478	293,435	150,956	444,391
Pension costs	175,652	94,913	270,565	165,790	82,689	248,479
Directors' remuneration	-	6,550	6,550	-	6,550	6,550
Other personnel expenses	194,843	89,643	284,486	215,644	90,522	306,166
Depreciation expense	\$ 5,375,064	\$ 211,284	\$ 5,586,348	\$ 6,172,198	\$ 196,324	\$ 6,368,522
Amortisation charge	\$ 3,300,506	\$ -	\$ 3,300,506	\$ 3,406,195	\$ -	\$ 3,406,195

Note:

- A. As at December 31, 2023 and 2022, the Company had 4,553 and 4,590 employees, respectively, including 2 non-employee directors for both years.
- B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
- (a) Average employee benefit expense in current year was \$1,540 thousand ((Total employee benefit expense in current year–Total directors' compensation in current year) / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$1,644 thousand ((Total employee benefit expense in previous year–Total directors' compensation in previous year) / (Number of employees in previous year – Number of non-employee directors in previous year)).
- (b) Average employee salaries in current year was \$1,319 thousand (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was \$1,427 thousand (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- (c) Adjustments of average employee salaries was 7.57%((Average employee salaries in current year–Average employee salaries in previous year) / Average employee salaries in previous year).
- (d) For the years ended December 31, 2023 and 2022, there was no supervisors' remuneration for both years.

FORMOSA CHEMICALS & FIBRE CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 14

(Expressed in thousands of New Taiwan dollars)

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

i. Directors:

- (i) The Company's independent directors are granted a monthly fixed remuneration and an additional travel allowance according to their actual attendance to the Board of Directors.
- (ii) According to the Company's Articles of Incorporation, remaining directors' remuneration was authorised to be decided by the Board of Directors based on their participation frequency in the Company's operation and contribution to the Company's operation and were referred to the common standard in the same industry. Additionally, travel allowance was received according to their actual attendance to the Board of Directors.
- (iii) On June 6, 2008, directors' remuneration was canceled to be distributed from earnings as approved by the shareholders.

ii. Managers:

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

iii. Employees:

Except for the monthly fixed salary and compensation, the Company's employees receive annual bonus, festival bonus, unused compensated absences and management rewards. The monthly fixed salary and compensation are adjusted with reference to Consumer Price Index, salary standard and salary adjustment in the industry and related economic data.

Explanation:

- A. For the employee's number information in the notes of the table, the Company adopted the average employee number to calculate employee's number, which is in agreement with employee benefit expense and employees' salary expenses.
- B. According to IFRS 19, employees can provide service in ways of full-time, part-time, permanent, irregular or contingent, including directors and other managements. Therefore, 'employees' in the table included directors, managers, normal employees and contract employees, but, excluded supervisors, temporary workers, contract workers or outsourcing.
- C. 'Directors' remuneration' refers to the remuneration, severance pay, directors' rewards and business execution expenses which were received by all directors, however, the salary from being employed, labour and health insurance, pension and other benefit expenses are excluded.
- D. 'Supervisors' remuneration' are remuneration, rewards and business execution expenses which were received by all supervisors.