

# **FORMOSA CHEMICALS & FIBRE CORPORATION**

**2024 ANNUAL SHAREHOLDERS' MEETING**

**MEETING HANDBOOK**

**(Summary)**

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

**JUNE 18, 2024**

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7. Current Shareholdings of Directors of the Company

# **FORMOSA CHEMICALS & FIBRE CORPORATION**

## **2024 ANNUAL SHAREHOLDERS' MEETING PROCEDURE**

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items (I)
6. Election Items
7. Discussion Items (II)
8. Extraordinary Motions
9. Meeting Adjourned

# FORMOSA CHEMICALS & FIBRE CORPORATION 2024 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 09:30 a.m., Tuesday, June 18, 2024

Venue: Illume Hotel

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

## 1. Report Items

(1) 2023 Business Report

(2) Audit Committee' Review Report on the 2023 Financial Statements

(3) Distribution of 2023 Employees Compensation

(4) The Issuance of 2023 Domestic Unsecured Ordinary Corporate Bond

## 2. Ratification Items

(1) Please approve the 2023 Business Report and Financial Statements as required by the Company Act.

(2) Please approve the Proposal for Distribution of 2023 Profits as required by the Company Act.

## 3. Discussion Items (I)

(1) Amendment of the Articles of Incorporation of the Company.

## 4. Election Items

The term of office of the Company's Directors will expire soon. Please elect the new Directors pursuant to the applicable laws.

## 5. Discussion Items (II)

(1) Appropriateness of releasing the newly elected Directors and the juristic person shareholder whose authorized representatives are elected as Directors, from non-competition restrictions. Please discuss and resolve.

## **Report Items**

1. About the Company's business operation condition of 2023, please refer to Business Report for further details (on page 4 of the Handbook.)
2. The Company's Audit Committee members reviewed the 2023 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Audit Committee's Review Report (on page 12 of the Handbook.)
3. The company has issued the report on compensation distributed to its employees for 2023.

The pre-tax profit prior to deducting employees' compensation distributable for 2023 is NT\$8,715,892,488. The company has no accumulated losses. Adopted by the Board Meeting on March 8, 2024, 0.1% of the profit is allocated as employees' compensation in accordance with Article 31 of the Articles of Incorporation. The total allocated amount is NT\$8,715,892, which shall be distributed in cash. The above is hereby reported for record.

4. The Company has issued the report on cash dividend distribution for 2023.

Adopted by the Board Meeting of the Company on March 8, 2024 in accordance with Article 32 of the Articles of Incorporation, the Company will distribute total amount of cash dividend NTD 7,326,482,864 with NTD 1.25 per share for 2023 which will be paid after Board Meeting sets the record date.

# FORMOSA CHEMICALS & FIBRE CORPORATION

## Annual Report of 2023

### 1. 2023 Business Report:

In 2023, under the influence of inflation and high interest rates, consumer demand and investment confidence continued to weaken. In addition, mainland China's economic activities after the epidemic is lifted performed worse than expected due to the collapse of the housing market and sluggish domestic demand. In addition, mainland petrochemicals and plastics climbed significantly in the launching of new production capacity. Supply and demand on the market was seriously out of balance. There were also the geopolitical risks in the Middle East such as the Kazakhstan conflict that caused instability in the international supply chain and oil price fluctuations. All of which impacted the company's operations.

The company's consolidated revenue in 2023 was NT\$332.6 billion, a decrease of NT\$47.3 billion or 12.4% from NT\$379.9 billion in 2022. The decline in sales was mainly due to the decrease in the selling price, which dropped by NT\$37.9 billion mainly due to weak market conditions and demand. Additional production capacity devoted to the market from mainland counterparts, more supply than demand on the market, and price-cutting competition lowered the selling price of products and brought the overall sales income. Acetone was the only sector that saw climbing selling prices because of the tight supply from reduced production; Sales dropped by NT\$9.4 billion. Inflation and sluggish demand slowed flows of purchase orders. Except for the return of SM to full capacity in addition to reduced trans-shipment to Ningbo for personal use and increased external sales, increased sales of PX and OX as a result of reduced price difference, and completed expansion and commissioning of the Ningbo ABS plant and the normal production and sales of the phenol plant because of no regular inspections, most products were modulated, with only competitive ones remaining, reflective of the production and sales status and it led to reduced sales.

In terms of income, the consolidated pre-tax income in 2023 was NT\$7.4 billion, a decrease of NT\$2.2 billion from NT\$9.6 billion in 2022, a decrease of 23%. In addition to the launch of new refining and chemical production capacity in Mainland China, weakened economy, and inflation, sliding profits of reinvested companies and hence reduced cash dividends were to be blamed for. The Company proactively adjusted its

production and marketing strategy in 2023, eliminated inventory, and continued to improve its operating system. The operating income attributable to the parent company hence turned positive.

An overview of 2023 shows sluggish global economy as a result of high inflation, persistent U.S.-China trade war, and slow post-pandemic economic recovery in Europe and America. The economy saw far slower post-pandemic consumption recovery than expected due to undesirable performance on the housing market of Mainland China. The demand for crude oil turned conservative. In the first half of the year, the price of West Texas crude oil fluctuated between US\$70 and US\$80 per barrel. In the second half of the year, OPEC continued to reduce production and the conflict between Israel and Kazakhstan broke out. Oil prices once rose to nearly US\$95 per barrel. However, as interest rates continued to rise, the economy slowed down and the demand for crude oil dropped to suppress oil prices; they gradually fell back to US\$70 per barrel by the end of the year, with an average of US\$77.6 per barrel for the whole year, a decrease of 17.8% from 2022. The petrochemical and plastics markets continued to be difficult since the outbreak of COVID-19. Concerns about inflation and interest rate hikes remained. Consumer demand was conservative and supply saw surpluses, yet production capacity continued to climb in addition to geopolitical conflicts. The market turned conservative and prices fell; the average price of light oil dropped by 17.2% from the previous year. Falling prices were common among a majority of the Company's petrochemical and plastic products, too. Because of the crazy commissioning of new production capacities for a variety of plastics in Mainland China, in particular, price falls borne by PC, ABS, and phenol were consistently higher than that of light oil. SM saw undesirable volumes and prices, too, due to supply surplus and sluggish market demand in the downstream. Reduced production to secure survival was the only option. Fortunately, under the efforts of colleagues, operational policies were slowly reaping fruits. The selling rate on the market was coming back to make up for part of the deficits. In addition, the fall in mean prices of aromatic hydrocarbons, including benzene, PX, OX, and PTA, was far lower than that of light oil to maintain certain spread, which became a main contributor to the operational profits of the Company in 2023.

As part of the consolidated revenue in 2023, the parent company's net revenue was NT\$171.9 billion, accounting for 51.7% of the consolidated revenue. Net revenue of

subsidiaries such as Formosa Industries Corporation in Ningbo, Formosa Industries Corporation in Vietnam, and Formosa Taffeta Co., Ltd., totaled NT\$160.7 billion, accounting for 48.3% of the consolidated revenue. Main contributors to the parent company's revenue are petrochemical and plastic products. Both combined had a net worth of NT\$159.3 billion, accounting for 92.7% of the parent company's revenue. Among them, petrochemical products totaled NT\$119.2 billion or 69.4% and plastic products NT\$40.1 billion or 23.3%.

Under the premise that safe production is ensured, for each major product, the operation focused on market expansion reflective of the production and sales status, increasing the ratios of high-value, differentiated, and certified products, continued promotion of water and energy conservation, and reduced consumption and emissions, among other circular economy improvements, as well as proactive promotion of AI smart production and digital transformation to fortify the operational composition and to make sustainable competitive advantages possible.

In terms of petrochemical products, optimization of light oil quality was completed; the operational efficacy of the recombination unit was enhanced; and cross-plant integration of light oil materials were completed for the No. 3 Aromatic Hydrocarbons Plant to significantly reduce the amount of light oil used and to increase the output of products PX and benzene. Efforts also continued in the promotion of process heat integration. With improved equipment performance and operational optimization, energy efficiency was enhanced and operational performance was strengthened. Multi-effect distillation (MED) at the styrene plant in Haifeng was improved to be more competitive. Although the product spread of PTA continued to slide due to the additional production capacity devoted and the increased supply in Mainland China, with low energy consumption, good quality, and steady lead time that had secured long-term trust among its customers, the Ningbo plant managed to maintain full-fledged production throughout the year. The production lines in Taiwan, on the other hand, had their production adjusted reflective of the shrunk domestic sales demand. PTA-3 in Longde only ran for a month while PTA-1 in Mailiao maintained full-fledged production. In terms of PIA, the two lines in Taiwan and Ningbo combined contributed to an annual production capacity of 400 thousand tons. Efforts continued in exploring potential customers domestically and internationally for bottle chips, low-melt fibers,



and coatings. In November 2023, the total sales across the Taiwan Strait broke the threshold of 41 thousand tons and are heading towards 45 thousand tons in order to increase the presence of the Company's PIA on the global market and to gradually secure the leading position on the market.

In terms of plastic products, in 2023, the devotion of additional production capacities, the sluggish post-pandemic housing market, weak domestic demand and poor export orders in Mainland China contributed to undesirable performance of respective plastic products and significantly hindered sales. The company continued to control inventory, production, and sales; the overall production and sales declined from 2022. PCs managed to see profits throughout the year and losses in others, such as PS, ABS and PP slowed. Faced with the additional production capacity in Mainland China, for 2024, continued efforts will be made to put lean production and sales into practice, to reduce general red-sea production and sales, and to focus on improving the ratio of differentiated products in sales and decentralizing the market. The differentiation goals for respective products are 55.4% for PS, 44.4% for ABS, 50% for PP, and 38% for PC and the ratios of sales on the market of Mainland China will be reduced wherever possible. In addition, the Ningbo plant's new ABS production capacity of 250,000 tons has been put into operation in July 2023. The cost-effective new process of the new plant will help continue to secure the market share in Mainland China on the one hand and proactively sell to RCEP duty-free countries on the other hand.

For textile and fiber products, affected by unfavorable factors such as high inflation, high prices, and price-cutting competition for exported textile fiber products from Mainland China, the downstream turned conservative; end-user demand shrunk; and sales of textile, nylon and rayon cotton dropped. In response, plants in Taiwan and Vietnam cut their production sizes. This hence resulted in extended deficits. The difficulties encountered by the plant in Vietnam, in particular, were unforeseen over the past nearly 40 years. The development of high-value and differentiated products will be the focus of subsequent long-term promotional efforts. In the future, as demand returns, the inventory size of each brand manufacturer will gradually lower and the market for nylon clothing silk will be better off. The operational outlook is expected to further improve.

Sustainable development is the focus of business administration while ESG

(environmental protection, social responsibility, and corporate governance) is the unchanged priority in the business operation of the Company.

In order to boost industrial safety, the Company formed the Sustainable Safety Project Team in 2019 to enforce the “person-centered” safety strategy, explore blind spots in safety management, eliminate underlying risks, and reinforce communications on safety awareness among employees. It optimally contributed to workplace security. The Company won awards as the “Annual Out-standing Healthy Workplace” and the “Occupational Safety and Security Out-performer” in 2023. For 2024, the goal is “advance in autonomous management and enhance awareness of personal safety”. Sharing of experiences, consolidation of contractor and staff trainings, promotion of equipment MI, change of ideas about safety and culture among employees, and zero-disasters are to be fulfilled through internal and external exchanges.

Over the past few years, the petrochemical industry has confronted with impacts from industrial environment, digital technology and carbon neutrality issues. Only by strengthening and improving digital transformation, energy transformation, circular economy and industrial transformation and innovation can sustainable development be ensured. To this end, the Company established a "Transformation Development Task Force" in October 2023 that consists of four divisions to deal with, respectively, “digital transformation”, “energy transformation”, “circular economy”, and “new business development” and to accordingly reinforce the promotion of related tasks. Digital transformation, in particular, covers digital optimization and AI application of a smart plant and dynamic operational management. Energy transformation covers continued efforts in the promotion of water and energy conservation, establishment of coal reduction and energy transformation strategies, development of solar power and minimal water power generation projects, etc. in order to answer to the international carbon reduction trend. Throughout 2023, energy conservation and carbon reduction accomplishments totaled NT\$2.5 billion, with 308 engineering improvement projects completed, saving a total of 2,789 tons of water per day, 62.7 tons of steam per hour, and 9.07 kWh of electricity per hour. The promotion of circular economy includes waste reduction, raw material reduction, process emission reduction and green product development, etc.

The Company continues to carry out various sustainable development tasks and has

rendered quite some accomplishments that are recognized by outsiders. For example, Formosa Chemicals & Fibre Corporation in Xingang won the "2023 National Sustainable Development Award for Enterprises" from the National Sustainable Development Committee of the Executive Yuan in 2023 and the "2023 Resource Circulation Out-performer Gold Award for the Resource Circulation Group" from the Resource Circulation Administration under the Ministry of Environment.

The Company also continues with investments and transformations. It set foot in plastic recycling in early 2022. The annual production capacity of composite materials of the three plants across the Taiwan Strait under the Plastics Department has reached 132 thousand tons. In addition, the new production capacity of the ABS plant in Ningbo totaling 250 thousand tons was completed in 2023 and the additional annual production of 1.5 million tons will be commissioned in 2024 for the PTA plant in Ningbo. Both plants feature the most advanced production technology that is unparalleled in the industry.

## **2. Operating Status:**

The consolidated operating revenue was NT\$332.62 billion in 2023, a decrease of NT\$47.28 billion than NT\$379.9 billion in 2022. Deducted operating costs NT\$321.2 billion and selling expenses and administrative expenses NT\$14.47 billion, the operating loss was NT\$3.05 billion in 2023 with an -0.9% of operating margin which declined NT\$2.24 billion compared with operating loss NT\$5.29 billion in 2022. Added up non-operating income and expenses NT\$ 10.44 billion, the pre-tax income of 2023 was NT\$7.39 billion, which declined NT\$2.2 billion with a decrease of 23% compared with NT\$9.59 billion in 2022.

## **3. 2024 Business Performance Target and Outlook:**

Looking forward to 2024, the unknown schedule of U.S. interest rate cuts, rising geopolitical risks, substantial increases in ocean freight rates, global economic slowdown and Mainland China's market performance are all negative factors affecting raw material prices. Mainland China's overcapacity, however, continues to spill over throughout the world in addition to sluggish domestic demand and pending housing crises. Whether end consumption and confidence in the housing market recover or not

will be the key to stepping out of the new post-pandemic economy. Cross-Strait relations also affect trade and people's livelihood and economy, especially the suspension of tariff concessions for some ECFA products and the investigation of trade barriers, both of which show that there are no effective communication channels across the strait. With the hopeful easing of inflation in Europe and the United States, however, it is expected that there will be room for interest rate cuts in the second half of the year and hence corporate investments and private consumption will likely climb gradually. If geo-regional conflicts can be controlled, crude oil and energy prices will hopefully stabilize while prices of petrochemical intermediates and plastics have reached the bottom. These will help improve the Company's profits.

Finding a way out of a daunting operating environment remains a priority for the Company. The "escape from China" in the past few years and the promotion of "stand high and go far" in 2023 are all meant to get rid of the mainland market with severe overcapacity, reinforce the ratios of high value, differentiation, and product certification, and sell to the world. Last year, the Company traded with more than 80 countries; among them were about 50 ones with frequent transactions each month. Thanks to the efforts of our colleagues, Red Sea sales dropped and Blue Ocean products increased. Despite the reduced revenue, income was improved. Operations are bottoming out. The operational policy for 2024 is to "be more refined and more extensive", which means to make products more refined, have wider sales, provide timely services and delivery, make specifications more adaptable to diverse needs, continue with the belief in "Customer is King" for hopefully greater success in operations.

To cope with the operational stress of 2024, the Company will eliminate its weak while retaining its powerful production and sales structures, that is, get rid of the bad and keep the good and continue to enforce circular economy, conserve energy, promote smart plants and operational management to improve the production and management efficiency. As far as the issue of carbon neutralization is concerned, the Company has a reduction of 25% in carbon emissions from 2020 as its phased goal by 2030 and declares comprehensive carbon neutralization by 2050. It is estimated that a total of NT\$17.5 billion will be devoted between 2021 and 2030 to the implementation of related carbon reduction proposals, including improved energy conservation, fuel transformation, energy conversion, development of green renewable energy, and

recycling and reutilization of CO2 etc.

In the expansion of green products and circular economy, collaboration with downstream practitioners in establishing a circular and recycling mechanism for marine waste such as nylon oyster ropes and recycling fishing nets continued. Efforts were made to bring the quantity to 1,250 tons/month and fulfill the goal of having recycled marine waste to account for 21.5% of all raw materials and strengthen the reproduction of recycled plastics into low-carbon circular materials and secure the production of high-value green materials. In addition, we will enhance the development of new businesses, steadily set foot in green products, new materials, energy storage, hydrogen energy, and other fields of application on existing bases to keep track of new business opportunities and promote transformations on all fronts for fulfilling the goal of sustainable business development.

# **FORMOSA CHEMICALS & FIBRE CORPORATION**

## **Audit Committee' Review Report**

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and Proposal for Profits Distribution. The CPA firm of PWC was retained to audit Formosa Chemicals & Fibre Corporation's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Formosa Chemicals & Fibre Corporation. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

Formosa Chemicals & Fibre Corporation  
Chairman of the Audit Committee:

Ruey-Long Chen

March 8, 2024

## **Ratification Items Proposal 1**

**Proposal:** For approval of the 2023 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

### **Explanation:**

1. The preparation of the Company's 2023 Consolidated and Individual Financial Statements were completed. The aforementioned Financial Statements were reviewed by the Audit Committee and approved by the Board Meeting on March 8, 2024 and audited by independent auditors, Ms. Man-Yu, Juanlu and Mr. Han-Chi, Wu , of PWC. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 4 through page 11 of the Meeting Handbook. As for the Financial Statements, please refer to page 27 through page 40 of the Handbook. Please approve the Business Report and the Financial Statements.

### **Resolution:**

## **Ratification Items Proposal 2**

**Proposal:** For Approval of the Proposal for Distribution of 2023 Profits as required by the Company Act.

Proposed by the Board of Directors

### **Explanation:**

Please refer to page 41 of the Handbook for the Statement of Profits Distribution, which has been reviewed by the Audit Committee members of Formosa Chemicals & Fibre Corporation and approved by the Board of Directors on March 8, 2024. Please approve the Statement of Profits Distribution.

### **Resolution:**



## Discussion Items (I) Proposal 1

**Proposal:** Amendment to the Articles of Incorporation of the Company. Please discuss and resolve.

Proposed by the Board of Directors

**Explanation :**

To conform to the needs of commercial practice, certain Articles of Incorporation of the Company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Current Article	Amended Article	Reason for Amendment
Article 13	The Chairman of the Board of Directors shall preside over the shareholders' meetings. <u>In the Chairman's absence, the Vice Chairman shall act on his behalf. In the absence of in case that the Vice Chairman is unable to exercise rights for causes, the Chairman of the Board of Directors shall designate one Managing Director to act on his behalf.</u>	The Chairman of the Board of Directors shall preside over the shareholders' meetings. <u>When the Chairman is on leave or unable to exercise authority, the Vice Chairman shall act on his behalf. When both the Chairman and the Vice Chairmen are on leave or unable to exercise authority, the Chairman shall designate one director to act on his behalf. If no such designation is made by the Chairman, the directors shall select one person from among themselves to serve as chair.</u>	To conform to the needs of company's operations, the position of managing directors is removed.
Article 21	<u>The directors shall elect at least three from among themselves but not more than one third of all the directors to serve as the executive directors, including one independent director, by a majority vote at a meeting of the Board of Directors attended by over</u>	The board of directors shall be constituted by directors. A majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors shall elect one of them to become the Chairman of the Board and may elect another person to be the Vice Chairman in	To conform to the needs of company's operations, the position of managing directors is removed.

Article	Current Article	Amended Article	Reason for Amendment
	<p>two-thirds of the directors.</p> <p>The executive directors shall elect one of them to become the Chairman of the Board and may elect another person to be the Vice Chairman in accordance with the same manner set forth in the preceding Paragraph.</p> <p>The Chairman acts on behalf of the Company externally. When the Chairman is on leave or unable to exercise authority, the Vice Chairman will act by proxy. When both the Chairman and the Vice Chairmen are on leave or unable to exercise authority, one of the <u>executive directors</u> will act by proxy under the nomination by the Chairman.</p> <p>(below omitted)</p>	<p>accordance with the same manner set forth in the preceding Paragraph. <u>The chairman representing the Corporation.</u></p> <p>When the Chairman is on leave or unable to exercise authority, the Vice Chairman will act by proxy. When both the Chairman and the Vice Chairmen are on leave or unable to exercise authority, one of the directors will act by proxy under the nomination by the Chairman.</p> <p>(below omitted)</p>	
Article 32	<p>If there are any earnings after final account settlement, the Company shall pay off the applicable taxes, compensate the accrued deficit and retain 10% as legal reserve and an <u>additional amount as special reserve before distributing dividends.</u> If there are any remaining earnings of such year, the Board may, combining the undistributed earnings of previous years, propose a shareholder <u>bonus plan</u>, and is authorized to distribute dividends paid in cash after a resolution has</p>	<p>Where there is surplus of the annual final account, when allocating the net profits for each fiscal year, the Company shall first pay its income tax and offset its prior years' accumulated losses and set aside 10% legal capital reserve but <u>where such legal reserve amounts to the total paid-in capital, this provision shall not apply.</u> In addition, <u>special earning reserve shall be set aside</u> as necessary.</p> <p>For remaining surplus incorporated with the accumulated earning in</p>	<p>According to Article 237 of the Company Act, amend the provisions regarding the allocation of legal reserve.</p>

Article	Current Article	Amended Article	Reason for Amendment
	<p>been adopted by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The dividends paid in stock shall be submitted for the approval in a shareholders' meeting. (below omitted)</p>	<p>previous years, the Board of Directors shall prepare the proposal concerning the appropriation of net profits and is authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting. The dividends paid in stock shall be submitted for the approval in a shareholders' meeting. (below omitted)</p>	
Article 42	(Omitted)	Add " <u>fifty- third amendment on June 18, 2024</u> " to the existing Article.	To amend the above articles, the Company encloses the date of the 53th amendment.

**Resolution:**

## Election Items

**Proposal:** The term of office of the Company’s Directors will expire soon. Please elect the new Directors pursuant to the applicable laws.

Proposed by the Board of Directors

**Explanation:**

1. The Company’s current directors were elected in the Annual Shareholders’ Meeting on July 23, 2021 and have their tenure expired on July 22, 2024. To conform to the applicable Rule, the Company shall elect 12 directors (including 4 independent directors) using the cumulative voting system. The tenure of new session of Directors (including independent directors) shall be three years, starting June 18, 2024 until June 17, 2027.
2. In accordance with Article 192-1 of the Company Act and Article 18 of the Articles of the Company’s Articles of Incorporation, the nomination system for candidates for the election of directors(including independent directors) of the Company shall be selected by the shareholders on the list of candidates and shall be held by the Company. The directors (including independent directors) jointly nominated by the shareholders who have issued more than 1% of the total number of shares on April 22, 2024 have 12 candidates. The names of the 8 Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Fu Yuan, Hong	Bachelor in Department of Chemical Engineering, Chung Yuan Christian University	Current Appointment: Chairman of Formosa Chemicals & Fibre Corporation Experiences: Vice Chairman of Formosa Chemicals & Fibre Corporation	272,804
Wen Yuan, Wong	Master of Industrial Engineering, University of Houston, U.S.A	Current Appointment: Chairman of Formosa Taffeta Co., Ltd Chairman of Formosa Resources Corp., Nan Ya Plastics Corporation, U.S.A., Nan Ya Plastics Corporation, America., Nan Ya Plastics Corporation, Texas., Chang Gung University., Ming Chi University of Technology., Chang Gung University of Science and Technology., Wang Jhan Yang Charitable Foundation.,	129,198,084

Name	Education	Major Experience	Shareholding (Share)
		<p>Managing Director of Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals &amp; Fibre Corp., Formosa Petrochemical Corp., Formosa Idemitsu Petrochemical Corp., Director of Nan Ya Technology Corp., Nan Ya Printed Circuit Board Corp., Formosa Sumco Technology Corp., Formosa Advanced Technologies Co., Ltd., Mai-liao Power Corp., Formosa Heavy Industries Corp., Formosa Plastics Transport Corp., Formosa Ineos Chemicals Corp., Formosa Ha Tinh Steel Co., Ltd., Formosa Plastics Corporation, U.S.A., Formosa Plastics Corporation, America., Chang Gung Medical Foundation., Straits Exchange Foundation.</p> <p>Head of Standing Member of Wang Jhan Yang Charitable Trust Fund.</p> <p>Consultant of Industrial Technology Research Institute (ITRI).</p> <p>Experiences:</p> <p>Chairman of Chinese National Federation of Industries., Taiwan Textile Federation, R.O.C., Formosa Chemicals &amp; Fibre Corp., Formosa Advanced Technologies Co., Ltd., Mai-liao Power Corp., Formosa Idemitsu Petrochemical Corp., Formosa Ineos Chemicals Corp., Formosa Ha Tinh Steel Co., Ltd.</p> <p>Director of Formosa Plastics Marine Corp., Industrial Technology Research Institute (ITRI).</p> <p>President of Formosa Chemicals &amp; Fibre Corp., Mai-liao Power Corp.</p>	

Name	Education	Major Experience	Shareholding (Share)
Susan, Wang Representative of Nan Ya Plastics Corporation	Bachelor of Economics, Barnard College, Columbia University, U.S.A	<p>Current Appointment: Chairman of Formosa Environmental Technology Corp. Managing Director of Formosa Plastics Corp., Formosa Petrochemical Corp. Director of Nan Ya Technology Corp., Formosa Sumco Technology Corp., Mai-liao Power Corp., Formosa Ha Tinh Steel Co., Ltd., Formosa Plastics Corporation, U.S.A., Formosa Plastics Corporation, America., Nan Ya Plastics Corporation, U.S.A., Nan Ya Plastics Corporation, America.,Nan Ya Plastics Corporation, Texas., Wang Jhan-Yang Charitable Foundation., Ming-De Foundation., Ching Pao P.D. Charitable Foundation. Standing Member of Wang Chang Gung Charitable Trust Fund.</p> <p>Experiences: Executive Vice President of Formosa Plastics Corporation, U.S.A Assistant to the President of Formosa Plastics Corporation, U.S.A Head of Standing Member of Wang Chang Gung Charitable Trust Fund</p>	140,519,649
Wilfred Wang	Bachelor of Mechanical Engineering, University of London	<p>Current Appointment: Chairman of Formosa Plastics Marine Corp., Formosa Plastics Maritime Corp., Nan Ya Photonics Inc., NKFG Corp., Formolight Inc., Asia Pacific Investment Corp., Asia Pacific Development Corp., Formosa Development Corp., Gala Television Corp., Formosa Plastics Marine Corp. Managing Director of Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals &amp; Fibre Corp. Formosa Petrochemical Corp. Director of Formosa Heavy Industries Corp., Mai-liao Power Corp., Formosa Ha Tinh Steel Co., Ltd.,</p>	16,867,218

Name	Education	Major Experience	Shareholding (Share)
		Chang Gung Medical Foundation., Chang Gung University., Ming Chi University of Technology., Wang Jhan Yang Charitable Foundation. Standing Member of Wang Jhan Yang Charitable Trust Fund. Experiences: Chairman of Formosa Petrochemical Corp. President of Formosa Petrochemical Corp. Vice President of Formosa Petrochemical Corp.	
Walter Wang Representative of Formosa Petrochemical Corporation	Bachelor in University of California, Berkeley	Current Appointment: Chairman and CEO, J-M Manufacturing Co., Inc. Director of Formosa Chemicals & Fibre Corp., Formosa Petrochemical Corp.	48,567,575
Wen Chin, Lu	Bachelor in Department of Chemical Engineering, Tatung College of Engineering	Current Appointment: President of Formosa Chemicals & Fibre Corporation Experiences: Senior vice present of Formosa Chemicals & Fibre Corporation	3,236
Ching Fen, Lee	Bachelor in Department of Chemical Engineering, Tamkang University	Current Appointment: Executive vice president of Formosa Chemicals & Fibre Corporation Experiences: Senior vice present of Formosa Chemicals & Fibre Corporation	0
Wei Keng, Chien	Master in Department of Chemical Engineering, National Cheng Kung University	Current Appointment: Senior vice present of Formosa Chemicals & Fibre Corporation Experiences: Vice present of Formosa Chemicals & Fibre Corporation	0

The names of the 4 Independent Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Ruey Long, Chen	Bachelor in Economics, National Chung Hsing University	<p>Current Appointment:</p> <p>Chairman of China Petrochemical Development Corporation</p> <p>Chairman of SINOCON Industrial Standards Foundation</p> <p>Independent director of Inventec Corporation</p> <p>Experiences:</p> <p>Chairman of Powerchip</p> <p>Independent director of China Petrochemical Development Corporation</p> <p>Minister of Economic Affairs</p>	0
Hwei Chen, Huang	Bachelor in Laws, National Chingchi University	<p>Current Appointment:</p> <p>Chairman of Taiwan Research Institute</p> <p>National Taiwan University Lecturer</p> <p>Experiences:</p> <p>Chairman of CTCI Foundation</p> <p>Managing Director of CTCI Corporation</p> <p>National Policy Advisors to the President of R.O.C.</p> <p>Chief Director of News Bureau of Executive Yuan</p> <p>Minister without portfolio of Executive Yuan</p> <p>Issuer of Central Daily News</p>	0
Tai Lang, Chien	Bachelor in Sociology, National Chung Hsing University	<p>Current Appointment:</p> <p>Independent director of Taiwan Fructose Corp., Ta Ching Bills Finance Corp.</p> <p>Experiences:</p> <p>Secretary-General of Executive Yuan</p> <p>Political Deputy Minister of the Interior</p> <p>Chief Secretary of Central Election Commission</p> <p>The third term of delegates to the National Assembly</p>	0



Name	Education	Major Experience	Shareholding (Share)
Jia-Ruei, OU	PhD in Institute of Transportation, National Chiao Tung University	<p>Current Appointment: Chairman of Sustainable &amp; Circular Economy Development Association. Independent director of Chang Wah Technology Director of Shinfox Energy</p> <p>Experiences: Chairman of CPC Corporation, Taiwan Headmaster of Dayeh University Commissioner of Bureau of Energy, Ministry of Economic Affairs Chief Secretary of Ministry of Economic Affairs Deputy Commissioner of International Trade Administration, Ministry of Economic Affairs Deputy Commissioner of Bureau of Industry, Ministry of Economic Affairs</p>	0

**Resolution:**

## **Discussion Items (II) Proposal 1**

**Proposal:** Appropriateness of releasing the newly elected Directors and the juristic person shareholder whose authorized representatives are elected as Directors, from non-competition restrictions. Please discuss and resolve.

Proposed by the Board of Directors

### **Explanation:**

1. According to Article 209 of the Company Act, any Director conducting business for himself/herself or on another's behalf, and the scope of which coincides with the Company's business scope, shall explain at the Shareholders' Meeting the essential contents of such conduct and obtain approval from shareholders in the Meeting.
2. Meanwhile, according to Explanation Letter No.89206938 on Article 209 of the Company Act, announced by the Ministry of Economic Affairs dated April 24, 2000, where the juristic person shareholder's authorized representatives are elected as directors according to Article 27-2 of the Company Act, both the juristic person shareholder and the authorized representatives shall be subject to the non-competition restrictions under Article 209 of the Company Act.
3. The list of newly-elected Directors and the juristic person shareholder who appoints its authorized representatives to be elected as directors in annual Shareholders' Meeting of 2024 as the same or similar duty in other companies within the scope of the Company's business is as follow. Based on the premise of the interest of the Company without impairment, it is proposed to release the Directors and juristic person shareholders which appoints its authorized representatives to be elected as directors after having assumed office from non-competition restrictions for approval following Article 209 of the Company Act.

Name	Concurrent Position of other Companies
Fu Yuan, Hong	Chairman of Formosa Ineos Chemicals Corporation Chairman of Formosa Idemitsu Petrochemical Corporation Director of Formosa Industries Corporation Director of Formosa Taffeta Co., Ltd. Director of Mai-Liao Power Corporation Director of Formosa Biomedical Technology Corporation Director of Formosa Smart Energy Tech Corporation Director of Formosa Taffeta (Changshu)Co., Ltd Director of Formosa Taffeta Dong Nai Co., Ltd. Director of Formosa Taffeta Vietnam Co., Ltd. Director of Schoeller Textil AG
Wen Yuan, Wong	Chairman of Formosa Taffeta Co., Ltd. Chairman of Formosa Taffeta (Zhong Shan)Co., Ltd. Chairman of Formosa Taffeta (Changshu)Co., Ltd. Chairman of Formosa Taffeta (Hong Kong)Co., Ltd. Chairman of Nan Ya Plastics Corporation, U.S.A Chairman of Nan Ya Plastics Corporation, America Chairman of Nan Ya Plastics Corporation, Texas Managing Director of Formosa Plastics Corporation Managing Director of Nan Ya Plastics Corporation Managing Director of Formosa Petrochemical Corporation Managing Director of Formosa Idemitsu Petrochemical Corporation Director of Mai-Liao Power Corporation Director of Formosa Smart Energy Tech Corporation Director of Formosa Ineos Chemicals Corporation Director of Formosa Biomedical Technology Corporation Director of Formosa Plastics Corporation, U.S.A Director of Formosa Plastics Corporation, America
Susan Wang Representative of Nan Ya Plastics Corporation	Managing Director of Formosa Plastics Corp. Managing Director of Formosa Petrochemical Corporation Director of Mai-Liao Power Corporation Director of Formosa Plastics Corporation, U.S.A Director of Formosa Plastics Corporation, America Director of Nan Ya Plastics Corporation, U.S.A

Name	Concurrent Position of other Companies
	Director of Nan Ya Plastics Corporation, America Director of Nan Ya Plastics Corporation, Texas
Wilfred Wang	Managing Director of Formosa Plastics Corporation Managing Director of Nan Ya Plastics Corporation Managing Director of Formosa Petrochemical Corporation Director of Mai-Liao Power Corporation Director of Hwa Ya Power Corporation
Walter Wang Representative of Formosa Petrochemical Corporation	Director of Formosa Petrochemical Corporation
Wen Chin, Lu	Director of Formosa Ineos Chemicals Corporation Director of Formosa Idemitsu Petrochemical Corporation Director of Formosa Industries Corporation
Ching Fen, Lee	Director of Formosa Idemitsu Petrochemical Corporation Director of Formosa Taffeta Co., Ltd. Director of Hwa Ya Power Corporation Director of Formosa Industries Corporation
Wei Keng, Chien	Director of FG INC.
Ruey Long, Chen	Chairman of China Petrochemical Development Corporation
Jia-Ruei, OU	Independent director of Chang Wah Technology

**Resolution:**

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

Items	Notes	Year ended December 31				
		2023		2022 (As amended)		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 332,619,533	100	\$ 379,896,563	100
5000	Operating costs	6(6)(14)(24)(25) and 7	( 321,195,091)	( 97)	( 367,154,202)	( 96)
5900	Net operating margin		11,424,442	3	12,742,361	4
	Operating expenses	6(14)(24)(25) and 7				
6100	Selling expenses		( 8,650,446)	( 2)	( 12,003,638)	( 3)
6200	General and administrative expenses		( 5,824,240)	( 2)	( 6,024,797)	( 2)
6000	Total operating expenses		( 14,474,686)	( 4)	( 18,028,435)	( 5)
6900	Operating loss		( 3,050,244)	( 1)	( 5,286,074)	( 1)
	Non-operating income and expenses					
7100	Interest income	6(20)	925,014	-	662,259	-
7010	Other income	6(21) and 7	6,141,185	2	11,769,663	3
7020	Other gains and losses	6(22)	( 531,406)	-	1,973,842	-
7050	Finance costs	6(8)(23) and 7	( 3,019,054)	( 1)	( 1,797,644)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	6,920,993	2	2,267,537	1
7000	Total non-operating income and expenses		10,436,732	3	14,875,657	4
7900	<b>Profit before income tax</b>		7,386,488	2	9,589,583	3
7950	Income tax benefit (expense)	6(26)	318,454	-	( 385,722)	-
8200	<b>Profit for the year</b>		\$ 7,704,942	2	\$ 9,203,861	3
	<b>Other comprehensive income (loss) (net)</b>	6(18)				
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Actuarial gains on defined benefit plans		\$ 24,079	-	\$ 294,190	-
8316	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income (loss)		7,269,614	2	( 45,626,887)	( 12)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		4,333,584	1	( 7,746,313)	( 2)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		11,627,277	3	( 53,079,010)	( 14)
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 1,431,782)	-	2,835,651	1
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		( 65,221)	-	1,872,011	-
8399	Income tax relating to the components of other comprehensive income	6(26)	236,747	-	( 359,626)	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		( 1,260,256)	-	4,348,036	1
8300	<b>Total other comprehensive income (loss) for the year</b>		\$ 10,367,021	3	( \$ 48,730,974)	( 13)
8500	<b>Total comprehensive income (loss) for the year</b>		\$ 18,071,963	5	( \$ 39,527,113)	( 10)
	Net income (loss) attributable to:					
8610	Owners of the parent		\$ 8,548,518	2	\$ 7,359,531	3
8620	Non-controlling interest		( 843,576)	-	1,844,330	-
			\$ 7,704,942	2	\$ 9,203,861	3
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 18,674,426	5	( \$ 36,763,754)	( 9)
8720	Non-controlling interest		( 602,463)	-	( 2,763,359)	( 1)
			\$ 18,071,963	5	( \$ 39,527,113)	( 10)
	<b>Basic earnings per share (in dollars)</b>	6(27)				
9710	Profit for the year from continuing operations		\$ 1.26	\$ 1.32	\$ 1.64	\$ 1.57
9720	Non-controlling interest		( 0.23)	( 0.14)	0.41	0.31
	<b>Profit attributable to common shareholders of the parent</b>		\$ 1.49	\$ 1.46	\$ 1.23	\$ 1.26
	<b>Assuming shares held by subsidiary are not deemed as treasury stock:</b>					
9710	Profit for the year from continuing operations		\$ 1.26	\$ 1.31	\$ 1.64	\$ 1.57
	Non-controlling interest		( 0.23)	( 0.15)	0.41	0.31
9750	<b>Profit attributable to common shareholders of the parent</b>		\$ 1.49	\$ 1.46	\$ 1.23	\$ 1.26

The accompanying notes are an integral part of these consolidated 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)

Items	Notes	Years ended December 31				
		2023		2022		
		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	<b>Profit before income tax</b>		8,707,177	4	7,202,625	3
7950	Income tax (expense) benefit	6(24)	( 158,659)	-	156,906	-
8200	<b>Profit for the year</b>		\$ 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	%	
<b>Other comprehensive income (loss) (net)</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
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)
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>						
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	<b>Other comprehensive income (loss) for the year</b>		\$ 10,125,908	5	( \$ 44,123,285)	( 18)
8500	<b>Total comprehensive income (loss) for the year</b>		\$ 18,674,426	9	( \$ 36,763,754)	( 15)
<b>Basic earnings per share (in dollars)</b>		6(25)	Before Tax	After Tax	Before Tax	After Tax
9750	<b>Net income</b>		\$ 1.49	\$ 1.46	\$ 1.23	\$ 1.26
<b>Assuming shares held by subsidiary are not deemed as treasury stock:</b>						
<b>Basic earnings per share (in dollars)</b>						
<b>Net income</b>			\$ 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 AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		(As amended) December 31, 2022		January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	4(4) and 6(1)	\$ 23,871,348	4	\$ 34,374,411	6	\$ 24,286,594	4
1110	Financial assets at fair value through profit or loss - current	6(2)	1,641,598	-	1,797,262	-	3,903,900	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	95,446,870	17	92,125,314	17	116,451,723	20
1136	Current financial assets at amortised cost	6(4)	2,990,071	-	4,565,618	1	1,953,235	-
1150	Notes receivable, net	6(5)	3,728,103	1	6,550,164	1	8,173,238	1
1160	Notes receivable - related parties	6(5) and 7	5,930	-	8,147	-	8,505	-
1170	Accounts receivable, net	6(5)	15,892,243	3	16,355,474	3	20,204,508	3
1180	Accounts receivable - related parties	6(5) and 7	8,350,645	1	7,145,791	1	8,719,009	2
1200	Other receivables	7	3,861,995	1	4,483,253	1	2,742,096	-
1210	Other receivables - related parties	7	5,247,127	1	2,429,252	1	2,698,693	-
130X	Inventory	6(6) and 8	44,253,704	8	48,437,390	9	47,200,475	8
1470	Other current assets		9,616,040	2	7,813,014	1	11,513,548	2
11XX	<b>Total current assets</b>		<u>214,905,674</u>	<u>38</u>	<u>226,085,090</u>	<u>41</u>	<u>247,855,524</u>	<u>41</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	55,926,042	10	51,954,437	9	72,999,266	12
1535	Non-current financial assets at amortised cost	6(4) and 8	3,937,378	1	2,250,169	1	2,390,179	1
1550	Investments accounted for under equity method	6(7)	127,554,371	22	117,661,397	21	129,632,702	22
1600	Property, plant and equipment	6(8)(28), 7 and 8	148,226,306	26	142,861,143	26	130,897,801	22
1755	Right-of-use assets	6(9)	1,625,153	-	1,650,577	-	1,577,555	-
1780	Intangible assets	6(28)	346,018	-	340,914	-	5,884	-
1840	Deferred income tax assets	6(26)	3,541,259	1	2,139,083	-	2,240,322	-
1900	Other non-current assets	4(4) and 6(1)	9,808,167	2	10,603,486	2	10,746,038	2
15XX	<b>Total non-current assets</b>		<u>350,964,694</u>	<u>62</u>	<u>329,461,206</u>	<u>59</u>	<u>350,489,747</u>	<u>59</u>
1XXX	<b>Total assets</b>		<u>\$ 565,870,368</u>	<u>100</u>	<u>\$ 555,546,296</u>	<u>100</u>	<u>\$ 598,345,271</u>	<u>100</u>

(Continued)



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

Liabilities and Equity	Notes	December 31, 2023		(As amended) December 31, 2022		January 1, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(10)	\$ 36,266,613	6	\$ 35,117,887	6	\$ 17,512,874	3
2110	Short-term notes and bills payable	6(10)	26,780,338	5	32,892,666	6	17,796,625	3
2120	Financial liabilities at fair value through profit or loss - current	6(11)	479	-	2,826	-	-	-
2150	Notes payable		129,325	-	164,722	-	246,102	-
2170	Accounts payable		4,613,840	1	4,801,464	1	3,888,771	-
2180	Accounts payable - related parties	7	10,595,837	2	13,884,528	3	17,527,128	3
2200	Other payables	7	11,015,004	2	12,432,106	2	12,762,681	2
2220	Other payables - related parties	7	1,720,591	-	1,472,658	-	542,013	-
2230	Current income tax liabilities		265,793	-	903,787	-	5,732,381	1
2280	Current lease liabilities		174,276	-	165,804	-	110,520	-
2320	Long-term liabilities, current portion	6(12)(13)	6,875,105	1	11,045,140	2	4,550,000	1
2399	Other current liabilities		2,788,561	1	4,067,358	1	4,247,942	1
21XX	<b>Total current liabilities</b>		<u>101,225,762</u>	<u>18</u>	<u>116,950,946</u>	<u>21</u>	<u>84,917,037</u>	<u>14</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(12)	36,850,000	6	40,650,000	7	45,500,000	8
2540	Long-term borrowings	6(13)	38,852,036	7	18,568,279	4	17,177,183	3
2570	Deferred income tax liabilities	6(26)	341,653	-	383,054	-	382,012	-
2580	Non-current lease liabilities		808,978	-	804,249	-	793,472	-
2600	Other non-current liabilities	6(14)	4,103,223	1	4,825,636	1	5,594,613	1
25XX	<b>Total non-current liabilities</b>		<u>80,955,890</u>	<u>14</u>	<u>65,231,218</u>	<u>12</u>	<u>69,447,280</u>	<u>12</u>
2XXX	<b>Total liabilities</b>		<u>182,181,652</u>	<u>32</u>	<u>182,182,164</u>	<u>33</u>	<u>154,364,317</u>	<u>26</u>
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	6(15)	58,611,863	10	58,611,863	11	58,611,863	10
Capital surplus								
3200	Capital surplus	6(16)	9,272,140	1	9,246,656	2	9,192,999	1
Retained earnings								
3310	Legal reserve	6(17)	70,997,369	13	70,224,189	13	66,313,982	11
3320	Special reserve		76,602,492	14	76,461,277	14	70,032,921	12
3350	Unappropriated retained earnings		43,627,704	8	41,405,257	7	72,145,718	12
Other equity interest								
3400	Other equity interest	6(18)	80,470,908	14	70,501,451	12	114,997,001	19
3500	Treasury stocks	6(15)	(323,952)	-	(323,952)	-	(323,952)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>339,258,524</u>	<u>60</u>	<u>326,126,741</u>	<u>59</u>	<u>390,970,532</u>	<u>65</u>
36XX	Non-controlling interest	6(28)	44,430,192	8	47,237,391	8	53,010,422	9
3XXX	<b>Total equity</b>		<u>383,688,716</u>	<u>68</u>	<u>373,364,132</u>	<u>67</u>	<u>443,980,954</u>	<u>74</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 565,870,368</u>	<u>100</u>	<u>\$ 555,546,296</u>	<u>100</u>	<u>\$ 598,345,271</u>	<u>100</u>

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

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

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
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	<b>Total current assets</b>		<u>146,056,938</u>	<u>32</u>	<u>149,241,019</u>	<u>33</u>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<u>306,827,516</u>	<u>68</u>	<u>296,542,462</u>	<u>67</u>
1XXX	<b>Total assets</b>		<u>\$ 452,884,454</u>	<u>100</u>	<u>\$ 445,783,481</u>	<u>100</u>

(Continued)

**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	%
<b>Current liabilities</b>						
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	<b>Total current liabilities</b>		<u>61,851,778</u>	<u>14</u>	<u>72,094,097</u>	<u>16</u>
<b>Non-current liabilities</b>						
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	<b>Total non-current liabilities</b>		<u>51,774,152</u>	<u>11</u>	<u>47,562,643</u>	<u>11</u>
2XXX	<b>Total liabilities</b>		<u>113,625,930</u>	<u>25</u>	<u>119,656,740</u>	<u>27</u>
<b>Equity</b>						
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	<b>Total equity</b>		<u>339,258,524</u>	<u>75</u>	<u>326,126,741</u>	<u>73</u>
Significant contingent liabilities and unrecognized contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 452,884,454</u>	<u>100</u>	<u>\$ 445,783,481</u>	<u>100</u>

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

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

Notes	Equity attributable to owners of the parent										Total equity			
	Retained Earnings					Other Equity Interest								
	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Revaluation surplus	Treasury stocks		Total	Non-controlling interest	
Year ended December 31, 2022 (As amended)														
Balance at January 1, 2022	\$ 58,611,863	\$ 9,192,999	\$ 66,313,982	\$ 70,032,921	\$ 72,145,718	\$ (6,240,670)	\$ 121,228,401	\$ 9,270	\$ -	\$ (323,952)	\$ 390,970,532	\$ 53,010,422	\$ 443,980,954	
Profit for the year	-	-	-	-	7,359,531	-	-	-	-	-	7,359,531	1,844,330	9,203,861	
Other comprehensive income (loss) for the year	-	-	-	-	412,469	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(44,123,285)	(4,607,689)	(48,730,974)	
Total comprehensive income (loss)	-	-	-	-	7,772,000	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(36,763,754)	(2,763,359)	(39,527,113)	
Appropriations of 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	3,910,207	-	(3,910,207)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	6,428,356	(6,428,356)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(28,133,694)	-	-	-	-	-	(28,133,694)	-	(28,133,694)	
Changes in the net interest of associates recognised under the equity method	-	145	-	-	2,428	-	(2,428)	-	-	-	145	-	145	
Expired cash dividends reclassified to capital surplus	-	18,555	-	-	-	-	-	-	-	-	18,555	-	18,555	
Dividends paid to subsidiaries to adjust capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	
Expired dividends paid from capital surplus	-	(21,847)	-	-	-	-	-	-	-	-	21,847	-	21,847	
Changes in ownership interests in subsidiaries	-	(13,825)	-	-	-	-	-	-	-	(715)	(13,825)	23,097	(715)	
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(42,632)	-	42,632	-	-	-	-	(5,321)	36,922	
Cash dividends paid by consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(3,439,586)	(3,439,586)	
Increase in non-controlling interest-disposal of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	412,138	412,138	
Balance at December 31, 2022	\$ 58,611,863	\$ 9,246,656	\$ 70,224,189	\$ 76,461,277	\$ 41,405,257	\$ (2,930,647)	\$ 72,429,555	\$ 160	\$ 1,002,383	\$ (323,952)	\$ 326,126,741	\$ 47,237,391	\$ 373,364,132	

(Continued)

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

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Retained Earnings				Other Equity Interest							
	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Revaluation surplus	Treasury stocks	Total	
Year ended December 31, 2023. (As amended)												
Balance at January 1, 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	\$ 47,229,723
Effects of retrospective restatement												7,668
Balance at January 1 after adjustments	58,611,863	9,246,656	70,224,189	76,461,277	41,405,257	(2,930,647)	72,429,555	160	1,002,383	(323,952)	326,126,741	47,237,391
Profit (loss) for the year	-	-	-	-	8,548,518	-	-	-	-	-	8,548,518	(843,576)
Other comprehensive income (loss) for the year	-	-	-	-	134,088	(1,033,854)	11,017,399	8,275	-	-	10,125,908	241,113
Total comprehensive income (loss)	-	-	-	-	8,682,606	(1,033,854)	11,017,399	8,275	-	-	18,674,426	(602,463)
Appropriations of 2022 earnings												
Legal reserve	-	-	773,180	-	(773,180)	-	-	-	-	-	-	-
Special reserve	-	-	-	141,215	(141,215)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,568,127)	-	-	-	-	-	(5,568,127)	-
Changes in the net interest of associates recognised under the equity method	-	180	-	-	22,725	-	(22,725)	-	-	-	180	-
Cash dividends reclassified to capital surplus	-	22,168	-	-	-	-	-	-	-	-	22,168	-
Dividends paid to subsidiaries to adjust capital surplus	-	4,324	-	-	-	-	-	-	-	-	4,324	-
Expired cash dividends reclassified to capital surplus	-	(1,873)	-	-	-	-	-	-	-	-	(1,873)	-
Changes in ownership interests in subsidiaries	-	685	-	-	-	-	-	-	-	-	685	984
Disposal of equity instruments measured at fair value through other comprehensive income (loss)	-	-	-	-	(362)	-	362	-	-	-	-	(1,413)
Cash dividends paid by consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,209,846)
Increase in non-controlling interest-disposal of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	5,539
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	\$ 44,430,192
												5,539
												\$ 383,688,716

**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)

	Notes	Retained Earnings				Other Equity Interest				Total		
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments		Revaluation surplus	Treasury stocks
<b>Year ended December 31, 2022</b>												
Balance at January 1, 2022		\$ 58,611,863	\$ 9,192,999	\$ 66,313,982	\$ 70,032,921	\$ 72,145,718	\$ 6,240,670	\$ 121,228,401	\$ 9,270	\$ -	(\$ 323,952)	\$ 390,970,532
Profit for the year		-	-	-	-	7,359,531	-	-	-	-	-	7,359,531
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	412,469	3,310,023	(48,839,050)	(9,110)	1,002,383	-	(44,123,285)
Total comprehensive income (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)	-	-	-	-	-	-	-	-	-	-	-
Expired dividends paid from capital surplus	6(14)	-	18,555	-	-	-	-	-	-	-	-	18,555
Changes in ownership interests in subsidiaries	6(14)	-	(715)	-	-	-	-	-	-	-	-	(715)
Changes in ownership interests in subsidiaries designated at fair value through other comprehensive income	6(16)	-	13,825	-	-	-	-	-	-	-	-	13,825
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
<b>Year ended December 31, 2023</b>												
Balance at January 1, 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)	-	-	-	-	-	-	-	-	-	-	-
Expired dividends paid from capital surplus	6(14)	-	22,168	-	-	-	-	-	-	-	-	22,168
Changes in ownership interests in subsidiaries	6(14)	-	(1,873)	-	-	-	-	-	-	-	-	(1,873)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(16)	-	685	-	-	-	-	-	-	-	-	685
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	\$ 362	\$ 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 AND SUBSIDIARIES  
CONSOLIDATED 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 (As amended)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 7,386,488	\$ 9,589,583
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	13,162,707	13,865,040
Amortisation	6(24)	4,300,989	4,599,170
Net gain on financial assets and liabilities at fair value	6(22)		
through profit or loss		( 149,426 )	( 312,866 )
Interest expense	6(23)	3,019,054	1,797,644
Interest income	6(20)	( 925,014 )	( 662,259 )
Dividend income	6(21)	( 4,938,169 )	( 10,448,254 )
Share of profit or loss of associates accounted for under the equity method		( 6,920,993 )	( 2,267,537 )
Gain on reversal of impairment loss on property, plant and equipment	6(22)	( 86,002 )	-
Loss on disposal and scrap of property, plant and equipment	6(22)	53,632	71,483
Loss (gain) on disposal of investments	6(22)	3,187	( 6,267 )
Impairment loss	6(22)	-	175,492
Gains on lease modification	6(22)	( 354 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,822,061	1,623,074
Notes receivable-related parties		2,217	358
Accounts receivable		463,231	3,853,080
Accounts receivable-related parties		( 1,204,854 )	1,573,218
Other receivables		725,266	( 1,525,148 )
Inventories		4,183,686	( 1,231,762 )
Other current assets		( 1,803,026 )	3,704,570
Changes in operating liabilities			
Notes payable		( 35,397 )	( 82,960 )
Accounts payable		( 187,624 )	912,693
Accounts payable-related parties		( 3,288,691 )	( 3,642,600 )
Other payables		( 637,985 )	( 988,064 )
Other current liabilities		( 1,278,797 )	( 206,562 )
Accrued pension liabilities		( 755,256 )	( 770,690 )
Cash inflow generated from operations		13,910,930	19,620,436
Interest received		821,006	557,087
Dividends received		8,065,897	19,808,214
Interest paid		( 2,928,994 )	( 1,677,612 )
Income tax paid		( 1,505,392 )	( 5,575,870 )
Net cash flows from operating activities		<u>18,363,447</u>	<u>32,732,255</u>

(Continued)

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED 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 (As amended)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
(Increase) decrease in other receivables-related parties		( \$ 2,817,875 )	\$ 269,441
Proceeds from disposal of financial assets at fair value through profit or loss		302,743	2,422,330
Acquisition of financial assets at fair value through other comprehensive income		( 25,560 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		808	1,114
Shares returned from reduction in financial assets at fair value through other comprehensive income		6,848	4,250
Acquisition of financial assets at amortised cost		( 1,687,209 )	( 2,472,373 )
Disposal of financial assets at amortised cost		1,575,547	-
Acquisition of investments accounted for under the equity method		( 2,049,625 )	( 1,311,331 )
Proceeds from disposal of Investments accounted for under equity method	6(7)	40,490	-
Net cash flows provided by acquisition of ownership interests in subsidiaries	6(28)	-	16,563
Proceeds from disposal of subsidiaries		-	1,000
Shares returned from liquidation of investment accounted for under equity method	6(7)	-	27,857
Acquisition of property, plant and equipment	6(29)	( 20,780,694 )	( 22,971,096 )
Proceeds from disposal of property, plant and equipment		147,902	43,551
Acquisition of intangible assets		( 6,186 )	-
Increase in non-current assets		( 3,324,261 )	( 4,749,531 )
Net cash flows used in investing activities		( 28,617,072 )	( 28,718,225 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		1,148,726	17,605,013
(Decrease) increase in short-term notes and bills payable		( 6,112,328 )	15,096,041
Increase in other payables-related parties		247,933	930,645
Payment of corporate bonds payable		( 4,850,000 )	( 4,550,000 )
Increase in long-term borrowings		41,739,972	19,267,631
Payment of long-term borrowings		( 24,516,039 )	( 11,152,000 )
Payment of lease liabilities		( 190,101 )	( 189,171 )
Increase (decrease) in other non-current liabilities		32,843	( 7,867 )
Payment of cash dividends	6(29)	( 5,585,436 )	( 28,130,157 )
Payment of expired cash dividends reclassified to capital surplus		( 1,873 )	( 715 )
Payment of cash dividends - non-controlling interest		( 2,152,019 )	( 3,400,920 )
Net cash flows (used in) from financing activities		( 238,322 )	5,468,500
Effect of foreign exchange translations		( 11,116 )	605,287
Net (decrease) increase in cash and cash equivalents		( 10,503,063 )	10,087,817
Cash and cash equivalents at beginning of year		34,374,411	24,286,594
Cash and cash equivalents at end of year		\$ 23,871,348	\$ 34,374,411

The accompanying notes are an integral part of these consolidated 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
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		<u>( 14,230,196 )</u>	<u>( 10,077,269 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
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		<u>( 7,177,965 )</u>	<u>( 12,663,531 )</u>
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**  
**Statement of Profits Distribution**  
**For the year of 2023**

Unit : NT\$

Items	Amount
<b>Available for Distribution:</b>	
1.Unappropriated retained earnings of previous years	34,922,735,518
2.Net profit after tax of current year	8,548,517,996
3.Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period	156,450,875
<b>Total</b>	<b>43,627,704,389</b>
<b>Distribution Items:</b>	
1.Appropriation of legal reserve	870,496,887
2.Appropriation of special reserve	142,567,686
3.Distribution of dividends and bonus in cash ( \$1.25 per share)	7,326,482,864
4.Unappropriated retained earnings carried forward to next year	35,288,156,952
<b>Total</b>	<b>43,627,704,389</b>
<b>Explanation</b>	<p>1. Registered capital of the company is NT\$58,611,862,910; outstanding shares entitled to cash dividends distribution are 5,861,186,291.</p> <p>2. According Article 32 of the Articles of Incorporation of the Company, the cash dividend distribution is authorized to the Board of Directors and submitted a report to the shareholders' meeting.</p> <p>3. The Company plans to distribute dividends of \$1.25 per share for current year ; all of which are cash dividends.</p> <p>4. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar.</p> <p>5. Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period is due to a re-measurement of the actuarial pension adjustment and the disposal of financial assets at fair value through other comprehensive income.</p>

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Introduction***

We have audited the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter section*), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

### ***Assessment of loss allowance for accounts receivable***

#### Description

Refer to Note 4(12) for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, and Note 6(5) for details of loss allowance for accounts receivable. As of December 31, 2023, the Group's accounts receivable amounted to NT\$24,242,888 thousand, net of loss allowance in the amount of NT\$130,989 thousand.

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

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained the overdue aging report used when management 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.

### ***Evaluation of inventories***

#### Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for detailed information on allowance for inventory valuation losses. As of December 31, 2023, the inventory and allowance for inventory valuation losses were NT\$46,113,019 thousand and NT\$1,859,315 thousand, respectively.

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

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

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

***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT\$153,545,065 thousand and NT\$147,331,920 thousand, both constituting 27% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and operating revenue amounted to NT\$19,942,215 thousand and NT\$29,764,732 thousand, constituting 6% and 8% of the consolidated total operating revenue for the years then ended, respectively. The comprehensive income (loss) recognised from these associates and joint ventures accounted for under the equity method amounted to NT\$11,145,442 thousand and (NT\$3,973,017) thousand, constituting 62% and 10% of the consolidated total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

***Other matter – Parent company only financial reports***

We have audited the parent company only financial statements of Formosa Chemicals & Fibre Corporation as of and for the years ended December 31, 2023 and 2022, and have expressed an unqualified opinion on those financial statements.

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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



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

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

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

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

Juanlu, Man-Yu

Wu, Han-Chi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

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

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



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

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NT\$ 8,715,892
Employees Stock Compensation	NT\$ 0
Directors Compensation	NT\$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividend	0%

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

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2024 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2024 Annual Shareholders' Meeting and does not required preparing financial forecast information.

# **Articles of Incorporation of Formosa Chemicals & Fibre Corporation**

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

## **Chapter 1 General Provisions**

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

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

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

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

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

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

### **Chapter 2 Shares**

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

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

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

Article 7: (deleted)

Article 8: (deleted)

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

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

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

### **Chapter 3 Shareholders' Meeting**

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

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

Article 12: The notice and announcement of regular shareholders'

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

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

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

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

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

issued Shares of the Company.

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

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

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

#### **Chapter 4 Directors**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 24: (deleted)

Article 25: (deleted)

Article 26: (deleted)

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



participation and contribution with normal standard in the same industry.

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

### **Chapter 5 Managers**

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

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

### **Chapter 6 Accounting**

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

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

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

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

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

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

Preceding special earning reserves include:

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

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

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

### **Chapter 7 Additional provision**

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

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

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

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

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

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

To convene a shareholders' meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic

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

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

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

motion.

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

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

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

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

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

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

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

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

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

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

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly

marked and a sufficient number of suitable personnel assigned to handle the registrations.

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

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

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

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

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



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

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

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

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

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

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

voting right and the total number of shares represented by the shareholders present at the meeting.

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

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

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

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

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

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the

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

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

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

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

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the

representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.

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

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

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

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

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

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

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

When the Company convenes a shareholders' meeting,

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

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

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

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

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

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

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

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

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

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

shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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

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

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

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

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

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

The Chair may direct the proctors or security personnel to help

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

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

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

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

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

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

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



## **Rules for Election of Directors of Formosa Chemicals & Fibre Corporation**

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

- Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with the Rules.
- Article 2: The cumulative voting system shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 3: Before the election begins, the Chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.
- Article 4: The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. If a person is elected to be director at the same time, he/she shall only decide to be a director. After the above-mentioned person decided, the vacant position shall be filled by the candidate receiving the second highest numbers of voting rights. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.
- Article 5: The election of directors shall be elected in accordance with the Company's Articles of Incorporation in that a candidate nomination system shall be adopted and that shareholders shall elect directors from among those listed in the slate of director

nominees. Independent and non-independent directors shall elect at the same time, but in separately calculated numbers as stated as Article 4. If the company has established an audit committee, at least one of its independent directors is required to have accounting or financial expertise.

The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of director candidates, the number of directors to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall not be less than 10 days.

The Board of Directors and a shareholder holding one percent or more of the total number of issued shares may present a slate of director nominees to the Company; the number of nominees may not exceed the number of directors to be elected.

When providing a recommended slate of director candidates, a shareholder or the Board of Directors shall describe each nominee's name, educational background, and work experience.

The Board of Directors, or other person having the authority to call a shareholders' meeting, except under any of the following circumstances, shall include all qualified nominees in the slate of director candidates:

1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations.
2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act.
3. Where the number of nominees exceeds the number of directors to be elected.
4. Where the nominating shareholder fails to describe the nominee's name, educational background, and work experience.

- Article 6: The Board of Directors or other person having the authority to call a shareholders' meeting shall prepare ballots and distribute one ballot per voter corresponding to his/her attendance card number. The numbers of ballots distributed to the voters shall be equal to the directors to be elected. As for the number of voting rights associated with each ballot shall be specified on the ballots.
- Article 7: A voter must fill the director candidate's full name in the "candidate" column of the ballot based on the director candidate list.
- Article 8: A ballot shall be deemed void under the following conditions:
1. The ballot was not prepared as Article 6 stated; or
  2. The ballot has more than one candidate's name filled; or
  3. Other words or marks are filled in addition to the information Article 7 stated; or
  4. The candidate's full name filled in the ballot does not conform to the director candidate list after verification; or
  5. The writing is unclear and indecipherable.
- Article 9: The voting rights shall be calculated at the end of the poll and the Chair shall announce the voting results on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 10: The Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

**Formosa Chemicals & Fibre Corporation**  
**Current Shareholdings of Directors**

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

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 93,778,981 shares. As of April 20, 2024, the actual shareholdings of the Company's Directors are 335,431,624 shares.