Stock Code：6505

Formosa Petrochemical Corporation

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Annual Report is available at: http://www.fpcc.com.tw

Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw

Printed on April 30th, 2023

1. Name, title, contact number and e-mail address of the Company's Spokesperson and deputy spokesperson:

	Spokesperson	Deputy Spokesperson
Name	Keh-Yen Lin	Chien-Tang Tsai
Title	Executive Vice President	Assistant Vice President
Contact number	(02)2712-2211	(02)2712-2211
E-mail address	fpccpre@fpcc.com.tw	fpccpre@fpcc.com.tw

2. Address and telephone of the headquarters, branches, and factory

Company	Address	Contact number
Headquarters	No. 1-1, Taisu Industrial Park, Mailiao Township, Yunlin County 638, Taiwan (R.O.C.)	(05)681-2345
Taipei Office	4F (Rear Building)., No. 201, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02)2712-2211 (Ext. 140)
Mailiao Plant #1	No. 7 、15, Taisu Industrial Park, Mailiao Township, Yunlin County 638, Taiwan (R.O.C.)	(05)681-2345
Mailiao Plant #2	No. 8、8-5, Taisu Industrial Park, Mailiao Township, Yunlin County 638, Taiwan (R.O.C.)	(05)681-2345
Mailiao Plant #3	No. 17、39, Taisu Industrial Park, Mailiao Township, Yunlin County 638, Taiwan (R.O.C.)	(05)681-2345

3. The agency handling shares transfer：Stock Affairs Dept., Formosa Petrochemical Corp.
   Address: 1F, 201, Dunhua North Road, Taipei
   Tel: (02)2718-9898
   Website: N/A

4. Name of the certified public accountant (CPA) who duly audited the annual financial report for the most recent fiscal year: Li-Huang Lin, Wen-Fun Fu
   Name of accounting firm: Ernst & Young Certified Public Accountants
   Address: 9F., No. 333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
   Website: http://www.ey.com/taiwan
   Tel: (02) 2757 – 8888

5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

6. Company website: http://www.fpcc.com.tw

Contents

Formosa Petrochemical Corporation Annual Report

1. Foreword：

The world economy is recovering from COVID-19 pandemic. However, geopolitical instability and volatile energy price have made the refining industry struggle to deal with it. In the first half of 2022, Russia-Ukraine War made oil price hike, and the issue of supply shortage led to export product crack higher, although the policy of stable commodity price and weak petrochemical demand eroded profit, FPCC delivered a remarkable performance relying on a flexible inventory/production control mechanism. In second half of 2022, inflation and China zero COVID policy have lowered product crack and corporate profit.

To summarize, FPCC tried to maintain a competitive advantage by enforcing high safety standards and efficient operations toward the refinery. Despite geopolitics, monetary policy and inflation were challenging in 2022, FPCC still achieved positive EPS last year.

2. Financial and Operation Performance in 2022：

(In Thousands of NT Dollars)

	2022	2021	%
Consolidated Revenue	848,048,496	620,062,326	36.8
Consolidated Operating Income	5,420,137	55,177,385	-90.2
Consolidated Earnings Before Tax	16,968,396	60,484,975	-71.9
EPS After Tax	1.51	5.19	-70.9

Petroleum Refining：

Benefits from the implementation of easing border control policy in Europe and South East Asia, global oil demand increased in the first half of 2022, along with the declination of oil export from Russia and the decrease in oil export quota from China, the product spread rose up dramatically. FPCC made a fast response to the market and higher the run rate, further reaching a healthy profit margin in the first half of 2022. The Petroleum Refining profit of FPCC reached 21% annual growth rate compared with 2021, but margin in the second half of 2022 declined rapidly. Therefore, FPCC is cautious about operating environment in 2023.

In terms of production, the average daily throughput reached 428 thousand barrels (+10.7% YOY). The increase was mainly from the recovery of RDS #2 in July 2021, which caused the utilization rate in 2022 is higher than in 2021. Furthermore, the performance was attributed to the better market for export oil products along with the increased refinery utilization rate.

As for the domestic market, petroleum sales increased slightly compared with 2021 and the average market share was 22.8% in 2022. FPCC was committed to making commodity prices stable together with increasing petroleum sales volume, although there were multiple losses due to the rising cost of raw materials and the policy of price stabilization by the government. In addition, diverse marketing channels have been utilized to raise brand awareness and expand the customer base. For instance, not only did FPCC let the activity "Formosa Member Day On Saturday" be promoted continuously to strengthen the relationship with clients and increase sales, but let its brand name be shown on well-known TV programs and sports events to increase brand exposure.

With regards to foreign sales, FPCC exported gasoline and diesel at 2.8 million KL (-3.1% YOY) and 8.7 million KL (+19.3% YOY) respectively, which was caused by the better price spread of diesel. Therefore, the overall export sales of oil products grew by 22% compared with 2021.

Basic Petrochemical Materials Business：

The market for global petrochemical materials was very weak in 2022, which was mainly affected by China's strict implementation of lockdown and continuously raising interest rates to fight inflation by various countries. Therefore, it was hard to increase the demand effectively. Additionally, China expanded lots of capacity for petrochemical production capacity in the middle of the year, and the expansion influenced the price of ethylene and propylene at the same time.

As for raw materials, the average price of naphtha in 2022 was higher than in 2021 because of the rise in crude oil prices and the impact of Russia-Ukraine War, which caused FPCC to face high feedstock cost of naphtha. As a result, FPCC reduced the utilization rate to meet the needs of downstream companies in response to aforementioned situations and made a loss in 2022.

Utilities Division：

The primary mission of our cogeneration units is to offer stable and sufficient power to all units within Mailiao complex. However, affected by Russia-Ukraine War, on one hand, the European Union (EU) has stopped importing Russian coal against Russia. On the other hand, Russia has diminished the supply of natural gas which forced the EU to find other sources. This situation caused a tight supply of fuels and made the price of coals rise dramatically. Due to the significantly increasing cost of raw materials, the utilities division made a loss in 2022.

2022 Sustainable development：

FPCC takes sustainable development as the core value and focuses on various ESG areas. FPCC strives to achieve company growth, environmental sustainability, and social prosperity, while takes into account the interests of employees, investors and stakeholders. Therefore, with Chairman as the convener, FPCC established a task force to integrate the resources of departments and promote sustainable development.

FPCC adopted big data and AI to navigate the company and optimize the process models to achieve high-value products with low energy costs. In 2022, FPCC completed 19 projects related to AI implementation, with estimated benefits up to NT$ 100 Million. FPCC also took actions to reduce energy consumption and carbon emission. 250 proposals were raised in Mailiao complex in 2022, and all the cases were addressed properly. To be more specific, the complex conserved 195 thousand tons of GHG emissions, saved 33 GWh per year and reduced 360 thousand tons of water per day. In addition, in order to protect tree resources and improve operating efficiency, FPCC actively promoted paperless work, as well as expanded the application of electrical workflow and data digitalization. FPCC reduced the amount of paper used in 2022 by 30% compared with 2021.

In Corporate governance, FPCC was devoted to protect the interest of the investors. Also, FPCC enhanced the function of board directors and made information disclosure transparent. In 2022, the Sustainable Development Committee was established to guide the sustainable development policies and management guidelines, and supervise the progress of the sustainability report and verification of greenhouse gas.

FPCC is always dedicated to community investment as we believe giving back to society and to those people in need are our sacred missions. In 2022, when the domestic epidemic was rapidly heating up and the demand for rapid tests was increasing, Formosa Plastic Group donated 100,000 doses of rapid tests to Yunlin Government to help the public overcome the epidemic. FPCC collaborated with charity foundations to support children who suffered from violence, poverty, and pandemic. In addition to providing materials, FPCC hopes to attract more companies and people to join the charity activities, so every child can grow up in healthy and happy environment.

2023 Sales Goals：

For petroleum products, the estimated sales volume for gasoline and gasoil are 5.5 million KL and 10.5 million KL respectively. FPCC keeps bringing more member feedback activities to retain a solid relationship with existing domestic customer group. On the other hand, FPCC will continue to expand the customer base via various marketing channels such as TV, broadcast, internet, and sports events. Regarding the export market, FPCC cooperates with oil majors and trading house to expand our market shares in global market. In respect to petrochemical products, the expected sales volumes of ethylene, propylene and butadiene are 2.5 million MT, 2.2 million MT and 358 thousand MT respectively. The petrochemical plant, with stable operation, will meet the feedstock needs of the downstream units while selling the excess products in the international market to obtain higher profit. As for the Utility division, the key role is to provide consistent electricity and steam to meet the demand of all units in Mailiao complex.

Outlook：

In order to curb inflation, major economies have accelerated the pace of interest rate hikes since 2022, which led to slowdown in production activities and consumer demand. Most major agencies are conservative about 2023 GDP growth due to the uncertain impact of Russia-Ukraine War and USA-China unstable relation. Therefore, Morgan Stanley used "Even Darker Before the Dawn" to express concerns about the economic outlook. Considering the profit structure of FPCC closely linked to global economic activities, FPCC will keep more concentrate on production and sales plans to go through the unknown challenges.

On the other hand, as the countdown to the EU carbon tariff policy approaches, countries are gradually increasing their focus on sustainability issues. Also, in January 2023, the domestic climate change adaptation law was amended with a target of achieving net-zero emissions by 2050, and a phased carbon tax will be imposed. In response, our company has systematically built a sustainable strategy based on three main pillars: green factories, green energy, and green innovation. While improving the efficiency of our existing product production, we will accelerate investment in digital transformation, AI applications, clean energy, and decarbonization technologies. We hope to enhance the company's resilience to external risks and create diversified income by grasping sustainable trends.

II. Company Profile

1. Date of Incorporation: April 6th, 1992
2. Business Mission & Vision:

   Established in 1992, Formosa Petrochemical Corporation (FPCC) focuses its business in the production and sales of petroleum products and petrochemical raw materials. FPCC is currently the only privately-owned petroleum refining enterprise in Taiwan. FPCC's production capacity ranks first in Taiwan, with its production and sales lines spanning from petroleum products such as gasoline and diesel, and the naphtha Crackers which produce petrochemical raw materials such as ethylene, propylene, and butadiene. In addition, there are qualified co-generation systems in place, which consistently supply utilities such as steam and electricity required for the operations of Formosa Plastics Group's factories located in the Mailiao Industrial Complex.

   In 1994, FPCC set off the Sixth Naphtha Cracking Project in the Yunlin Offshore Industrial Park in Mailiao Township, Yunlin County. At the beginning, the construction was held back by the harsh local environment. However, this did not intimidate our staff. After all the hard work made by our employees, we have already completed Phase I to Phase IV of the Project, as well as vital market developments. In the future, FPCC will continue to carry out various improvements and innovations to further improve its business performance.

   In terms of business operations, FPCC truly believes that only good management foundation can make a company immune from being crumbled by constant changes, and lead the Company to long-term sustainability. Therefore, FPCC has consistently strived for cost reduction and operational efficiency in different aspects of production, sales, manpower allocation, and resource utilization, etc., by acting on pragmatism and inquisitiveness, and paying attention to every detail. This spirit has long been internalized as an important part into our core corporate culture, and it is what keeps motivating us to progress and thrive. Additionally, we keep faith in reasonable profitability, as well as corporate social responsibility, for this is what makes sense to our persistence. Therefore, FPCC not only strives for business success, but also invests in nonprofit sectors with regard to education, medical services, and social care for the disadvantaged. The Company also continuously scales up its business to improve operational efficiency and quality, all of which will help us fulfill our corporate social responsibility as a corporate citizen.

   After more than 50 years of hard work, Formosa Plastics Group has evolved into an industrial conglomerate with comprehensive business lines. It is the spirit of "Diligence, Perseverance, Frugality and Trustworthiness, To Aim at the Sovereign Good, Perpetual Business Operation, and Dedication to the Society", as always emphasized by our two co-founders, Mr. Wang Yung-Ching and Mr. Wang Yung-Tsai, that keep motivating our organization to expand, grow, and thrive.

Our future is laid out on the vision of making FPCC a world-class company and a global leader in our industrial sector. As a global leader, FPCC will be able to strengthen its business competitiveness, and achieve the goal of long-term sustainability in corporate operations.

3. Milestones

April, 1992	Formosa Petrochemical was established through a joint investment of NT$15 billion from Formosa Plastics (FPC), Nan Ya Plastics (NPC), Formosa Chemicals & Fibre (FCFC), Formosa Taffeta, and Formosa Heavy Industries.
July 1994	Construction of the Sixth Naphtha Cracking Project commenced.
April 1996	In response to the government policy of encouraging the establishment of privately-owned power plants, Formosa Plastics (FPC), along with Nan Ya Plastics (NPC), Formosa Chemicals & Fiber (FCFC) and Formosa Petrochemical Corp. (FPCC), co-invested and established Mai-Liao Power Corporation.
December 1997	Construction of co-generation system in Utility Plant No. 1 was completed and commercial operations began.
November 1998	The five sets of co-generation system in Utility Plant No. 1 received approval from the Bureau of Energy, Ministry of Economic Affairs in the registration of operation on November 30.
December 1998	No. 1 Naphtha Cracker officially started commission testing on December 1.
January 1999	No. 1 Naphtha Cracker obtained the factory registration certificate.
February 1999	To facilitate petroleum and chemical product transportation needs, Formosa Petrochemical Transportation Corporation and Formosa Plastics Corporation jointly invested and established Sixth Naphtha Cracker Transport Corp.
February 1999	No. 1 Naphtha Cracker (with an production output of 450,000 tons of ethylene per year) was officially put into operation.
April 1999	Formosa Petrochemical Corp. (FPCC), along with two other privately-owned companies, Ho Sen Eclectic Industrial Co. Ltd. and Mercuries & Associates Co. Ltd., co-invested and established Formosa Oil Co. Ltd.
December 1999	The first two sets of co-generation system installed in No. 3 Utility Plant was completed and put into operation.

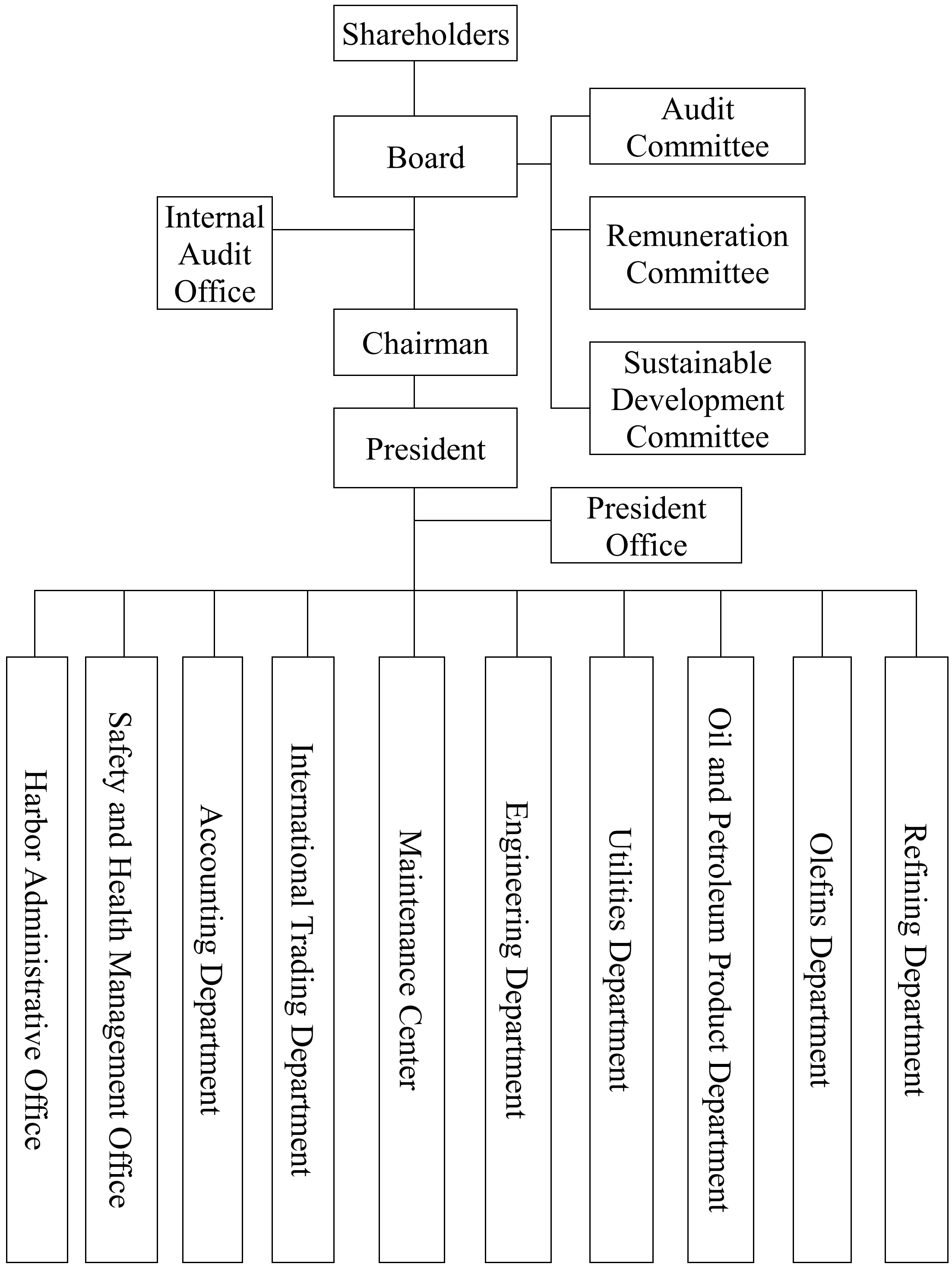
December 1999	The first batch of 1 million barrels of crude oil arrived in Mailiao Harbor, and unloading was successfully completed in the early morning of December 15, 1999.
February 2000	The first set of co-generation system installed in No. 2 Utility Plant was completed and put into operation.
March 2000	Phase I refinery, with a daily crude oil capacity of 150,000 barrels, started commercial operations to produce LPG, naphtha, kerosene, diesel, and various heavy petroleum products.
September 2000	FPCC officially launched business domestically to supply gasoline and premium diesel products in petrol stations.
October 2000	No. 2 Naphtha Cracker (with an production output of 900,000 tons of ethylene per year) was officially put into operation.
June 2002	FPCC invested in Whale Home Co., Ltd.
November 2002	Construction work of de-bottlenecking in No.1 Naphtha Cracker was completed, increasing the plant's yearly capacity of ethylene from 450,000 tons to 700,000 tons.
January 2003	FPCC's stock was listed as an emerging stock in the over-the-counter stock exchange market.
January 2003	Construction for the refinery of petroleum coke oxidation was completed and put into operation.
June 2003	The second set of co-generation system installed in No. 2 Utility Plant was completed and put into operation.
November 2003	The Maintenance Center Flow Calibration Laboratory was certified by CNLA.
December 2003	FPCC's equity was officially listed on Taiwan Stock Exchange for public trade.
June 2004	FPCC issued US$250 million of overseas convertible bonds (ECB).
September 2004	The third set of co-generation system installed in No. 2 Utility Plant was completed and put into operation.
November 2004	FPPC's gasoline and diesel engine laboratory was certificated by CNLA.
December 2004	FPCC established Caltex Taiwan Corp. in a joint venture with the American Company Caltex.
November 2005	The Inspection Office of the Refining Department was certified by CNLA as a business of the Liquefied Petroleum Gas Product Category.

March 2006	In order to develop overseas oil sources, FPCC established FPCC USA, Inc., a foreign subsidiary.
May 2007	No. 3 Naphtha Cracker was completed and put into operation.
September 2007	The long-distance underground pipeline connecting Mailiao Industrial Complex to Taipei Port completed and began transporting petroleum product.
January 2008	10 ppm Sulfur Gasoil was exported for the first time.
August 2008	FPCC re-invested in and established Formosa Dredging Corporation (BVI).
June 2009	The environmental-friendly 10 ppm Sulfur Gasoil officially launched in the market.
October 2009	The base oil plant was completed and officially put into operation.
March 2013	Kraton Formosa Polymers Corporation was established as a joint venture between FPCC and Kraton Performance Polymers, Inc.
November 2014	The operation of the Isoprene Plant in the Olefin Department officially commenced.
January 2016	Idemitsu Formosa Specialty Chemicals Corporation was established as a joint venture between FPCC and Idemitsu Kosan Co., Ltd.
April 2017	FPCC re-invested in and established FG INC and FG LA LLC in the US.
July 2018	FPCC re-invested in and established NKFG.
April 2019	According to requirements of business, renamed Formosa Dredging Corporation to FPCC Marine Corporation.
March 2020	According to requirements of business, reorganized FPCC Marine Corporation and established FPCC MAJESTY Corporation, FPCC NATURE Corporation and FPCC DILIGENCE Corporation.
May 2022	FPCC re-invested in and established Formosa Smart Energy Tech Corp.

III. Corporate Governance

1. Organization

1.1 Organization Structure



1.2 Major Department Functions

Department	Main Business
Refining Department	Refinement of oil products such as naphtha, gasoline and diesel
Olefins Department	Production and sales of petrochemical raw materials such as ethylene and propylene
Oil and Petroleum Product Department	Domestic sales of oil products and oil storage business
Utilities Department	Production and sales of utilities such as water, electricity and steam
Engineering Department	Engineering and planning; design and construction
Maintenance Center	Equipment repairing and maintenance
International Trading Department	Oil products export business
Accounting Department	Bookkeeping, cost control, taxation, and preparation of operational reports
Safety and Health Management Office	Responsible for industrial safety and health-related business
Harbor Administrative Office	Loading and unloading of import and export of goods in the Mailiao Industrial Harbor

2. Directors and Management Team

2.1 Directors

2023.03.27

Title (Note 1)	Nationality/ Place of Incorporation	Name Age (Note 2)	Gender	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at FPCC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
Chairman	R.O.C.	Formosa Plastics Corp.	-	2021.07.22	3	1992.03.31	2,742,549,010	28.79	2,720,549,010	28.55	-	-	-	-	-	-	None	None	None
	R.O.C.	Representative: Bao-Lang Chen	Male 71-80	2021.07.22	3	2011.09.15	0	0.00	0	0.00	0	0	0	0	BA of Chemical Engineering, National Cheung Kung University	Chairman of Mailiao Harbor Administration Corp. and Mailiao Power Corp.	None	None	None
Managing Director	R.O.C.	Formosa Chemicals & Fibre Corp.	-	2021.07.22	3	2006.06.09	2,300,799,801	24.15	2,300,799,801	24.15	-	-	-	-	-	-	None	None	None
	R.O.C.	Representative: Wen-Yuan Wong	Male 71-80	2021.07.22	3	2009.06.04	2,431,850	0.03	2,431,850	0.03	4,513,614	0.05	0	0	Master of Industrial Engineering, University of Houston	Chairman of Taiwan Textile Federation, Formosa Taffeta Corp., ~~Formosa Advanced Technologies Corp.~~	Managing Director	Wilfred Wang	Brother
Managing Director	R.O.C.	Formosa Plastics Corp.	-	2021.07.22	3	1992.03.31	2,742,549,010	28.79	2,720,549,010	28.55	-	-	-	-	-	-	None	None	None
	R.O.C.	Representative: Susan Wang	Female 61-70	2021.07.22	3	95.06.09	399,235	0.00	399,235	0.00	0	0	0	0	Barnard College, U.S.	Managing Director of Formosa Plastics Corp., Vice Chairman of FPC USA, Chairman of Formosa Environmental Technology Corp.	Director	Walter Wang	Siblings

Title (Note 1)	Nationality/ Place of Incorporation	Name Age (Note 2)	Gender	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at FPCC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
Managing Director	R.O.C.	Nan Ya Plastics Corp.	-	2021.07.22	3	2006.06.09	2,201,306,014	23.11	2,201,306,014	23.10	-	-	-	-	-	-	None	None	None
	R.O.C.	Representative: Wilfred Wang	Male 71-80	2021.07.22	3	1999.04.28	492,555	0.01	492,555	0.01	2,300,000	0.02	0	0	BA of Mechanical Engineering, University of London	Chairman of Formosa Plastics Marine Corp. and Nan Ya Photonics Inc. , Managing Director of Formosa Plastics Corp., Nan Ya Plastics Corp. and Formosa Chemicals & Fibre Corp.	Managing Director	Wen-Yuan Wong	Brother
Managing /Independent Director	R.O.C.	C.P Chang	Male 71-80	2021.07.22	3	2003.12.18	0	0.00	0	0.00	0	0	0	0	Master of Laws, National Chengchi University	CEO of Cross-strait Peaceful Development Foundation, Independent Director of Powerchip Technology Corp., SILITECH Technology Corp., and Inventec Corp.	None	None	None
Independent Director	R.O.C.	Yu Cheng	Male 61-70	2021.07.22	3	2009.06.04	0	0.00	0	0.00	0	0	0	0	Master of Business Administration, National Chengchi University	Chairman of Mirror TV, Independent Director of Formosa Advanced Technologies Corp.,	None	None	None
Independent Director	R.O.C.	Sush-Der Lee	Male 71-80	2021.07.22	3	2018.6.14	0	0.00	0	0.00	0	0	0	0	Master of Business Administration, Minnesota State University, Mankato	None	None	None	None
Director	R.O.C.	Walter Wang	Male 51-60	2021.07.22	3	2009.06.04	0	0.00	0	0.00	0	0	0	0	University of California,Berkeley	J-M Manufacturing Co.,Inc. Chairman & CEO	Managing Director	Susan Wang	Siblings

Title (Note 1)	Nationality/ Place of Incorporation	Name Age (Note 2)	Gender	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at FPCC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
Director	R.O.C.	Nan Ya Plastics Corp.	-	2021.07.22	3	2006.06.09	2,201,306,014	23.10	2,201,306,014	23.10	-	-	-	-	-	-	None	None	None
	R.O.C.	Representative: Mihn Tsao	Male 71-80	2021.07.22	3	2012.06.14	0	0.00	0	0.00	0	0	0	0	EMBA from National Sun Yat-san University	President of Formosa Petrochemical Corp. and Mailiao Power Corp.; Director representative of KFPC; Chairman of IFSC and Formosa Oil (Asia Pacific) Corp.; Independent Director of Sesoda Corp.	None	None	None
Director	R.O.C.	Keh-Yen Lin	Male 61-70	2021.07.22	3	2006.06.09	53,768	0.00	53,768	0.00	10,629	0	0	0	BA of Chemical and Materials Engineering, Tunghai University.	Executive Vice President of Formosa Petrochemical Corp.; Director of NKFG, FG INC., Formosa Oil Corp., Whale Home International Corp., and Formosa Petrochemical Transportation Corp	None	None	None
Director	R.O.C.	Jui-Shih Chen	Male 61-70	2021.07.22	3	2009.06.04	10,649	0.00	10,649	0.00	0	0	0	0	BA of Chemical Engineering, National Taiwan University	None	None	None	None
Director	R.O.C.	Te-Hsiung Hsu	Male 61-70	2021.07.22	3	2018.06.14	1,243	0.00	1,243	0.00	6,000	0	0	0	Master of Chemical Engineering, National Tsing Hua University	Acting Senior Vice President of Formosa Petrochemical Corp.; Director of Formosa Oil (Asia Pacific) Corp., Whale Home International Corp. and Formosa Petrochemical Transportation Corp. and Caltex Taiwan Corp.	None	None	None

Title (Note 1)	Nationality/ Place of Incorporation	Name Age (Note 2)	Gender	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at FPCC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
Director	R.O.C.	Yuh-Lang Jean	Male 61-70	2021.07.22	3	2021.07.22	2,583	0	2,583	0	0	0	0	0	BA of Mechanical Engineering, National Cheung Kung University	Senior Vice President of Formosa Petrochemical Corp.	None	None	None
Director	R.O.C.	Song-Yueh Tsay	Male 61-70	2021.07.22	3	2018.06.14	0	0.00	0	0.00	0	0	0	0	BA of Chemical Engineering, National Central University	Vice President of Formosa Petrochemical Corp.	None	None	None
Director	R.O.C.	Chia-Hsien Hsu	Male 51-60	2021.07.22	3	2021.07.22	0	0.00	0	0.00	0	0	0	0	BA of Mechanical Engineering, Ming Chi University of Technology	Senior Vice President of Formosa Petrochemical Corp.	None	None	None

Note 1: A corporate shareholder shall present its name and the name of its representative respectively (the representative of a corporate shareholder shall indicate the corporate name) and complete the following Table 1.

Note 2: Please indicate your age, which shall be expressed in an age range, such as "41 to 50" or "51 to 60".

Note 3: Please state the date when you first started to serve as a director or supervisor of the Company. In case of any discontinuity in any terms of office, please specify in a note.

Note 4: Regarding experience related to the current position, if you have worked in an accounting firm offering auditing and verification services or in an affiliate during the period mentioned above, please state your job title and responsibilities.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None.

2.2 Major shareholders of the institutional shareholders (Table 1)

2023.03.27

Name of Institutional Shareholders (Note 1)	Major Shareholders (Shareholding ratio) (Note 2)	
Formosa Plastics Corp.	Chang Gung Medical Foundation	9.44%
	Formosa Chemicals & Fibre Corp.	7.65%
	Standard Chartered Merchant Bank in Custody for Credit Suisse Singapore Branch	6.26%
	Nan Ya Plastics Corp.	4.63%
	Chindwell International Investment Corp.	4.16%
	Vanson International Investment Co.,LTD.	3.05%
	Formosa Petrochemical Corp.	2.07%
	Citibank Taiwan in custody for Government of Singapore	1.78%
	Ming Chi University of Technology	1.43%
	Old Labor Pension Fund	1.29%
Nan Ya Plastics Corp.	Chang Gung Medical Foundation	11.05%
	Formosa Plastics Corp.	9.88%
	Formosa Chemicals & Fibre Corp.	5.21%
	Chang Gung University	4.00%
	Vanson International Investment Co.,LTD.	2.39%
	Formosa Petrochemical Corp.	2.26%
	Chindwell International Investment Corp.	1.86%
	Standard Chartered International Bank in Custody for LGT Bank (Singapore) Ltd.	1.50%
	Citibank Taiwan in custody for Macro system Corp.	1.45%
	Standard Chartered Merchant Bank in Custody for Credit Suisse Singapore Branch	1.20%
Formosa Chemicals & Fibre Corp.	Chang Gung Medical Foundation	18.58%
	Chindwell International Investment Corp.	6.35%
	Vanson International Investment Co.,LTD.	3.80%
	Formosa Plastics Corp.	3.39%
	Nan Ya Plastics Corp.	2.40%
	Wen-Yuan Wong	2.20%
	Fubon Life Insurance Co., Limited.	2.10%
	Consolidated Power Development Corp.	1.63%

	Standard Chartered Bank (Taiwan) Ltd. in Custody for Genesis Equity Group Inc.	1.51%
	HSBC Bank (Taiwan) Limited in Custody for Consolidated Power Development Corp.	1.45%

Note 1: If any Directors and Supervisors act as representative of an institutional shareholder, indicate the name of the institutional shareholder.

Note 2: Indicate the name of major institutional shareholders (top 10 in shareholding) and the shareholding percentage. If any of its major shareholders is an institutional shareholder, the following Table 2 shall be filled out.

Note3: For a corporate shareholder who is not a company organization, the shareholder's name and its shareholding ratio disclosed in the preceding paragraph shall be the name of the actual investor or donor (refer to the announcement of Judicial Yuan for any inquiries) and its contribution or donation ratio. Should a donor have passed away, it shall be noted as "deceased".

2.3 Major shareholders of the Company's major institutional shareholders in Table 1 (Table 2)

2023.03.27

Name of Institutional Shareholders (Note 1)	Major Shareholders (Shareholding ratio) (Note 2)	
Chindwell International Investment Corp.	Everred Corporate, Inc.	100%
Vanson International Investment Co.,LTD.	Landmark Capital Holdings Inc.	100%
Fubon Life Insurance Co., Limited.	Fubon Financial Holding Co., Ltd.	100%
Old Labor Pension Fund	Fund Account	
Chang Gung Medical Foundation	Nan Ya Plastics Corp.	18.20%
	Formosa Chemicals & Fibre Corp.	14.01%
	Formosa Plastics Corp.	13.44%
	Yung-Tsai Wang (deceased)	11.38%
	Yung-Ching Wang (deceased)	7.44%
Chang Gung University	Chang Gung Medical Foundation	56.91%
	Wang Yung-Ching (deceased)	13.15%
	Chindwell International Investment Corp.	3.89%
	Nan Ya Plastics Corp.	2.62%
	Formosa Plastics Corp.	2.32%
Ming Chi University of Technology	Yung-Tsai Wang (deceased)	43.20%
	Yung-Ching Wang (deceased)	38.78%
	Nan Ya Plastics Corp.	5.08%
	Chindwell International Investment Corp.	3.73%
	Formosa Chemicals & Fibre Corp.	1.66%

Name of Institutional Shareholders (Note 1)	Major Shareholders (Shareholding ratio) (Note 2)	
Standard Chartered International Bank in Custody for LGT Bank (Singapore) Ltd.	Investment Account	
Citibank Taiwan in custody for Macro system Corp.	Investment Account	
Citibank Taiwan in custody for Government of Singapore	Investment Account	
Consolidated Power Development Corp.	Chengcom Corp.	100%
Standard Chartered Bank (Taiwan) Ltd. In Custody for Genesis Equity Group Inc.	Investment Account	
Standard Chartered Merchant Bank in Custody for Credit Suisse Singapore Branch	Investment Account	
HSBC Bank (Taiwan) Limited In Custody for Consolidated Power Development Corp.	Investment Account	

Note 1：If any major shareholder listed in Table 1 is an institutional shareholder, indicate the institutional shareholder's name.

Note 2：Indicate the name of the major shareholder of the said institutional shareholder (top 10 in shareholding) and the shareholding percentage.

Note3:：If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation. If the contributor or donator had passed away, note will be added to clarify the condition.

Note4:：Ratio of the contribution or donation is calculated by the cumulative amount of donations over the years and the amount of donated stocks is calculated based on the face value.

Note5：The percentage of donations received by the Chang Gung Memorial Medical Foundation and Chang Gung University and Ming Chi University of Science and Technology are based on the cumulative donation amount until 2022.12.31 and 2022.07.31 respectively.

2.4 Directors' professional qualification and Independent Directors' independence

a. **Name:** Bao-Lang Chen(Formosa Plastics Corp. Rep.)

Professional Qualification and Experience (note 1):

The complete experience in the petrochemical industry: president of CPC Corporation, Taiwan; chairman of Kuo Kuang Petrochemical Technology Corp.; chairman of China American Petrochemical Co., Ltd.

Expertise in petrochemical, engineering, industrial safety, risk management and public relationship communication.

Possesses over 5-year work experience in related industry required by the company and is the chairman and sustainable development committee's convener of the company.

None affairs related to article 30 of Company Act.

Independence condition (note 2):

None of the spouse, relative within the second degree of kinship is director of the company.

Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

b. **Name:** Wen-Yuan Wong(Formosa Chemicals & Fibre Corp. Rep.)

Professional Qualification and Experience (note 1):

Possesses extensive industry knowledge and experience in operation and management, including plastics, textile, chemical, gas & electricity, semiconductors, iron & steel, shipping & transportation, biotechnology & medical care; used to be a senior manager in the above industries, and currently serves as the chairman and director of a related company.

Has the abilities of leadership, decision-making, and crisis management, as well as an international market outlook. Used to be a leader in multinational corporations from Mainland China, the United States of America, and Vietnam, and is currently the chairman of Taiwan Textile Federation.

Has the engineering expertise and a deep understanding of the AI field; has led the Company through the journey from energy-saving & emission reduction and circular economy to AI simulation and digital transformation.

Possesses over 5-year work experience in related industry required by the company.

None affairs related to article 30 of Company Act.

Independence condition (note 2):

One of the relative within the second degree of kinship is the director of the company.

Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

c. **Name:** Susan Wang(Formosa Plastics Corp. Rep.)

Professional Qualification and Experience (note 1):

Possesses extensive industry knowledge and experience in operation and management, including plastics, gas & electricity, textile, chemical, semiconductor, iron & steel, shipping & transportation, biotechnology & medical care; used to be

a senior manager in an American petrochemical enterprise, and is currently a director of listed companies and multinational companies from the above industries. Has the abilities of leadership, decision-making, strategic planning, crisis management, and risk management; has a profound international outlook and insight; has led the implementation of KPI performance index management and supervised the Company to promote ESG actively.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
One of the relative within the second degree of kinship is the director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

d. **Name:** Welfred Wang(Nan Ya Plastics Corp. Rep.)
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in operation and management, including gas & electricity, plastic, textile, chemical, iron & steel, shipping & transportation, photoelectric, and biotechnology & medical care; used to be a senior manager of plastic and gas & electricity companies, and is currently the chairman of shipping, optoelectronics, investment & development, and television media companies, and a director of companies from the industries mentioned above.
Has expertise in mechanical engineering and abilities of leadership, decision-making, innovative strategy, and crisis management; has an international market outlook; supervises the Company's continuous R&D and develops diversified business.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
One of the relative within the second degree of kinship is the director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

e. **Name:** C.P Chang
Professional Qualification and Experience (note 1):
Possesses extensive knowledge and experience in the industry, government, and academia, including finance, gas & electricity, electronics, communication, semiconductor, and biochemical technology; used to serve as parliamentary secretary of the Ministry of Economic Affairs, chairman of Fuhua Financial Control, vice secretary general of the Executive Yuan, permanent under-secretary of the Ministry of Finance, and director of companies from the above-mentioned industries; and is currently the CEO of Cross-Strait Peace Development Foundation (an incorporated foundation), an independent director of Inventec, and a convener of the Audit Committee and Remuneration Committee and a member of Sustainable Development Committee of the Company.

Has expertise in legal, finance, and financial accounting, and abilities of leadership, decision-making, operation & management, and risk management; also has an excellent international outlook, insight, judgment, and profound insights into industry development.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.

Independence condition (note 2):
None of himself, his spouse, or any relatives within the second degree of kinship (or in the name of others) have held shares of the Company, and none of them have any circumstances specified in Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Number of other public companies' in which the individual is concurrently serving as an Independent Director: 1

f. **Name:** Yu Cheng

Professional Qualification and Experience (note 1):
Possesses extensive knowledge and experience in the industry, government, and academia, including textile, petrochemical, telecommunications, media, and semiconductor; used to serve as deputy director of Commercial Times, deputy minister of the Fair Trade Commission of Executive Yuan, chairman of Radio Taiwan International, chairman of Chunghwa Telecom Co., Ltd., and director or independent director of companies from the above-mentioned industry; is currently chairman of Mirror TV, an independent director of Formosa Advanced Technologies Co., Ltd. and a member of the Audit Committee, Remuneration Committee and Sustainable Development Committee of the Company.
Has expertise in enterprise management, finance, financial accounting, digital technology, and cloud information.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.

Independence condition (note 2):
None of himself, his spouse, or any relatives within the second degree of kinship (or in the name of others) have held shares of the Company, and none of them have any circumstances specified in Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Number of other public companies' in which the individual is concurrently serving as an Independent Director: 1

g. **Name:** Sush-Der Lee

Professional Qualification and Experience (note 1):
Possesses extensive knowledge and experience in the industry, government, and academia, including finance, and gas & electricity; used to serve as chairman of Taiwan Stock Exchange, finance minister, and director of National Taxation Bureau of Kaohsiung, and Ministry of Finance; is currently a chair professor of business management at Soochow University and a member of the Company's Audit Committee, Remuneration Committee and Sustainable Development Committee.
Has expertise in finance and financial accounting, abilities of decision-making, operation& management, and risk management, and insight into the international

economy; is conversant with laws and regulations related to stock, finance, and taxes.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
None of himself, his spouse, or any relatives within the second degree of kinship (or in the name of others) have held shares of the Company, and none of them have any circumstances specified in Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

h. **Name:** Walter Wang
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in operation and management, including plastic, textile, chemical, and gas & electricity; currently serves as Chairman & CEO of J-M Manufacturing Co., Inc. and chairman of Formosa Chemicals & Fiber Corp. (FCFC).
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
One of the spouse, relative within the second degree of kinship is the director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

i. **Name:** Mihn Tsao(Nan Ya Plastics Corp. Rep.)
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in petrochemical industry. Specializes in engineering, chemical industry, and management.
Used to serve in public relations of Kaohsiung Oil Refinery General Plant, CEO of CPC Petrochemical Division, vice president of CPC, and president of Guoguang Petrochemical.
Possesses over 5-year work experience in related industry required by the company. and is the president and sustainable development committee's member of the company and independent director of Sesoda Corporation.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
None of the spouse, relative within the second degree of kinship is director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 1

j. **Name:** Keh-Yen Lin
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in operation and management, including oil refining, petrochemical, photoelectric, engineering, oil & gas exploration, and shipping & transportation; used to serve as manager of the

president's office and senior vice president of the Company; is currently the spokesperson, executive vice president of the Company.
Specializes in chemical industry.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
None of the spouse, relative within the second degree of kinship is director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

k. **Name:** Jui-Shih Chen
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in operation and management of petrochemical; has the abilities of chemical industry.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
None of the spouse, relative within the second degree of kinship is director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

l. **Name:** Te-Hsiung Hsu
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in operation and management of marketing, transportation and storage in oil and petrochemical industry; has the abilities of chemical industry; is currently the senior vice president of the Company.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
None of the spouse, relative within the second degree of kinship is director of the company.
Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

m. **Name:** Yuh-Lang Jean
Professional Qualification and Experience (note 1):
Possesses extensive industry knowledge and experience in operation and management of petrochemical and chemical industry; has the abilities of machinery and engineering; is currently the senior vice president of the Company.
Possesses over 5-year work experience in related industry required by the company.
None affairs related to article 30 of Company Act.
Independence condition (note 2):
None of the spouse, relative within the second degree of kinship is director of the company.
Number of other public companies' in which the individual is concurrently

serving as an Independent Director: 0

n. **Name:** Song-Yueh Tsay

Professional Qualification and Experience (note 1):

Possesses extensive industry knowledge and experience in operation and management of petrochemical; has the abilities of chemical industry; is currently the vice president of the Company.

Possesses over 5-year work experience in related industry required by the company.

None affairs related to article 30 of Company Act.

Independence condition (note 2):

None of the spouse, relative within the second degree of kinship is director of the company.

Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

o. **Name:** Chia-Hsien Hsu

Professional Qualification and Experience (note 1):

Possesses extensive industry knowledge and experience in operation and management of steam-electricity symbiosis industry; has the abilities of engineering and electricity; is currently the senior vice president of the Company.

Possesses over 5-year work experience in related industry required by the company.

None affairs related to article 30 of Company Act.

Independence condition (note 2):

None of the spouse, relative within the second degree of kinship is director of the company.

Number of other public companies' in which the individual is concurrently serving as an Independent Director: 0

Note 1: Directors' professional qualifications and experience are descripting according to article 2 industry category description of Taiwan Stock Exchange Corporation Key Points for Classifying and Adjusting Categories of Industries of Listed Companies.

Note 2: According to article 26 paragraph 3 of Securities and Exchange Act, more than half of the directors shall not have relationship with other director who is spouse or relative within the second degree of kinship.

An independent director shall state his/her compliance with independence standards and shall not have direct or indirect stake in the company. (refer to Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) The condition of independent director of the company in last two years is as follow:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (this restriction does not apply to independent directors appointed in accordance with the Act

or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

6. Not when a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
7. Not when the chairman, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
8. Not a director (or governor), supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (this restriction does not apply to any specified company or institution that holds more than 20% but below 50% of the Company's total issued shares, as well as independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
9. Not a professional individual who, or an owner, partner, director (or governor), supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

3. The diversification and independence of the board of directors

3.1 Diversification of the Board of Directors: Corporate Governance Policy is formed by the board of directors, managing the targets by the diversification policy of the board of directors. The accomplishment of 2022 diversification targets please refer to “3.Composition and responsibilities of the Board of Directors” of “4.3 Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”.

3.2 Independence of the Board of Directors: There are 3 independent director in the board, 20% of the directors. There are no situations specified in Article 26-3 paragraphs 3 and 4 of the Securities and Exchange Act, including the situation that there are spouse and relatives within the second degree of kinship between directors, between supervisors, or between directors and supervisors.

2.5 Management Team

2022.03.27

Title	Nationality	Name	Gender	Date Effective (Note2)	Shareholding (Note1)		Director's Spouse & Minor shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions at Other Companies	Managers who are Spouses or Within Two degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C	Mihn Tsao	Male	2011.11.09	0	—	0	—	0	—	EMBA of National Sun Yat-san University	Director representative of KFPC, Chairman of IFSC and Formosa Oil Corp., President of Mailiao Power Corp.; Independent Director of Sesoda Corp.	None	None	None
Executive Vice President	R.O.C	Keh-Yen Lin	Male	2014.03.11	53,768	0	10,629	0	0	—	BA of Chemical and Materials Engineering, Tunghai University.	Director of FG INC; Formosa Oil Corp., Whale Home International Corp., Formosa Petrochemical Transportation Corp. Simosa Oil Co., LTD and NKFG	None	None	None
Senior Vice President	R.O.C	Jui-Shih Chen	Male	2013.04.17	10,649	0	0	—	0	—	BA of Chemical Engineering, National Taiwan University	None	None	None	None
Senior Vice President	R.O.C	Te-Hsiung Hsu	Male	2014.11.06	1,243	0	6,000	0	0	—	Master of Chemical Engineering, National Tsing Hua University	Director of Formosa Oil Corp., Whale Home International Corp., Formosa Petrochemical Transportation Corp. and Caltex Taiwan Corp.	None	None	None
Senior Vice President	R.O.C	Yu-Lang Chien	Male	2018.08.06	2,583	0	0	—	0	—	BA of Mechanical Engineering, National Cheng Kung University	None	None	None	None
Vice President	R.O.C	Song-Yueh Tsay	Male	2014.11.06	0	—	0	—	0	—	BA of Chemical Engineering, National Central University	None	None	None	None
Senior Vice President	R.O.C	Chia-Hsien Hsu	Male	2021.03.11	0	0	0	—	0	—	BA of Mechanical Engineering, Ming Chi Technical Institute	None	None	None	None
Vice President	R.O.C	Wen-Ju Tseng	Male	2021.03.11	0	0	0	—	0	—	MBA of National Yunlin University of Science &Technology	None	None	None	None

Title	Nationality	Name	Gender	Date Effective (Note2)	Shareholding (Note1)		Director's Spouse & Minor shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions at Other Companies	Managers who are Spouses or Within Two degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President	R.O.C	He-Chi Chen	Male	2021.03.11	175	0	0	—	0	—	EMBA of National Taipei University	Director of Formosa Oil Corp., Whale Home International Corp., Formosa Petrochemical Transportation Corp.	None	None	None
Vice President	R.O.C	Hsien-Chung Hsiao	Male	2021.03.11	8,000	0	0	—	0	—	BA of Shipping Technology, National Chiao Tung University	None	None	None	None
Vice President	R.O.C	Yong-Jian. Huang	Male	2021.11.04	340	0	2,000	0	0	0	Master of Chemical Engineering, National Taiwan University	Director of IFSC	None	None	
Finance and Governance Officer	R.O.C	Chien-Tang Tsai	Male	2015.03.19	2,064	0	0	—	0	—	BA of Industrial Engineering, Tunghai University.	Supervisor of IFSC, Whale Home International Corp., Caltex Taiwan Corp., NKFG and Simosa Oil CO., LTD.	None	None	None
Accounting Officer	R.O.C	Tsung-Lin Chen	Male	2015.05.05	0	—	0	—	0	—	BA of Accounting, Chinese Culture University.	None	None	None	None
Auditing Officer	R.O.C	Fu-Jen Ho	Male	2000.12.15	0	0	0	—	0	—	BA of Business Administration, Fu Jen Catholic University.	Supervisor of Mailiao Harbor Administration Corp., Formosa Oil Corp., Formosa Petrochemical Transportation Corp. and Formosa Plastics Marine Corp.	None	None	None

Note 1：Since each member of management team's shareholding ratio is less than 0.01%, therefore, it is only indicated by 0.
Note 2：Date effective is the date that the board of directors appoints as a manager.
Note 3：The abovementioned main disclosures are for the manager those who manage FPCC affairs and also have the right of signatures.
Note 4：Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (E.g.：Increase the number of independent directors and a majority of the directors may not serve concurrently as an employee or managerial officer)：None.

3. Remuneration of Directors (including Independent Director), Supervisor, President, and Vice Presidents

3.1 Remuneration of Directors (including Independent Director)

a. Summary Disclosure

Unit: NT$ thousands 2022.12.31

Title	Name (Note 1)	Director's Remuneration: Base Compensation (A)(Note 2)		Director's Remuneration: Severance Pay and Pensions (B)		Director's Remuneration: Directors Compensation (C)(Note 3)		Director's Remuneration: Allowances (D)(Note 4)		Total Remuneration (A+B+C+D) and the % compared to Net Income (Note 10)		Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Salaries, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Employee Compensation (G) (Note 6)				Total Compensation (A+B+C+D+E+F+G) and the % compared to Net Income (Note 10)		Compensation Paid to Directors from an Invested Company other than NTC's Subsidiary (Note 11)
		From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC	Companies in the consolidated financial statements (Note 7)	From FPCC		Companies in the consolidated financial statements (Note 7)		From FPCC	Companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Formosa Plastics Corp.	20, 474	20, 474	0	0	0	0	730	730	21, 204 0. 15%	21, 204 0. 15%	83, 389	83, 389	718	718	23	0	23	0	105, 334 0. 73%	105, 334 0. 73%	34, 047
	Bao-Lang Chen																					
Managing Director	Formosa Chemicals & Fibre Corp.																					
	Wen-Yuan Wong																					
Managing Director	Formosa Plastics Corp.																					
	Susan Wang																					
Managing Director	Nan Ya Plastics Corp.																					
	Welfred Wang																					
Director	Walter Wang																					
Director	Nan Ya Plastics Corp.																					
	Mihn Tsao																					
Director	Keh-Yen Lin																					
Director	Jui-Shih Chen																					
Director	Ling-Shen Ma																					

Director	Te-Hsiung Hsu																					
Director	Yu-Lang Chien																					
Director	Song-Yueh Tsay																					
Director	Chia-Hsien Hsu																					
Director	Wen-Yu Cheng																					
Managing /Independent Director	C.P Chang																					
Independent Director	Yu Cheng	5, 400	5, 400	0	0	0	0	480	480	5, 880 0. 04%	5, 880 0. 04%	0	0	0	0	0	0	0	0	5, 880 0. 04%	5, 880 0. 04%	None
Independent Director	Sush-der Lee																					

1. Please state the remuneration policy, system, standard, and structure of independent directors, and state the correlation between the remuneration and the responsibilities, risks, time devotion, and other factors of independent directors: The Company does not provide directors' compensation. The independent directors' remuneration is based on a fixed payment. The main consideration is to maintain their independence and facilitate the supervision function. The Company paid the independent directors with NT$1.8 million remuneration and gave transportation allowance with NT$10,000 for each attendance of Board meeting. According to the Company's "Rules Governing the Scope of Powers of Independent Directors", the responsibilities and risks of independent directors include overseeing fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of CPAs, the effective implementation of the internal control system, compliance with relevant laws and regulations, management of the existing or potential risks, etc. The Company has insured directors' liability insurance for independent directors. The independent directors of the Company participate Board of Directors' meeting at least 6 times, audit committees meeting at least 4 times, and remuneration committees at least 2 times per year. To implement the integrity of the Company's business operations, the independent directors review the internal audit report every month, and regularly communicate with internal audit officer and CPAs against internal control and financial statements issues. The communication situation is detailed in "4.2 The State of operations of the Audit Committee".
2. Except as disclosed in the above table, remuneration for services rendered by the Company's directors (e.g., acting as a non-employee consultant for the parent company/any company appeared in financial reports/investees) in the most recent year: none.
3. Ling-Shen Ma and Wen-Yu Zheng (directors) resigned on July 22nd, 2021; and Yu-Lang Chien and Chia-Hsien Hsu took office as directors on July 22nd, 2021.

b. Spacing Disclosure

Range of Remuneration	Name of Directors			
	Total of Remuneration (A+B+C+D)		Total of Remuneration (A+B+C+D+E+F+G)	
	From FPCC(Note 8)	Companies in the consolidated financial statements (H)(Note 9)	From FPCC(Note 8)	Companies in the consolidated financial statements (I) (Note 11)
Under NT$ 1,000,000	Wen-Yuan Wong, Susan Wang, Welfred Wang, Walter Wang, Mihn Tsao, Keh-Yen Lin, Jui-Shih Chen, Te-Hsiung Hsu, Yu-Lang Chien, Song-Yueh Tsay, Chia-Hsien Hsu, Formosa Plastics Corp, Nan Ya Plastics Corp., Formosa Chemical & Fibre Corp.	Wen-Yuan Wong, Susan Wang, Welfred Wang, Walter Wang, Mihn Tsao, Keh-Yen Lin, Jui-Shih Chen, Te-Hsiung Hsu, Yu-Lang Chien, Song-Yueh Tsay, Chia-Hsien Hsu, Formosa Plastics Corp, Nan Ya Plastics Corp., Formosa Chemical & Fibre Corp.	Wen-Yuan Wong, Susan Wang ,Walter Wang, Formosa Plastics Corp, Nan Ya Plastics Corp., Formosa Chemical & Fibre Corp.	Walter Wang, Formosa Plastics Corp, Nan Ya Plastics Corp., Formosa Chemical & Fibre Corp.
NT$ 1,000,000～NT$1,999,999	C.P Chang, Yu Cheng, Sush-der Lee,	C.P Chang, Yu Cheng, Sush-Der Lee,	C.P Chang, Yu Cheng, Sush-der Lee,	C.P Chang, Yu Cheng, Sush-Der Lee,
NT$ 2,000,000～NT$ 3,499,999	—	—	—	—
NT$ 3,500,000～NT$ 4,999,999	—	—	Chia-Hsien Hsu	Chia-Hsien Hsu
NT$ 5,000,000～NT$ 9,999,999	—	—	Te-Hsiung Hsu, Song-Yueh Tsay, Jui-Shih Chen, Yu-Lang Chien	Susan Wang, Yu-Lang Chien,Te-Hsiung Hsu, Song-Yueh Tsay, Jui-Shih Chen
NT$10,000,000～NT$ 14,999,999	—	—	Keh-Yen Lin	Keh-Yen Lin
NT$15,000,000～NT$ 29,999,999	Bao-Lang Chen	Bao-Lang Chen	Bao-Lang Chen, Welfred Wang, Mihn Tsao	Bao-Lang Chen, Wen-Yuan Wong, Welfred Wang, Mihn Tsao
NT$30,000,000～NT$ 49,999,999	—	—	—	—
NT$50,000,000～NT$ 99,999,999	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	18	18	18	18

Note 1: The names of Directors shall be listed separately (for institutional shareholders, disclose both the institutional representative's name and the institutional shareholder's name separately), but compensation may be disclosed in aggregate amounts. If a Director also serves as the President or Vice Presidents, indicate the fact in this table and the following table.

Note 2: Compensation paid to Directors in the most recent year (including salaries, job remuneration, severance, bonuses, and incentives).

Note 3: Compensation paid to Directors in the most recent year approved by the Board of Directors.

Note 4: Business expenses paid to Directors in the most recent year (including transportation expenses, special allowances, various allowances, accommodation, vehicles, and other provision of physical goods and services). If housing, vehicle and other means of transportation, or personal expense is paid, the nature and cost of the asset provided should be disclosed, the rental calculated based on actual cost or fair market value, fuel, and other payments. If a driver is provided, please disclose in note the remuneration paid to such a driver. However, such payment shall not be included in compensation.

Note 5: Including salary, job-related remuneration, severance pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, and physical goods provision such as accommodation and vehicles received by Directors in the most recent year who concurrently serve as employee (including President, Vice Presidents, other managerial officers and employees). If housing, vehicle and other means of transportation, or personal expense is paid, the nature and cost of the asset provided should be disclosed, the rental calculated based on actual cost or fair market value, fuel, and other payments. If a driver is provided, please disclose in note the remuneration paid to such a driver. However, such payment shall not be included in compensation. In addition, any salary expenses recognized under IFRS 2 "Share-Based Payment," including issuance of employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall be included in the compensation.

Note 6: Disclose the employees' compensation (including shares and cash) approved by the Board meeting in the most recent year received by Directors who were entitled to the compensation due to their positions in the company as employees (including President, Vice Presidents, other managerial officers, and employees). If it is not possible to provide such estimate, the actual proportional amount distributed prior year shall be used in the computation of the amount to be proposed this year.

Note 7: Disclose the aggregate amount of various compensation items paid to the Company's Directors by all the companies listed in the consolidated financial statement (including the Company).

Note 8: The aggregate compensation amount paid to an individual Director by the Company shall be disclosed in the corresponding compensation range with the Director's name.

Note 9: The aggregate amount of various compensation items paid to an individual Director of the Company by all the companies (including the Company) listed in the consolidated financial statement shall be disclosed in the corresponding compensation range with the Director's name.

Note 10: Net profit after tax refers to the amount accrued in the most recent fiscal year. For companies who have adopted the International Financial Reporting Standards, net profit after tax refers to the amount listed in the parent company only or the consolidated financial statements accrued in the most recent fiscal year.

Note 11: a. The amount of compensation received from invested companies other than a subsidiary by the Company's Directors shall be indicated clearly in this column.

b. If a Director has received compensation from any investee companies other than a subsidiary, the amount of compensation received from the said investee companies other than a subsidiary shall be included into Column I of the Compensation Ranges Table; the column shall be renamed as "All Investee Companies".

c. Compensation refers to incentives, remunerations (including compensation for employees, Directors and Supervisors) and allowances for professional practices received by the Company's Directors from invested companies other than a subsidiary for their tenure as an employee in the investees.

＊The content of compensation disclosed in this Table is derived from a concept different from the concept of "income" stipulated in the Income Tax Act. The purpose of the table is for information disclosure, not for taxation.

3.2 Remuneration for Supervisors

The Audit Committee has been set up within the Company with effect from June 15th, 2015 in replacement of the Supervisory function. Currently, the Company has no Supervisors.

3.3 Remuneration of President and Vice Presidents

a. Summary Disclosure

Unit: NT$ thousands 2022.12.31

Title	Name (Note 1)	Salary (A) (Note2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D) (Note 4)				Total compensation (A+B+C+D) and the % compared to Net Income (Note 8)		Compensation Paid to Directors from an Invested Company other than FPCC's Subsidiary (Note 9)
		From FPCC	Companies in the consolidated financial statements (Note 5)	From FPCC	Companies in the consolidated financial statements (Note 5)	From FPCC	Companies in the consolidated financial statements (Note 5)	From FPCC		Companies in the consolidated financial statements (Note 5)		From FPCC	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Mihn Tsao	24, 808	24, 808	746	746	58, 720	58, 720	22	0	22	0	84, 296 0. 58%	84, 296 0. 58%	None
Executive Vice President	Keh-Yen Lin													
Senior Vice President	Jui-Shih Chen													
Senior Vice President	Chun-Tien Pan													
Senior Vice President	Te-Hsiung Hsu													
Senior Vice President	Yu-Lang Chien													
Vice President	Song-Yueh Tsay													
Vice President	Wen-Yu Cheng													
Vice President	Wen-Ju Tseng													
Vice President	He-Chi Chen													
Vice President	Hsien-Chung Hsiao													
Senior Vice President	Chia-Hsien Hsu													
Vice President	Yong-Jian. Huang													

＊Regardless of job titles, employees in a position equivalent to President and Vice Presidents shall be disclosed.

Note：Vice President Yong-Jian. Huang took office on 2021.11.04; Vice President Wen-Yu Cheng retired on 2021.12.31; Senior Vice President Chun-Tien Pan retired on 2022.01.05; Senior Vice President Jui-Shih Chen retired on 2023.01.24.

b. Spacing Disclosure

Range of Remuneration	Name of President and Vice Presidents	
	From FPCC (Note 6)	Companies in the consolidated financial statements (Note 7) (E)
Under NT$ 1,000,000	Wen-Yu Cheng, Chun-Tien Pan	Wen-Yu Cheng, Chun-Tien Pan
NT$ 1,000,000～NT$1,999,999	—	—
NT$ 2,000,000～NT$ 3,499,999	—	—
NT$ 3,500,000～NT$ 4,999,999	Chia-Hsien Hsu	Chia-Hsien Hsu
NT$ 5,000,000～NT$ 9,999,999	Wen-Ju Tseng, He-Chi Chen, Hsien-Chung Hsiao, Jui-Shih Chen, Song-Yueh Tsay, Wen-Yu Cheng, Te-Hsiung Hsu, Yu-Lang Chien,	Wen-Ju Tseng, He-Chi Chen, Hsien-Chung Hsiao, Jui-Shih Chen, Song-Yueh Tsay, Wen-Yu Cheng, Te-Hsiung Hsu, Yu-Lang Chien,
NT$10,000,000～NT$ 14,999,999	Keh-Yen Lin	Keh-Yen Lin
NT$15,000,000～NT$ 29,999,999	Mihn Tsao	Mihn Tsao
NT$30,000,000～NT$ 49,999,999	—	—
NT$50,000,000～NT$ 99,999,999	—	—
Over NT$100,000,000	—	—
Total	13	13

Note 1: The names of President and Vice Presidents shall be listed separately, but compensation may be disclosed in aggregate amounts. If a Director serves concurrently as President or Vice Presidents, indicate in this table and the table above.

Note 2: Indicate the salaries, job-related allowances and severance pay paid to President and Vice Presidents in the most recent fiscal year.

Note 3: Cash and non-cash compensation paid to President and Vice Presidents in the most recent year, including bonus, incentives, transportation expenses, various allowances, provision of physical good and services such as accommodation, and vehicles, and other remunerations. If housing, vehicle and other means of transportation, or personal expense is paid, the nature and cost of the asset provided should be disclosed, the rental calculated based on actual cost or fair market value, fuel, and other payments. If a driver is provided, please disclose in note the remuneration paid to such a driver. However, such payment shall not be included in compensation.

Note 4: Disclose the employees' compensation (including shares and cash) approved by the Board meeting in the most recent year received by President and Vice Presidents who were entitled to the compensation due to their positions in the company as employees. If it is not possible to provide such estimate, the actual proportional amount distributed prior year shall be used in the computation of the amount to be proposed this year. Please also fill in the attached table additionally. Net profit after tax refers to the amount accrued in the most recent fiscal year. For companies who have adopted the International Financial Reporting Standards, net profit after tax refers to the amount listed in the parent company only or the consolidated financial statements accrued in the most recent fiscal year.

Note 5: The aggregate amount of various compensation items paid to President or Vice Presidents of the Company by all the companies (including the Company) listed in the consolidated financial statement shall be disclosed.

Note 6: The aggregate compensation amount paid to President or Vice Presidents by the Company shall be disclosed in the corresponding compensation range with the President's or Vice Presidents' names.
Note 7: The aggregate amount of various compensation items paid to President or Vice Presidents of the Company by all the companies (including the Company) listed in the consolidated financial statement shall be disclosed in the corresponding compensation range with the President's or Vice Presidents' names.
Note 8: Net profit after tax refers to the amount accrued in the most recent fiscal year. For companies who have adopted the International Financial Reporting Standards, net profit after tax refers to the amount listed in the parent company only or the consolidated financial statements accrued in the most recent fiscal year.
Note 9: a. The amount of compensation received from invested companies other than a subsidiary by the Company's President or Vice Presidents shall be indicated clearly in this column.
b. If President or Vice Presidents of the Company has received compensation from any investee companies other than a subsidiary, the amount of compensation received from the investee companies other than a subsidiary shall be included into Column E of the Compensation Ranges Table; the column shall be renamed as "All Investee Companies".
c. Compensation refers to incentives, remunerations (including compensation for employees, Directors and Supervisors) and allowances for professional practices received by the Company's President or Vice Presidents from investee companies other than a subsidiary for their tenure as a Director, Supervisor, or managerial officer of investee companies.
＊The content of compensation disclosed in this Table is derived from a concept different from the concept of "income" stipulated in the Income Tax Act. The purpose of the table is for information disclosure, not for taxation.

3.4 Employee Remuneration of Executive Officers

Unit: NT$ Thousand; 2022.12.31

Title (Note 1)		Name (Note 1)	Employee Compensation-in Stock	Employee Compensation-in Cash	Total	Total Employee Compensation as a % of 2021 Net income (%)
Manager	President	Mihn Tsao	-	24	24	-
	Executive Vice President	Keh-Yen Lin				
	Senior Vice President	Jui-Shih Chen				
	Senior Vice President	Te-Hsiung Hsu				
	Senior Vice President	Yu-Lang Chien				
	Vice President	Song-Yueh Tsay				
	Vice President	Wen-Ju Tseng				
	Vice President	He-Chi Chen				
	Vice President	Hsien-Chung Hsiao				
	Senior Vice President	Chia-Hsien Hsu				
	Vice President	Yong-Jian. Huang				
	Finance Officer	Chien-Tang Tsai				
	Accounting Officer	Tsung-Lin Chen				

Note 1: The names of President or Vice Presidents shall be disclosed separately, but compensation may be disclosed in aggregate amounts.

Note 2: Disclose the employees' compensation (including shares and cash) approved by the Board meeting in the most recent year received by managerial officers who were entitled to the compensation due to their positions in the company as employees. If it is not possible to provide such estimate, the actual proportional amount distributed prior year shall be used in the computation of the amount to be proposed this year. Net profit after tax refers to the amount accrued in the most recent fiscal year. For companies who have adopted the International Financial Reporting Standards, net profit after tax refers to the amount listed in the parent company only or the consolidated financial statements accrued in the most recent fiscal year.

Note 3: The definition of a manager, as governed by the Official Letter No. 0920001301 issued by FSC on March 27th 2003, refers to a person who "has been approved by the Board of Directors," and "who have the substantial power to manage a company's affairs and are a company's authorized signatories."

Note 4: If Directors, President, or Vice Presidents has received employee compensation (including shares and cash), this table shall be prepared in addition to the above table.

3.5 Where there was an after-tax deficit in the parent company only financial reports or individual financial reports within the most recent 3 financial years; or if the result ranked in the lowest tier or the result was "not evaluated" in the corporate governance evaluation for the most recent fiscal year, the remuneration of the top five highest-paid executives shall be disclosed separately: not applicable.

3.6 Individually compare and describe the total compensation amount paid to each Director, Supervisor, President, and Vice President, as a percentage of net income by the Company and by all other companies listed in the consolidated financial statements during the past two fiscal years, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance.

Explanation:

(1) Analysis of the total remuneration, as a percentage of net income paid by the Company during the past two fiscal years to Directors, President, and Vice Presidents is set out below:

Period / Item	Payment amount (NT$ thousands)		Percentage of net profit after tax (%)	
	2021	2022	2021	2022
Compensation for Directors and Managers	113,099	133,246	0.23	0.92

(2) Description of remuneration policies, standards, and packages, the procedure for determining remuneration, and its connection to operating performance and future risk exposure.

A. The compensation of directors and managers has been approved by the Remuneration Committee and Board of Directors.

B. According to article 15th of Company’s Articles of Incorporation, the Board of Directors is authorized to determine the remuneration amount based on a Director's involvement in the Company's operations and his/her contribution values and in comparison with payments in other business of the same industry.

C. The compensation of the chairman include a fixed amount of monthly compensation and bonuses which are based on target achievement rate, operating results, industrial safety incidents, water, and energy saving and so on. The aggregated compensation is limited not to exceed twice times of president’s compensation. The retirement payments, welfare payments, and employee benefits are withdrawn monthly base on the Rules for Retirement of the company and the reimbursement for transportation expenses will be paid based on the actual attendance of the Board meetings. Other Directors receive reimbursement for transportation expenses based on their actual attendance of the Board meetings. No other remuneration is paid to Directors.

D. The annual shareholders' meeting on May 30th, 2008 passed the resolution to cancel the appropriation of Directors' remuneration.

E. The Company has established its Audit Committee in substitution of supervisors on June 15th, 2015.

F. Compensation paid to President, Vice Presidents, and other managers is calculated in accordance with the Articles of Incorporation and Article 29 of the Company Act. Except for a fixed amount of compensation monthly, they otherwise receive year-end bonuses and festival bonuses subject to the Company's operating status, and such bonuses are adjusted and issued with reference to the target achievement rate, operating results, industrial safety incidents, water, and energy saving. The fixed amount of monthly compensation is also adjusted by the Remuneration Committee with reference to the overall employee salary adjustment standards.

G. Compensation paid to Directors and managers is connected to their performance assessments. Related performance assessment indicators are as follow:

<table>
<tr><th colspan="2">Item</th><th>Indicator</th></tr>
<tr><td colspan="2">Financial indicator</td><td>• Operating income/ EBITDA
• Operating target achievement rate
• Operating gross rate
• Profit contribution</td></tr>
<tr><td rowspan="3">Non-financial indicator</td><td>Environment</td><td>• Water and energy saving performance
• Circular economy effectiveness
• Carbon reduction target achievement rate</td></tr>
<tr><td>Social</td><td>• Labor safety event
• Product development and innovation
• Local community development and communication</td></tr>
<tr><td>Governance</td><td>• Operating management
• Artificial intelligence application promotion
• Fraud circumstance</td></tr>
</table>

(3) Please specify the remuneration policies, systems, standard and structure for determining the remuneration to independent directors, and linkage between the amount of remuneration to factors such as duties, risks and time invested:

The Company's Independent Directors receive a fixed amount of compensation monthly as well as reimbursement for transportation expenses based on their actual attendance of the Board meetings. No varied remuneration is paid to Independent Directors. Please refer to the Company's Rules Governing the Scope of Powers of Independent Directors and website for information regarding the duties and the implementation thereof.

3.7 Members of the Board of Directors and the succession plan for key managerial personnel

(1) The Company's Directors shall be nominated by major shareholders and approved by the shareholders' meeting. For Directors newly on-board, the Company will arrange a 12-hour training session in current fiscal year and provide them with Directors and personnel-related regulations, along with other informative documents such as precaution measures and regulation handbooks. During the tenure, a Director shall attend a total of 6 hours of training sessions each year to obtain required professional knowledge for performing the Directors' duties. FPCC re-elected the directors in 2021, Yu-Lang Chien senior vice president and Chia-Hsien Hsu senior vice president has entered into board of directors, taking over the seat of retiring directors.

(2) To recruit employees at important management levels, the Company has established the Regulations for Talent Development to regulate the criteria for candidate selection, selection principles, development methods and conditions of improvement. There shall be at least two candidates selected from each department for the development of management-level supervisor, in order to select a more appropriate person for future promotion. In addition to daily business communication, supervisors and foster also learn about the business status of each business department by participating in meetings such as company budget reports, quarterly performance reviews and operation reports, we follow the aforesaid succession planning, and the recent implementation is as follows:

Retirement & Dismissal	Newly-Appointed
Chun-Tien Pan, Wen-Yu Cheng, Jui-Shih Chen	Chia-Hsien Hsu, Wen-Ju Tseng, He-Chi Chen, Hsien-Chung Hsiao, Yong-Jian Huang

4. Implementation of Corporate Governance

4.1 Board of Directors' Meeting Status (A total of 6 (A) meetings of the board of directors were held by end of 2022, Director attendance status is shown as follows)：

Title	Name	Attendance in person (B)	Commissioned times	Attendance rate in person (%) (B/A)	Remark
Chairman	Bao-Lang Chen (Representative of Formosa Plastics Corp.)	6	0	100	
Managing Director	Wen-Yuan Wong (Representative of Formosa Chemical & Fibre Corp.)	6	0	100	
Managing Director	Susan Wang (Representative of Formosa Plastics Corp.)	4	0	67	
Managing Director	Welfred Wang (Representative of Nan Ya Plastics Corp.)	6	0	100	
Managing/ Independent Director	C.P Chang	6	0	100	
Independent Director	Yu Cheng	6	0	100	
Independent Director	Sush-Der Lee	6	0	100	
Director	Mihn Tsao (Representative of Nan Ya Plastics Corp.)	6	0	100	
Director	Walter Wang	3	0	50	
Director	Keh-Yen Lin	6	0	100	
Director	Jui-Shih Chen	6	0	100	
Director	Te-Hsiung Hsu	6	0	100	
Director	Yu-Lang Chien	6	0	100	
Director	Song-Yueh Tsay	6	0	100	
Director	Chia-Hsien Hsu	6	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.

The Company has set up the Audit Committee in accordance with regulations and therefore is not applicable to the provisions stipulated in Article 14, Paragraph 3 of the Securities and Exchange Act. In addition, there is no Director or Supervisor who has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, or said dissenting opinion recorded or prepared as a written declaration for the current year. For Independent Directors' opinions, their handling status and voting results, please refer to 3.11 Material resolutions of a shareholders' meeting or a Board of Directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

2. For Information about the Implementation of Directors' Recusal in Proposals with Conflicts of Interests, the Name of the Directors, the Content of the Proposal, Reasons for Recusal, and the Results of Voting Shall be indicated: Please refer to 3.11 Material resolutions of a shareholders' meeting or a Board of Directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

3. Information regarding evaluation cycles, periods, scope and method of evaluation of the Board of Directors of a listed Company shall be disclosed: The Company had implemented performance evaluation of the Board of Directors and reported the evaluation result to the board of directors on December 8th, 2022.

evaluation cycle	evaluation period	evaluation scope	evaluation method	evaluation content
Once a year	2021.10.1~ 2022.09.30	Board of directors	Self-assessment	1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls.
Once a year	2021.10.1~ 2022.09.30	Members of the board of directors	Self-assessment	1. Their grasp of the company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls.
Once a year	2021.10.1~ 2022.09.30	Audit Committee	Self-assessment	1. The degree of participation in the company's operations. 2. Their recognition of audit committee’s duties. 3. Improvement in the quality of decision making by the audit committee. 4. The composition and structure of audit committee. 5. Internal controls.

Once a year	2021.10.1~ 2022.09.30	Remuneration Committee	Self-assessment	1. The degree of participation in the company's operations. 2. Their recognition of remuneration committee's duties. 3. Improvement in the quality of decision making by the remuneration committee. 4. The composition and structure of remuneration committee.
Once a year	2021.05.05~ 2022.09.30	Sustainable Development Committee	Self-assessment	1. The degree of participation in the company's operations. 2. Their recognition of Sustainable Development Committee's duties. 3. Improvement in the quality of decision making by the Sustainable Development Committee. 4. The composition and structure of Sustainable Development Committee.

4. Goals to Strengthen the Functions (for Example, Establishment of Audit Committee, Enhancement of Information Transparency) of the Board Meeting during the Current and Immediately Preceding Fiscal Years, and Measures Taken toward Achievement:

(1)The Board of Directors operates in compliance with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholders' meeting. In addition to possess necessary professional knowledge to carry out their duties, all Directors shall act in accordance with the principles of honesty and loyalty and their due obligations, in order to create the greatest interests for all shareholders.

(2)The Company has elected Independent Directors on board. To establish a sound governance system for the Board of Directors, as well as strengthening the supervisory and management function of the Board, the Company has formulated the Rules and Procedures of Board of Director Meetings, which states the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings, all of which shall be handled in accordance with these Regulations.

(3)In addition to performing self-check on the Board of Directors' operations every year to strengthen the function of the Board, the Company shall conduct internal audit to report the operational status of the Board in accordance with the aforementioned regulations.

(4) To establish a sound governance system for the Board of Directors, as well as strengthening the supervisory function and implementing corporate governance, the Company has established related functional committees as below:

1)The Company has established the Remuneration Committee with effect from August 23rd, 2011. Auditing the compensation policies for the Board Directors and Managers. And submit to the board meeting for resolution.

2) The Company has established the Audit Committee with effect from June 15th, 2015 to replace the Supervisory function. And submit the results the Committee to the board meeting for resolution. In order to implement corporate governance.

3) The Company has established the Sustainable Development Committee with effect from May 5th, 2022. In order to implement the sustainable development goals of environment protection, social responsibility and corporate governance.

(5) To strengthen corporate governance, the Company evaluates the independence and suitability of CPAs at least once every year in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reports the result to the Board of Directors.

4.2 The State of operations of the Audit Committee:

1. Annual work highlights and operational conditions of the Audit Committee:

(1) The Company's Audit Committee comprises of three Independent Directors. For details of the content of resolutions and subsequent handling status, please see resolutions of the Audit Committee and the results of the Company's actions in response to the opinions of the Audit Committee.

(2) The annual work highlights of the Audit Committee are focused on the main purposes of the following items:

a. Fair presentation of the Company's financial statements
b. Appointment and dismissal of CPAs and evaluation of CPA's independence and performance.
c. Effective implementation of the Company's internal control.
d. The Company's compliance with relevant laws and regulations.
e. Control of the Company's sustainability or potential risks.

(3) Tenure of members: From July 22nd, 2021 to July 21st, 2024. The Audit Committee has held 5 meetings (A) in the most recent fiscal year to December 31st, 2022. The audit items are applicable to the provisions of Article 14-5 of the Securities and Exchange Act. The members' attendance is set out as follows:

Title	Name	Attend in person (B)	Commissioned times	Attendance rate in person (%) (B/A)	Remark
Convener	C.P Chang	5	0	100	
Committee	Yu Cheng	5	0	100	
Committee	Sush-Der Lee	5	0	100	

Other annotations:

1. The operation of the Audit Committee shall, if any of the following circumstances, specify the date of the Board, date, contents, results of the Audit Committee resolutions and the handling of the opinions of the Audit Committee as below:
   (1)The matters listed in Article 14.5 of the Securities Exchange Act: Discussion items of board of directors which are applicable to Article 14.5 of the Securities Exchange Act, had been approved by the Audit Committee. The resolutions of Audit Committee and company's actions in response to the opinions of the Audit Committee please refer to "4.11 Important resolutions of a shareholders' meeting or a Board of Directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report".
   (2)Except previous matters, the other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter: None.

2. Implementation of Directors' recusal in proposals with conflict of interests, indicate the name of the Directors, the content of the proposal, reasons for benefit avoidance, and the results of voting counts: None.

3. Communications among Independent Directors, internal auditors, and CPA (including significant matters, methods, and results of the Company's finance and operations):

   (1) Communication with the head of internal audit: the Company sends the results of internal audits and improvements in the previous month to independent directors for inspection every month according to regulations, and accepts instructions from independent directors to carry out various audit work; arranges the head of internal audit to report the implementation related to the Company's internal audit to independent directors separately before an audit meeting; arranges head of internal audit to attend each audit committee meeting as a non-voting participant to keep independent directors informed of the implementation of the Company's internal audit; report audit findings and improvements of abnormal matters in each Board meeting, answer questions raised by independent directors, and carry out audit work according to their instructions to ensure the effectiveness of internal control system; If necessary, head of internal audit can contact independent directors directly by telephone or e-mail, and the communication is good.

<table>
<tr><th>Date</th><th>Methods of communication</th><th>Communicated matters</th><th>Results</th></tr>
<tr><td rowspan="4">March 8th, 2022</td><td>Communication Symposium</td><td>Report the implementation situation related to internal audit affairs of previous year and the plan of current year</td><td>No opinion</td></tr>
<tr><td>Audit Committee</td><td>Propose Statement of Internal Control System for 2021</td><td>Approved by the Committee and Submitted to the Board of Directors for resolution</td></tr>
<tr><td rowspan="2">Board of Directors</td><td>For information about implementation of the internal audit plan for November and December of 2021</td><td>Acknowledged</td></tr>
<tr><td>Propose Statement of Internal Control System for 2021</td><td>Approved by Resolution of the Board of Directors</td></tr>
<tr><td>May 5th, 2022</td><td>Board of Directors</td><td>For information about implementation of the internal audit plan for the first quarter of 2022</td><td>Acknowledged</td></tr>
<tr><td>May 31st , 2022</td><td>Board of Directors</td><td>For information about improvement of deficiencies and irregularities of the internal control system in 2021</td><td>Acknowledged</td></tr>
<tr><td>August 4th, 2022</td><td>Audit Committee</td><td>Amendments of the internal control system and the internal audit implementation rules</td><td>Approved by the Committee and Submitted to the Board of Directors for resolution</td></tr>
</table>

	Board of Directors	For information about implementation of the internal audit plan for the second quarter of 2022	Acknowledged
		Amendments of the internal control system and the internal audit implementation rules	Approved by Resolution of the Board of Directors
November 3rd, 2022	Board of Directors	For information about implementation of the internal audit plan for the third quarter of 2022	Acknowledged
December 8th, 2022	Board of Directors	For information about implementation of internal audit plan in October 2022	Acknowledged
		Proposal to formulate the annual audit plan for 2023	Approved by Resolution of the Board of Directors

(2) Communication with the accountant: the company arrange at least one time of communication with accountant and independent directors and report to audit committee. The independent directors are able to communicate with accountant to understand the information of financial report. Recently, the company had arranged accountant report to independent directors on March 8th, 2022 and February 24th, 2023. The communication circumstance is good.

Date		Communicated matters	Results
March 8th, 2022	Separate Communication Forum	Independence of CPA, the content of client statement, audit scope of the group, significant risks, implementation and discoveries of internal control testing, a summary of audit differences, key audit matters, and estimated audit opinions of accountants in 2021	No opinion
	Audit Committee	Read out the audit opinions and communication matters with CPA for 2021	Approved by the Audit Committee and then submitted to the Board of Directors for resolution.

Note 1: Where an independent director leaves office before the end of the year, his/her date of departure shall be indicated in a note column, and the actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings and the actual attendance during his/her tenure.

Note 2: Where an election is held for independent directors before the end of the year, the new and retired independent directors shall be listed separately and indicate whether a member is “outgoing,” “incoming,” or “re-elected” along with the election date in the note column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings and the actual attendance during his/her tenure.

2. Supervisors' participation in Board meetings

The Audit Committee has been set up within the Company with effect from June 15th, 2015 in replacement of Supervisors.

4.3 Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
1. Did the Company establish and disclose the Corporate Governance Best Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company passed the resolution of the Board of Directors on November 6th, 2014 and set a Corporate Governance Practice Principles, which was disclosed on the information reporting website designated by the securities authority and the Company’s website.	In compliance with Article 1 and Article 2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The content was established based on the Company’s actual practices, but adheres to the principles.
2. Shareholding structure and shareholders’ rights				
(1) Did the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has an internal operating procedure for handling shareholder matters and has set up a spokesperson to address shareholder suggestions or concerns at any time. In addition, each functional team in the President Office fully supported the above matters, and have an in-depth understanding and review of the shareholders' suggestions or concerns. After that, an oral or written reply to the satisfaction of the shareholders is proposed.	In compliance with Article 13 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Did the Company maintain a register of major	✓		The Company shall pay attention to the situation of any increase, decrease or use as collateral in the shares of shareholders holding more than 5% of shares and holding Director	In compliance with Article 19 of the

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?			or manager positions, and disclose information of shareholders holding more than 5% of shares in its quarterly financial report according to the requirements. The Directors, managers and shareholders holding more than 10% of the shares are disclosed monthly by the information reporting website designated by the securities authority.	Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Did the Company establish and execute the risk management and firewall systems with its affiliated businesses?	✓		a. Both the Company and its subsidiaries implement profit center management. Each company's personnel, property management rights and responsibilities are clearly divided, and there are no irregular transactions. b. The loans between the Company and its affiliates are calculated based on the accrued market interest rate. The amount of loan is reassessed every quarter according to business needs. Scope and limits are stated for endorsement and guarantee provided to other companies. c. To reduce losses, comprehensive risk assessment for banks, customers, and suppliers are performed. Each company credit authorization to the same customer and stop payment to the same supplier can be review through the computer system. d. The relationship between the Company and the related companies, such as transaction management, endorsement, loans, etc., are monitored. In accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", outlined by the Financial supervisory Commission, the Company has set up supervision and management operations to implement the risk control mechanism for its subsidiaries.	In compliance with Article 14 to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Did the Company establish internal rules that prohibit Company insiders from trading securities using	✓		The Company has established "Personnel Management Rules," and "Guidelines for Prevention of Insider Trading" to forbid using undisclosed information to buy and sell securities for illegal profits. The employees also receive training to comply with relevant regulations.	In compliance with Article 10-3 of the Corporate Governance Best Practice Principles

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>undisclosed information?</td><td></td><td></td><td></td><td>for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>3. Composition and responsibilities of the Board of Directors:
(1) Did the Board develop and implement a diversified policy and goals of management?</td><td>✓</td><td></td><td>Article 20 of Code of Practice for Corporate Governance of the Company states that diversified backgrounds of the Company's Directors should be considered when forming the Board of Directors. Professional competence of the existing Directors are diversified, including business management ability, leadership ability, knowledge of the industry, understanding of international markets, ability to conduct accounting and financial analysis and experience in industrial management. The Company set diversified management target for directors and then review annually. Current implementation please see as follows:
<table>
<tr><th>Diversified Target</th><th>Achievement in 2022</th></tr>
<tr><td>1. At least 50% with petrochemical experience</td><td>Achieved</td></tr>
<tr><td>2. At least 20% with experience in electricity-related industries</td><td>Achieved</td></tr>
<tr><td>3. At least one director is provided with other industries (at least 2) which is outside of the area aforementioned</td><td>Achieved</td></tr>
<tr><td>4. At least including one female director</td><td>Achieved</td></tr>
</table>
The Company's current 15 directors possess expertise in their respective fields. They are from diverse professional backgrounds with extensive experience in operation & management, leadership, decision-making, industry knowledge, international outlook,</td><td>In compliance with Article 20 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			and financial accounting analysis. The current members include one female director (accounting for 6.67%) and three independent directors (accounting for 20%), of which 7 are employee directors (accounting for 46.67%). And the goal is for the proportion of independent directors to reach 1/3 and the proportion of directors with different industry experience or expertise to reach over 50%. For the implementation of the diversity policy of the Board of Directors, please refer to the following table; and for the degree(s) and experiences of each director, please refer to "Information on Directors and Supervisors" of this annual report.	

The situation of board members' implement within diversities

Directors	Gender	Adjunct Employee	Age			Seniority of Independent Directors	Industry Experience						Business Judgment	Accounting and Financial Analysis	Business Management Ability	Crisis Management	Knowledge of the industry	Understanding of International Markets	Leadership Ability	Decision-Making Ability	Law
			51–60	61–70	71–80		Petrochemical	Electricity	Engineering	Finance	Technology	Media									
Bao-Lang Chen	Male				✓	-	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	
Wen-Yuan Wong	Male				✓	-	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Susan Wang	Female			✓		-	✓	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	
Welfred Wang	Male	✓			✓	-	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
C.P Chang	Male				✓	20				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Yu Cheng	Male			✓		14					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sush-Der Lee	Male				✓	5				✓			✓	✓	✓	✓	✓	✓	✓	✓	

Walter Wang	Male		✓			-	✓						✓	✓	✓	✓	✓	✓	✓	✓	
Mihn Tsao	Male	✓			✓	-	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	
Keh-Yen Lin	Male	✓		✓		-	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	
Jui-Shih Chen	Male			✓		-	✓						✓	✓	✓	✓	✓	✓	✓	✓	
Te-Hsiung Hsu	Male	✓		✓		-	✓						✓	✓	✓	✓	✓	✓	✓	✓	
Yu-Lang Chien	Male	✓		✓		-	✓		✓				✓	✓	✓	✓	✓	✓	✓	✓	
Song-Yueh Tsay	Male	✓		✓		-	✓						✓	✓	✓	✓	✓	✓	✓	✓	
Chia-Hsien Hsu	Male	✓	✓			-		✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(2) In addition to establishing the Salary and Remuneration Committee and Audit Committee according to the regulations, has the Company voluntarily established other functional committees?	✓		The Company has set up a salary remuneration committee after the resolution of the Board of Directors on August 23rd, 2011. The Board of Directors also resolved on June 15th, 2015 to set up the audit committee. At present, apart from the above two committees, the Company has not set up any other functional committees. In addition, the Company approved the formulation of "Organization Rules of Sustainable Development Committee" on May 5th, 2022, which stipulates that the number of members of the committee shall not be less than three, and more than half of the members shall be independent directors. The Committee's principal duties are to review the Company's sustainability policies and report, supervise, and promote sustainability-related matters and implementation plans. On the same day, the Sustainable Development Committee was established. The first committee comprises five members: chairman Bao-Lang Chen, director Ming Tsao, independent director C.P Chang, independent director Yu Cheng , and independent director Sush-der Lee.	In compliance with Article 28 and Article 28-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, but failed to comply with Article 28-2, due to the current operations of the Company is able to nominate suitable and appropriate director candidates that the establishment of the nomination committee is deemed unnecessary

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
				based on the operating practices.
(3) Did the company establish a standard to measure the performance of the Board of Directors and implement it annually? Did the Company submit the results of performance assessments to the board of directors and use them as reference in determining remuneration for individual directors, their nomination, and additional office term?	✓		The Board meeting on August 5th, 2020 passed the resolution to establish the Performance Evaluation Method for the Board of Directors, and the 2022 regular performance evaluation of the board of directors, audit committee, remuneration committee and sustainable development committee were completed. The results of the performance evaluation are good and were reported to the Board meeting on December 8th, 2022; relevant information may serve as the reference for the remuneration and nomination for re-appointment of Directors.	In compliance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Did the Company regularly evaluate the independence of CPAs?	✓		The Company evaluates the independence and competence of the Certified Public Accountants at least once a year by making reference to the audit quality indicators (AQIs) to formulate the structural indicators of assessment on the competence, audit quality control, independence, external supervision and innovation of the Certified Public Accountants. The CPA and the firm will be requested to fill out the assessment questionnaire, provide related information and certification for the President Office and Accounting Department's evaluation. The recent year assessment result has been reported to the Audit Committee and Board of Directors on Feb 24, 2023.	In compliance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
4. Did the TWSE/TPEx listed company have designated appropriate personnel to handle corporate governance tasks and set up a Chief Governance Officer as the most senior manager in charge of corporate governance-related tasks (including but not limited to providing information required for Director/Supervisor's operations, convening board/shareholder meetings in compliance with the law, apply for/change Company registry and producing meeting minutes of board/shareholder meetings)?	✓		(1)The Company has set up a Chief Governance Officer as the most senior manager in charge of corporate governance-related tasks on May 6th, 2019. Appropriate personnel have also been designated to handle corporate governance tasks. (2)The officer supervises President Office, which is responsible for corporate governance-related matters and is assisted by the relevant departments such as the Legal Affairs Office of the General Administrative Office, which includes handling board of directors and shareholders meetings, taking minutes of such meetings, assisting Directors come to office and continue training, providing directors relevant information for operations, assisting Directors compliance with law and regulations, and so on. (3)The directors participated in Corporate Governance related training situation in 2022 please refer to "Manager participated in Corporate Governance related training situation in 2022" on page .	
5. Has the Company established a communication channel with stakeholders (including but not limited to	✓		(1) The Company instructs the President Office to communicate with stakeholders depending on the situation. A spokesperson and a deputy spokesperson have been appointed as the external communication channel. (2) The Company set up the stakeholder area on the Company website to provide detailed	In compliance with Article 47 of the Corporate Governance Best Practice Principles for

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
shareholders, employees, customers and suppliers)? Has a stakeholders' area been set up on the Company website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?			contact information for the dedicated personnel, including phone number and e-mail, as the channels for the stakeholders to communicate with the Company. (3) The Company responds to stakeholders' issues of concern at the appropriate time through the following channels: a. Shareholders: Shareholders' meetings are held annually and shareholders can fully exercise their voting rights through electronic means. In addition, the annual report of the shareholders' meeting, the monthly revenue and the quarterly self-closing profit and loss are issued to facilitate shareholders' understanding of the Company's operating conditions. b. Employees: mainly concerned with workplace safety, employee welfare, human rights protection, labor and employment issues, etc. Communication with employees can be conducted through trade unions, factory (office) meetings, etc. c. Suppliers and contractor: The Company adheres to the principle of sustainable management and fair trade and is committed to working with manufacturers that comply with environmental protection, safety, and human rights standards. Open tenders are held through the Formosa Plastics electronic trading platform, and regular briefings are held to strengthen two-way communication and advocacy. Also, suppliers may raise inquiries in the "suppliers' opinion section" on the platform; dedicated personnel would provide real-time handling and response, so as to achieve the target of information symmetry. d. Customer: Issues including product quality and after-sales service that customers care about can be addressed through customer visits, participating in exhibitions, product briefings, customer satisfaction surveys, etc. The website also lists the sales service line and e-mail address. Customer complaints are handled through the "Customer Response Form" and the "Customer Complaint Handling Form." (For the circumstance of the communication with materially related parties, please refer	TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			to Sustainability Issue Management of 2022 sustainability report)	
6. Does the Company appoint a professional shareholder services agency to deal with shareholder affairs?		✓	Currently, the Company's shareholders' meeting affairs are conducted on its own, but the relevant procedures are strictly planned and conducted in accordance with the relevant regulations by designated stock affairs unit, legal department and the President Office, and have been evaluated by Taiwan Depository & Clearing Corporation, a designated institution by the FSC, since 2022. All of the Company's recent evaluation results comply with regulation and ensure the shareholders' meeting can be convened legally, validly and safely and therefore able to protect shareholders' right.	Although it does not meet the requirements of Article 7-1 of the the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, it does not impair the operational efficiency of the shareholders' meeting.
7. Information disclosure				
(1) Did the Company establish a website to disclose information on financial operations and corporate governance?	✓		The Company has set up a website in Chinese and English with disclosed relevant financial business and corporate governance information under “Investor Relations Section”. The Company's website is: http://www.fpcc.com.tw	In compliance with Article 57 and Article 59 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Did the Company have other information disclosure channels (such as establishing	✓		The Company has a spokesperson and a deputy spokesperson. A dedicated person has been appointed in the President Office to collect and disclose Company information, as well as providing the spokespersons and relevant business departments with answers to	In compliance with Article 55 paragraph 3 and Article 56 of the

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
an English language website, delegating a professional to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?			stakeholders, investors, and authorities.	Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Does the Company publish and report its annual financial report within two months after the end of an accounting period, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?	✓		In principle, the Company announces information on operating revenue for the previous month on 6th of each month, announces financial data for the quarter on the 10th day of each quarter, and publishes and reports first, second and third quarterly financial statements in advance of the stipulated time. In order to enhance corporate governance and facilitate investors' understanding of the Company's operations, the Company announced and reported its annual financial statements within two months after the end of the fiscal year in 2022.	Although it does not meet the requirements of Article 55 paragraph 2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies ,the Company does announce our self-monitored financial information
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance	✓		(1) Employees' rights: The Company strives to pursue a harmonious labor-management relationship and attaches importance to the right of employees to express their opinions. We have set up physical suggestion boxes at the places where employees have easy access to, as well as	In compliance with Articles 51 to Articles 54 of the Corporate Governance Best

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
(including but not limited to employee's rights, employee wellness, investor relations, supplier relations, stakeholders' rights, Directors and Supervisors training records, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the Directors and Supervisors of the Company)?			an online suggestion box in the Company information system. Each suggestion box is appointed to dedicated personnel for replying, in order to facilitate communication. An "inspection method" that establishes the internal whistle-blower channel and protection system has also been set up. In the meantime, board of supervisors and labor-management meetings are held by the unions regularly. The heads of relevant departments attend the meetings to fully communicate with the labor representatives. On major labor issues, the Company gives higher priority to the opinions of the unions, and the top leaders consult with the unions to reach a consensus and ensure the harmonious labor-management relationship as well as the sustainable development of the Company. (2) Employee wellness: In order to take care of employees' physical and mental health, the Company has budgeted annual health checks at Chang Gung Memorial Hospital. In addition to the items required by the law, the Company has added cancer screening programs such as A-type fetal protein and cancer embryo antigen. The goal is to ensure the employees understand and improve their health status. In terms of the employees' diet. Besides, the Company has employed counseling personnel in charge of the interview with newcomers, helping them fit in the Company as soon as possible. The counseling personnel could also provide both advice and care when employees face difficulties with work or life. For the relevant welfare measures, please refer to “5. Labor Relations, V. Operations Overview” of the annual report and 2022 sustainability report of The Company. (3) Investor Relations: The Company uses the President Office and the shareholding department as a bridge between the Company and its shareholders. In terms of corporate information transparency, the Company's website has an "Investor Relations Section" and the company will hold institutional investor conference every quater, to provide investors	Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			with relevant information. In order to maintain a good relationship with investors, the Company has set up a spokesperson system to provide a means of contact with shareholders and corporate investment institutions. In addition to participating in investment forums held by domestic and foreign brokerage firms, the Company holds meetings with both domestic and international investors on irregular basis. (4) Supplier Relations: The Company's procurement and contracting operations are mainly aimed at creating a level playing field by looking for good manufacturers that can provide suitable and appropriate equipment, materials or projects at reasonable prices to meet the needs of expansion or operation of various departments in a timely manner. a. Open and fair procurement and delivery mechanism: The Company uses the "open tender" method to purchase and distribute the contracting system through the Formosa Plastics electronic trading platform. It provides functions such as inquiry, quotation, bargaining, order, delivery, payment progress inquiry, etc. All information is encrypted by electronic voucher and firewall control to ensure the security of all incoming and outgoing data. Vendors can access the inquiry case and make quotations anytime and anywhere through the Internet without time and space restrictions, which greatly improves the efficiency of operations, saves time and money, and reduces operating costs to increase profits. After all the inquiry cases have been launched electronically, the manufacturers with the lowest quotation, fastest delivery time, and best quality are chosen so that both the buyer and the seller can reasonably achieve the goals in a harmonious atmosphere. b. Sound vendor management: In order to stabilize the quality and delivery of materials and to ensure the quality and progress of the construction, the Company, through sound vendor management and assessment, requires all suppliers to go through a review of manufacturing scale,	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			production capacity, sales amount and quality certifications, assess suppliers and gives a rating upon joining the registration. In addition, those suppliers with late delivery of goods or construction, poor quality and violation of work safety regulations will be automatically documented in the assessment records with an aim to replacing non-performing suppliers and fostering long-term and good working relationship with good-performing suppliers in order to reach a good mutual cooperation relationship. c. Electronic trading for a win-win situation: The Company combines the comprehensive ERP computer management system and the digital, open, and transparent online procurement and delivery mechanism to build a high-quality, safe, convenient and fast electronic trading environment. The Company has further extended the same system vertically and horizontally to the rest of the industry, sharing the e-generation "Formosa Plastic experience" with all enterprises. At present, combined with the Company's upstream and downstream supply chain systems, with more than 10,000 suppliers and third-party suppliers, this electronic trading platform shares the business opportunities and economic benefits brought about by open trading. (5) Stakeholders' Rights: In addition to continuing to improve in the industry, the Company pursues good business performance and strives to achieve the mission of "caring for the employees, serving the customers, and rewarding the shareholders." Therefore, it is committed to caring for the shareholders, customers, suppliers, employees, and society. In addition to complying with laws and business ethics, the Company is in line with international standards in enhancing competitiveness, create shareholders' benefits, as well as providing supplies of stable, high-quality and low-cost products. With industrial and environmental protection as a priority, the Company will develop towards eco-industrial areas and	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			promote green building and green energy conservation, raw materials procurement, actively planting forests, paying attention to various social issues, investing in community and social welfare undertakings suitable for enterprises to contribute to the society. (6) Status of directors' training:	In compliance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Name	Date of Training	Training Institution	Course Name	Training Hours
Bao-Lang Chen Wen-Yuan Wong Susan Wong Welfred Wang Yu Cheng Sush-der Lee Mihn Tsao Keh-Yen Lin Jui-Shih Chen Te-Hsiung Hsu Yu-Lang Chien Chia-Hsien Hsu	2022.11.17	Securities and Futures Institute	2023 Economic outlook and industry trends	3
		Taiwan Corporate Governance Association	The Real Value Created by Recycling and Low Carbon Innovation - Understanding the Circular Economy and Governance	3
Song-Yueh Tsay	2022.11.23	Taiwan Corporate Governance Association	Change in international orders and response measures from corporate governance	3
			Carbon management trends and response toward Net-Zero	3
Cheong-Pong Chang	2022.03.15	Taiwan Corporate	Risk in Emission Reduction and Green	1.5

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="4"></td><td></td><td rowspan="4">Governance Association</td><td>Energy</td><td></td></tr>
<tr><td>2022.05.13</td><td>Information Security Governance Path Under Legal Compliance Challenges</td><td>1.5</td></tr>
<tr><td>2022.08.12</td><td>International anti-avoidance regulations</td><td>1.5</td></tr>
<tr><td>2022.11.11</td><td>Corporate carbon perspectives from ESG development trends</td><td>1.5</td></tr>
<tr><td rowspan="2">Walter Wang</td><td rowspan="2">2022.11.03</td><td rowspan="2">Securities and Futures Institute</td><td>Supply Chain Information Security Threat Hunting - Taiwan Innovation Opportunities</td><td>3</td></tr>
<tr><td>Board Functions from Corporate Fraud Prevention perspective</td><td>3</td></tr>
</table>
(7) The situation in which the Company purchased liability insurance for the Directors:
The Company has purchased liability insurance for all Directors, and the insured amount is US$30 million. The above insurance period is from 1st, 2022 to February August 1st, 2022.
(8) Implementation and policies of risk management:
The Company established risk management policies to identify, evaluate, supervise and control risk from every aspect, enhance the sense of awareness of employees and make sure all potential risks that might happen are endurable, thus, can the Company execute the optimal strategy to rationalize the balance between profits and risks, please refer to “6. Risks, VII. Financial Status, Operating Results and Risk Management” of the
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>annual report for further disclosure of risk management policies of the Company.
(9) Implementation of customer policy: Customers are the cornerstone of the Company's existence. The goal is to quickly supply the requested products and achieve stable and adequate supply so that customers can continue operate.
a. Creating a stable supply and demand
The Company and its customers have an important relationship of interdependence, coexistence, and co-prosperity. Therefore, building a stable supply and demand relationship is an issue that every sustainable company must pay attention to. Focusing on the long-term development of the industries in Taiwan, the Company actively invests in the production of chemicals, plastic, and fibre raw materials to provide customers with a stable source of materials and lay a solid foundation for related industries. The solid long-term cooperation has allowed the customers to show steady growth. The solid long-term cooperation has allowed the customers to show steady growth.
b. Improving raw material self-sufficiency rate
The completion of the sixth naphtha cracker has greatly eased the problem of long-term raw material shortage in Taiwan, and the self-sufficiency rate of ethylene was increased to over 90 percent, significantly reduced the degree of dependence on foreign countries and greatly enhancing the competitiveness of the overall petrochemical industry.
c. Enhancing the competitiveness of midstream and downstream manufacturers
In order to improve the management capabilities of the middle and lower suppliers of the plastic industry, the founders set up a series of management courses at the early stage, and actively shared the Company's system and experience with the industry. The Company has received positive feedback while strengthening the competitiveness of customers. So far, if other companies come visit, we are willing</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			to share. From a management point of view, the Company has always believed that by taking customer interests into account, the Company will also benefit from it. In addition, in order to cooperate with customers to expand the market, the Company also actively supports customers and provides after-sales service. d. E-commerce saves costs and improves efficiency In order to improve the efficiency of the transaction process with the customer, the customer can get instant information and respond quickly when placing orders, order progress inquiries, receipts and payments, the Company officially established the Formosa Plastics E-Commerce Center in January 2001. This B2B online trading portal imports the e-commerce trading system, coordinates the management of internal resources and strengths, and integrates upstream and downstream supply chain systems and customer business relationships.	

9. Please specify the Company's measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be completed.

The Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. released the results of the 9th Corporate Governance Evaluation (2022) in April, 2023. The Company ranked among the top 6%~20% of listed companies. The improvement of the un-scored event is as follows:

Type	Evaluation Indicators	The Company's Improvement/Response Status
Improved	1. Has the Company's interim financial statements been approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	From 2022, the Company's interim financial statements will be approved by the Audit Committee and submitted to the board of directors for discussion and resolution.
	2. Has the Company set up Functional Committees other than those required by law, comprising no less than three members each, with more than half the members being independent directors and at least one member possesses	To facilitate and promote ESG, the Company passed a resolution to establish a Sustainable Development Committee on May 5, 2022, comprising five members. In the Committee, three members are independent directors, and all members possess the

Evaluation Item			Implementation Status (Yes / No / Summary) / Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
		the necessary expertise and abilities required by the committee, as well as disclosed the composition, duties, and operations of these committees?	necessary expertise and abilities required by the Committee.
		3. Has the Company announced its annual financial statements within two months of the end of the fiscal year?	The annual financial statements of the Company are published within two months after the end of the fiscal year since 2022.
		4. Did the company convene the annual shareholders' meeting by the end of May?	The 2022 annual shareholders' meeting was held before the end of May.
Improve with priority	The 9th term No score obtained	1. Does the number of the Company's independent directors reach 1/3?	The Company will assess the feasibility in the next director re-election.
		2. Does the Company have at least two independent directors with consecutive terms of no more than three years?	
	The 10th term Newly added indicator	1. Does the Company record the important questions raised by shareholders and the Company's responses in the minutes of the annual shareholders' meeting?	The Company will record the questions raised by shareholders and the essential contents of the Company's responses in 2023 Annual Shareholders' Meeting Minutes.
		2. Has the Company uploaded the shareholder movements of insiders of the previous month to MOPS by the 10th (10th included) day of each month?	The Company will review the feasibility of uploading the shareholding movements of insiders of the previous month to MPOS by the 10th of each month in 2023.

4.4 Composition and Operations of FPCC's Remuneration Committee

1.Remuneration Committee member information (as of 2023.03.27)

<table>
<tr><th>Identity
(note 1)</th><th>condition
name</th><th>Professional qualification and experience
(note 2)</th><th>Independence
(note 3)</th><th>The number of concurrent post holding in other publicly owned corporation's remuneration committee</th><th>note</th></tr>
<tr><td>Independent Director (Convener)</td><td>C.P Chang</td><td rowspan="3">For detailed information, please refer to the disclosure of Directors' professional qualification and Independent Directors' independence of the annual report.</td><td rowspan="3">Oneself, spouse or relative within the second degree of relationship have nothing in or relating to article 6 paragraph 1 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".</td><td>1</td><td></td></tr>
<tr><td>Independent Director</td><td>Yu Cheng</td><td>1</td><td></td></tr>
<tr><td>Independent Director</td><td>Sush-Der Lee</td><td>0</td><td></td></tr>
</table>

Note 1: Please state the relevant working experience, professional qualifications, experience, and independence of each member of the Remuneration Committee in the table. Where a member is an independent director, a separate note may be added to refer to relevant information in Attachment One on Page XX, "Information on Directors and Supervisors (I)". Please specify a person's identity as an independent director or others in the identity column (please indicate in a note where the person is a convener).

Note 2: Professional qualifications and experience: please describe individual Remuneration Committee members' professional qualifications and experience.

Note 3: Compliance with independence standards: please state that Remuneration Committee members are in compliance with independence standards, including, but not limited to, whether himself/herself, his/her spouse, and any relative within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliates; the number and proportion of shares held by himself/herself, his/her spouse, and any relative within the second degree of kinship (or in the name of others); whether he/she is a director, supervisor, or employee of a company in a specific relationship with the Company (refer to Article 6-1, paragraph 5 to paragraph 8 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration obtained for providing commercial service, legal service, financial service, accounting service, and other services to the Company or its affiliates in last two years.

Note 4: For disclosure methods, please refer to the example of best practices on Corporate Governance Center of Taiwan Stock Exchange website.

2. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three members.

(2) Tenure of members: From July 22nd, 2021 to July 21st, 2024. The Remuneration Committee has held 2 meetings (A) in the most recent fiscal year. The qualifications and attendance of the members is set out as follows:

Position	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	C.P Chang	2	0	100	
Member	Yu Cheng	2	0	100	
Member	Sush-Der Lee	2	0	100	
Other required disclosure: A. In the event the Board of Directors does not adopt or amend the Remuneration Committee, state the date and period of the Board meeting, the content of proposals, resolution of the Board of Directors, and the results of the Company's actions in response to the opinions of the Remuneration Committee (e.g., if the salaries and compensations approved by the Board was higher than the suggested levels from the Remuneration Committee, please state the differences and reasons): None. B. If there is any member who has expressed a dissenting opinion with respect to a material resolution passed by the Remuneration Committee, or said dissenting opinion recorded or prepared as a written declaration, state the date and period of the Remuneration Committee meeting, the content of proposals, other members' opinions, and the results of the Company's actions in response to the opinions of the Remuneration Committee: None. C. The purpose of the Remuneration Committee is to evaluate the compensation policy and system for directors and managers in professional and objective manners. Evaluation results are provided to the Board of Directors for reference in decision-making.					

Note: 1.Where members of the Salary and Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated based on the number of the resigning members' actual participations of the Remuneration Committee's meetings over the number of Remuneration Committee's meetings held.

2.When an election is held for the Remuneration Committee before the end of year, the new and retired members of the Committee shall be listed in separately, and in the note column, indicate whether a member is new, retired, or reflected, along with the election date. The actual attendance rate (%) shall be calculated based on the number of members' actual participation of the Remuneration Committee's meetings and the number of Remuneration Committee's meetings held.

(3) The Company hold the Remuneration Committee at least twice a year. The competency of Remuneration Committee is to evaluate the compensation policy and system for directors and managers in professional and objective manners, and provide to the Board of Directors for reference in decision-making. Coordinate with the term in office of the Board of Directors, the Remuneration Committee will review directors’ performance, remuneration policies, systems, standard and structure on a regular basis.

3. Indicate the date of the Remuneration Committee's meeting in the most recent fiscal

year, the content of proposals, resolutions of the Committee, and the results of The Company's actions in response to the opinions of the Remuneration Committee

Date of meeting	Content of proposal	Result of resolution	The Company's actions in response to the opinions of the Remuneration Committee
January 17th, 2022	Report matters The Company's Board of Directors has resolved to approve the 2021 Report of Year-End Bonus Issuance Standard for Managers	Acknowledged	The Company's Board of Directors has approved that, the Company's engaged managers will be compensated in accordance with the computation result based on "Regulations for the Distribution of Year-End Bonus and remuneration."
August 4th, 2022	Discussion Proposal Proposal 1: Please approve the degree of compensation adjustment in 2022 for the Company's managerial officers is proposed to be in line with the whole employees' compensation. Proposal 2: Please approve the adjustment of the Company's directors' attendance fee reimbursement policy.	The proposal was approved unanimously by all the members present, and was submitted to the Board of Directors for resolution.	The proposal was submitted to the Board of Directors for resolution, and was approved unanimously by all the Directors present.

4.5 Sustainable Development Implementation Status and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”

<table>
<tr><th rowspan="2">Development Item</th><th colspan="3">Implementation Status (Note1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>1. Whether the Company has established a governance structure to facilitate sustainable development and set up a dedicated (or part-time) unit to promote sustainable development, which is delegated by the Board to the senior management, and how is the Board’s supervision on such matters?</td><td>✓</td><td></td><td>The Company established a Sustainable Development Committee under the Board of Directors in 2022. The Committee is chaired by the chairman of the Board, who supervises the Company’s implementation of sustainable development. In addition, a Sustainable Development Promotion Team has been set up in the President's Office, responsible for formulating and reviewing sustainable development policies & systems, relevant management guidelines, performance monitoring, and preparing a sustainability report, which shall be submitted to the Sustainable Development Committee and the Board of Directors. The implementation of the sustainable development and sustainability report 2021 has submitted to the Sustainable Development Committee and the Board of Directors in May 2022. Please refer to the Company sustainability report for its governance structure.
(1) Information of the Sustainable Development Committee members
<table>
<tr><th>Name</th><th>Title</th><th>Main Professionals</th></tr>
<tr><td>Bao-Lang Chen</td><td>Chairman(Convener)</td><td rowspan="5">Please refer to 2.4 Directors’ professional qualification and Independent Directors’ independence</td></tr>
<tr><td>Mihn Tsao</td><td>Director&President</td></tr>
<tr><td>C.P Chang</td><td>Independent Director</td></tr>
<tr><td>Yu Cheng</td><td>Independent Director</td></tr>
<tr><td>Sush-Der Lee</td><td>Independent Director</td></tr>
</table></td><td>In compliance with the Article 9 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			(2) Operation information of the Sustainable Development Committee a.There are 5 members in the Sustainable Development Committee (including 3 independent directors) b. The Sustainability Committee of the Company meets at least once a year, and its function is to review the Company's sustainability policies and management guidelines, and supervise matters related to the promotion of sustainable development and implementation plans, so as to strengthen the Company's resilience to climate change risks. c. Term of office of the current members: May 5th 2022 to July 21st 2024, the most recent annual meeting of the Sustainable Development Committee was held twice, and the actual attendance rate was 100%. d. The date of the most recent year meeting of the Sustainable Development Committee, the content of the proposals, the results of the resolutions and the Company's handling of the Committee's views are as follows:	

Meeting Date	Proposal contents	Resolution	Company's handling of the Committee's views
May 23rd 2022	Discuss Item 2022 sustainability report of The	Passed by the all members attended and submitted to	Acknowledge

<table>
<tr><th rowspan="2">Development Item</th><th colspan="3">Implementation Status (Note1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>Company.</td><td>the board of the directors</td><td></td></tr>
<tr><td>Dec. 8th 2022</td><td>Report Item Report on the inventory and verification of the Company's greenhouse gas emissions</td><td>Acknowledge and submit to the Board of Directors</td><td>Acknowledge</td></tr>
</table>
(3)The Company’s president office and related departments holds regular meetings and reviews all work matters and reports to the Company's directors through internal official documents. The Team report at least once a year to the Sustainable Development Committee and the Board of Directors regarding the Company's implementation of sustainable developments, including sustainable development policies, goals & management policies, risk management, climate change risks & opportunities, greenhouse gas & energy management, etcetera, to keep the Committee and the Board informed of implementation results to facilitate supervision.</td><td></td></tr>
<tr><td>2. Does the Company conduct risk assessment in regards to environmental, social, and governance topics related to</td><td>✓</td><td></td><td>The Company's President Office assess the risks to the Company from the following issues based on the levels of influence to stakeholders, and establish risk policies that enable effective identification, measurement and evaluation, supervision, and control to lower influences from relevant risks:</td><td>In compliance with the Article 3 paragraph 2 of the Sustainable Development Best</td></tr>
</table>

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
company operations in accordance with the materiality principle, and establish relevant risk management policy or strategy? (note 2)			1. Environmental issues:	Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Risk Management Strategies
Climate Change	Collect and analyze information related to climate change and energy risk; identify and evaluate risks related to climate change with reference to the ISO 14001 risk identification process to reduce the possible impacts from climate change and publicize the " Task Force on Climate-related Financial Disclosure (TCFD) Report" annually.
Water Resources Management	1.Promote energy and water conservation programs to reduce energy consumption and costs related to water use. 2.Set up an emergency drought response team to stay up to date on water source status at each plant and improve emergency response capabilities. 3.Undertake wastewater and rainwater recycling promotions and technical research to reduce water consumption at the plants.
Greenhouse Gas Emissions Management	1.Regularly convene monthly energy conservation and carbon reduction meetings, and organize relevant visits and seminars to enhance and improve the competence of energy conservation and carbon reduction measures.

Development Item	Implementation Status (Note1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary		
				2.Investing in the development of green products, improving product weather ability and reusability, reducing carbon emission of production processes, and extending product life cycles. 3.Conduct carbon footprint inventory check to set short-, medium-, and long-term carbon emission targets as well as apply for carbon offsets in response to legal impacts.	
			Energy Management	1.Introduce energy-saving and high-performance equipment as well as set up energy-saving goals to continue to reduce the power usage per product unit. 2.Implement energy conservation and improvement measures, including reducing energy consumption during production processes, energy reuse, waste heat reuse, improving equipment efficiency, and energy management.	
			Air Pollution Management	1.Replace thermal oil boilers with natural gas boilers to reduce the emissions of GHG and air pollutants, while the efficiency of the boilers has also increased accordingly. 2.Strengthen the control and improvements over leakages of facility components in each plant and establish an FTIR (Fourier-transform infrared spectroscopy) to monitor the air quality around each plant.	

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			<table><tr><td></td><td>3.Adopt even higher standards in the supervision and management of the plant environments, as well as to install additional air pollution prevention equipment to reduce the discharge of pollutants.</td></tr><tr><td>Waste Management</td><td>1.Commit to the reduction of waste from the source, processing waste reduction, and recycling and reuse to minimize waste generation and to maximize resource recovery. 2.Be in line with applicable laws by implementing the qualification review and management of waste treatment vendors to ensure the proper treatment of waste for reducing the impacts on the environment. 3.Uphold the philosophy of circular economy, cross-plant and cross-office energy and resource integrations to achieve "zero waste" goals.</td></tr></table>2. Social issues:<table><tr><th>Evaluation Item</th><th>Risk Management Strategies</th></tr><tr><td>Human Rights</td><td>1. The Chairman has signed a human rights policy that ensures compliance with international human rights standards and the local labor laws at the Company's global operational sites. The Company is committed to equal employment and to creating a work environment</td></tr></table>	

Development Item	Implementation Status (Note1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary		
				free from prejudice and harassment. At the same time, personal privacy is respected, and diverse channels for employment relations and grievances mechanisms have been formulated to ensure the rights of our workers. 2. The Company formulated the "Diversity and Inclusion Policy" to strive to create a diverse, equal and inclusive workplace, strengthen the composition of the management and employees from different perspectives, and respect the views and values from different perspectives, so as to appropriately respond to their needs and strengthen the Company's competitiveness	
			Talent Sources and Development	1.Actively participate in campus placements through a variety of open recruitment channels, including offering internship programs, collaborating with academic institution and offering financial assistance to students, in order to improve the efficiency of recruitment. 2.Provide steady and competitive compensations and benefits, and plan comprehensive personnel training to encourage employees to acquire certificates or professional qualifications, and offer reasonable and smooth promotional channels for outstanding employees.	

<table>
<tr><th rowspan="2">Development Item</th><th colspan="3">Implementation Status (Note1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Occupational Safety and Health</td><td>1.Build a safe and healthy work environment and implement hazard identification and risk evaluations at appropriate times and carry out risk mitigation measures and emergency response drills to reduce employees' occupational risks.
2.Continue to offer special health checkups to operators exposed to elevated risks, and implement tiered health management and follow-up based on the results.
3.Care for employees' dietary and nutritional needs and health, and promote relevant courses and activities to build a healthy work environment.
4.Plan comprehensive response and protective measures against diseases to achieve both employee's well-being and uninterrupted operations.</td></tr>
<tr><td>Social Participation and Contribution</td><td>Uphold the philosophy of "giving back what is taken from the society," to dedicate to contributing to the society and fulfilling social responsibilities and encourage employees to actively participate and promote various community events to strengthen interactions with the local residents.</td></tr>
</table>
3. Governance issues:
<table>
<tr><th>Evaluation Item</th><th>Risk Management Strategies</th></tr>
<tr><td>Strengthening the function</td><td>Strengthen the functions of the Board of Directors: formulate the diversity policy of the Board of Directors,</td></tr>
</table>
</td><td></td></tr>
</table>

Development Item	Implementation Status (Note1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary		
			of the Board of Directors	improve the planning of directors' training topics, and provide directors with the latest information on regulations, ESG, risk management, industry & economic development, and related policies, as well as other information. The liability insurance for directors is purchased to protect their rights and interests, as well as to reduce and disperse the risk of major damage to the Company.	
			Strategic Operations	To achieve the goal of sustainable operations, the Company continues to develop high-value and differentiated products. Long-term contracts are signed with customers and suppliers to maintain fair supply-demand relations. Additionally, the Company continues to improve processes and to enhance competitiveness to reduce operating risks.	
			Ethical Corporate Management	Various regulations concerning ethical conduct are stipulated and good governance and risk control mechanism are instilled; implement ethical corporate management in practice, the risks of unethical conduct are immediately evaluated and preventive measures are established accordingly.	
			Damage Risk	Workplace hazard assessments are carried out during the planning stage of each production process. Before the completion of engineering and construction, process hazard analysis is performed in line with the Company's	

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			regulations. Additionally, regular risk assessment is performed in line with applicable laws after production has begun. Digitized risk management systems and performance evaluation systems have also been set up, while process safety management (PSM) is implemented and the management over process safety events (PSE) are reinforced. Audits and coaching are also carried out, while deficiencies found during reviews are treated and monitored for improvement. **Legal Compliance**: Through establishing governance organization and implement internal control, the Company maintains rigorous requirements over legal compliance during business activities, and stays informed and responds to changes in policies and laws on a timely basis. Additionally, a dedicated Legal Department has been established, and standardized contract samples have been drawn up. Legal compliance training is also conducted to reduce legal risks.	
3. Environmental issues (1) Has the Company referred to the nature of its industry to establish a suitable environment management system (EMS)?	✓		a. The Company formulated the administrative standards for security and health management, and established related department and personnel since 1999.10.2, for the purpose of promoting security and health policies (ISO-14001, OHSAS-18001, etc.). According to	In compliance with Article 13 of the Sustainable Development Best

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			the Environmental Protection Administration's regulations (The Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act and Toxic and Concerned Chemical Substances Control Act, etc.), we establish the Environmental, Health and Safety regulations, information management system, automated office system, etc., in order to strengthen the Environmental, Health and Safety management. In addition, the Company will further introduce environmental accounting systems by collecting environmental expenditure information, environmental expenditure benefits, and informing stakeholders of environmental protection measures. (For details of the environmental management system based on industrial characteristics, please refer to chapter 2 Creating a New Green Appearance of the 2022 Sustainability Report.) b. To meet our corporate social responsibility and future requirements for GHG reductions, FPC has set up and maintained a systematic inventory of GHG emissions since 2006 in accordance with ISO 14064-1. Furthermore, the British Standards Institution (BSI) and SGS Taiwan are commissioned to conduct Scope 1 and Scope 2 GHG inventory checks in order to ensure that the inventory is accurate and can be used as a basis for future improvement in GHG reductions.	Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(2) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	✓		The company continues to promote energy conservation, emission reduction, and circular economy and integrates energy and resources across factories to improve energy efficiency. In recent years, AI and simulation technologies have been used to carry out industrial safety management and process optimization to improve production efficiency and maximize energy utilization. To reduce greenhouse gas emissions and sulfur oxide emissions, the Company researched and developed low-carbon fuels, created Circulating Fluidized-Bed (CFB) equipment to improve solid Refuse Derived Fuel (RDF), which helped the government to reduce domestic garbage, and helped the Company to replace some coal to reduce greenhouse gas emissions. Specific practices and environmental friendly products please refer to chapter 2 Creating a New Green Appearance of the 2022 Sustainability Report.	In compliance with Article 12 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Does the Company assess potential risks and opportunities arising from climate change, and establish relevant risk management policy or strategy?	✓		The Company has continuously evaluated the potential risks and opportunities arising from climate change, set energy-saving targets and energy-saving measures by comprehensively considering factors such as financial impact, reputation impact, global economic situation, fluctuation in energy cost, and cost of environmental regulations, and promoted the research & development of environmentally-friendly products, to ensure the stability of the Company's operations and maintains its competitiveness. It has also signed Task Force on Climate-Related Financial Disclosures (TCFD) and disclosed the Company's governance, strategy, risk management, indicators & targets regarding	In compliance with Article 17 paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(4) Does the company monitor its greenhouse gas (GHG) emissions, water consumption, and waste volume for the past two years, and establish policies for energy conservation, carbon and GHG reduction, water consumption reduction, waste volume reduction accordingly?	✓		risks and opportunities related to climate. (For further details, please refer to chapter 3.2 Climate Change Mitigation and Adaptation of the 2022 Sustainability Report.) For energy conservation and carbon reduction, we set specific reduction targets each year and regularly commissions BSI (British Standards Association) and SGS (Taiwan Inspection and Technology Corporation) to conduct greenhouse gas inventory to calculate greenhouse gas reduction performance. As of the printing date of the annual report, the discharge data for 2021 and the previous years have been published. The data of 2022 is currently verifying and will be announced after the verification is completed. (For further details, please refer to chapter 2 Creating a New Green Appearance of the 2022 Sustainability Report.)	In compliance with Article 17 paragraph 2~3 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
4. Social issues (1) Has the Company referred to relevant laws and international human rights instruments to establish relevant management policies and procedures?	✓		a. Respect workplace human right: In order to guarantee the human right of employees, customers and stakeholders of the Company, the Company complies with relevant employment acts such as the Labor Standard Act, UN Universal Declaration of Human Rights, and UN Guiding Principles on Business & Human Rights, International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, etc. to formulate personnel rules and regulations to protect employees' rights and interests. It also provides stable and excellent compensation, complete education and training,	In compliance with Article 18 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			promotion and development system, and a safe and healthy working environment to enhance the professional competence of employees. The Chairman of the Company, Bao-Lang Chen, officially signed the human rights policy in August, 2018, to commit no hiring of child labor, no forced labor, respect employee privacy, freedom of association, and provide employees diversified communication channels. For detail and practical actions, please refer to chapter 3.4 Employee Occupational Health Management of the Company's 2022 Sustainability Report and the Company's official website. b. Principle of Diversity, Inclusion and Equal Employment: Comply with the Employment Service Act to provide open, fair and equitable employment opportunities, and establish the Diversity and Inclusion Policy. c. Gender friendliness: In addition to the formulation of the “Measures on Prevention, Complaint and Punishment of Sexual Harassment at Workplace” to ensure equal gender work rights, the Company also attaches great importance to gender equality in the workplace. Although due to the nature of the industry, the proportion of male employees is higher than female employees, promotion channels have been structured and the performance of female employees are highly valued. Therefore, the number and proportion of female supervisor above employees constantly increase year on year, which is a demonstration of the Company's effort in gender equality. Please refer to the Company's	In compliance with Article 21, paragraph 2 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			sustainability report. d. Local recruitment: In recruiting new employees, priority is given to local residents. Local quality supervisors are cultivated. Over the years, a high proportion of local residents have been employed, as detailed in the Company's Sustainability Report.	
(2) Did the company establish and implement reasonable employee benefits (including compensations, holidays, and other benefits), and appropriately reflect its business performance and results on its employee compensations?	✓		a. The Company has clear regulations on employee promotion, assessment, training, rewards, and punishments. The salary for new recruits is based on the qualifications required for the job. Female and male employees of the same position and rank receive equal pay for equal work. Employee performance is reviewed regularly in order for raise and promotion to be given accordingly. b. The Company's fixed holidays are Saturdays, Sundays, national holidays, and other holidays as stipulated by the central competent authority. Annual leaves are also given to employees pursuant to the Labor Standards Act. Other employee compensation please refer to Ch V 5. Labor Relations. c. Article 21 of the Articles of Incorporation of the Company states that when allocating the net profits for each fiscal year, the Company shall set aside 0.02% to 0.1% of the balance of pre-tax profit prior to deducting employees' compensation as compensation of employees. In addition, the Company provide year-end bonus and formulate the degree of salary increase each year according to operation performance of the Company.	In compliance with Article 20 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(3) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	✓		operation performance of the Company. a. The Company regularly provides health and education information for employees through " i Medical health net" 、" i Health Podcast". In order to enhance employees' safety and health awareness, the Company distributes "work hazard reminder cards" and "safety and hygiene manuals" to remind employees of work safety through education, training, and safety observation. (For details on how to improve employee safety in the workplace, please refer to chapter 3 Deepening the New Culture of Labor Safety of the 2022 Sustainability Report.) b. All the factories in FPCC had received the verification of "ISO 45001 Occupational health and safety management systems" and "Taiwan Occupational Safety and Health Management Systems (TOSHMS)" in 2022. c. In 2022, there was one employee occupational accident (excluding occupational traffic accidents) in the Company, which caused one injuries and zero death, accounting for 0.02% of the total employees. The Company set up an "Accident Investigation Team" to convene relevant departments to jointly review the accidents, thoroughly clarify the cause of the accidents, and formulate specific improvement measures. It required all departments to comprehensively check and examine the sufficiency of equipment protection. All deficiencies were listed for improvement. All colleagues were required to follow the company's regulations thoroughly to prevent the recurrence of abnormalities.	In compliance with Article 21, paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies. In compliance with Article 24 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(4) Has the Company established an effective competency development career training program for employees?	✓		Through the e-training management system, the Company ensures that personnel are gradually completing the training of new personnel, foundation, professional and cadre reserve. In addition, in line with the work and safety needs of individual units, counseling staff with professional licenses hold occasional seminars on various topics as well as strengthening human rights and workplace safety awareness courses. For more details of the lessons of human rights, please refer to the official website of the Company. (For specific training practices, please refer to chapter 3 Deepening the New Culture of Labor Safety of the 2022 Sustainability Report.)	
(5) Does the company follow relevant laws, regulations and international guidelines in terms of customer health, safety, and privacy, as well as when marketing or labeling its products and services and has the company established relevant consumer protection policies and grievance procedures?	✓		a. Since most of the products produced by the Company are not directly sold to general consumers, there are fewer marketing activities such as media advertisements and campaigns. If there are promotion activities involving regulations, all units will first consult the legal office to avoid violation. To protect customer privacy, the Company has established the "Personal Data Management Procedures" to strictly limit the use and control on any queries into personal data. b. Customer relationship management is an important part of the Company's sustainable operation. In order to understand the valuable opinions of customers, the Company has clearly defined the customer complaints pipeline as well as return and compensation application procedures so that customers can express relevant appeals through the Response Form. Product complaints are handled by the salesperson filling out the Customer Complaint Handling Form for	In compliance with Article 26 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			all returns and exchanges. The process is also monitored by the computer system. Another method for customers to make inquiries or comments is to contact the telephone number or e-mail address listed on the official website. Comments and suggestions are prioritized according to the level of importance and timeliness. They are then forwarded to the relevant departments to ensure that the Company meets all customers' needs.	
(6) Has the company established supplier management policy and require suppliers to comply with relevant standards on environmental protection, occupational safety and health, or labor and human rights issues?	✓		During procurement, the Company has always required upstream suppliers to meet RoHS, ISO, and related national industrial safety standards, where all goods must be suitably labeled according to the nature of the products, i.e. warning labels. Suppliers should also adopt appropriate recycling procedures for used containers or delivery vehicles. Products manufactured by the disadvantaged and products with non-radioactive labels are prioritized for procurement. The "Price Inquiries" and "Orders" include requirements for suppliers that they comply with the regulations and fair trade principles. The Company commits itself to ensuring that the partners meet environment protection, industrial safety, and human rights requirements. Non-compliant manufacturers will be rejected and placed under manufacturer evaluation. When purchasing materials, parts or products containing metal components, suppliers are required to investigate whether they meet the "conflict-free metal" to ensure that the purchased raw materials are obtained through legal channels. (For further details, please refer to Chapter 1 Creating Industry New Development of the 2022 Sustainability Report.)	

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
5. Does the company refer to guidelines for the preparation of internationally accepted reports and prepare Sustainability Reports and other reports that disclose the company's non-financial information? Has the aforementioned statement received any validation or guarantee from third-party accreditation/attestation organization?	✓		The content structure of the Company's 2022 Sustainability Report is based on the Global Resiliency Reporting Association's GRI standards guidelines published in 2021, written in accordance with GRI 11: Oil and Gas Sector Standard (2021) and the four major principles of the AA1000 Account Ability Principle Standard, namely materiality, inclusiveness, responsiveness, and impact. The report was verified by the French Standards Association (Afnor Asia), an impartial third-party unit, according to AA1000AS v3 type 1. The independent assurance opinion statement has been included into the Sustainability Report.	In compliance with Article 29 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
6. Where the Company has established its own Best Practices on Sustainable Development according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and actual implementations taken by the Company: The Company passed the resolution of the "Corporate Social Responsibility Code" as set out in the resolution of the Board of Directors on August 6th, 2015 and been revised as "Sustainable Development Code" by the Board of Directors on May 5th, 2022. Although the Company's practice has been slightly revised, the established code and the "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" comply with the same spirit. For the operation of the Company's Sustainable Development, please refer to the Sustainability Report and website description.				
7. Other important and helpful information in understanding Sustainable Development operation: (1) Relevant systems and structures: The company established the "ESG Promotion Organization" in 2021. Its business includes three aspects: environmental protection (E), social responsibility (S), and corporate governance (G). Among them, the environmental protection (E) aspect is subdivided into eight important				

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	

topics including1. climate-related financial disclosure; 2. circular economy - energy (resource) efficiency improvement; 3. international carbon reduction initiatives; 4. safe and green procurement (including transportation and packaging); 5. renewable energy and green energy; 6. green product research & development and promotion of the green industry. The Company convenes all business divisions to review the implementation of ESG quarterly to complete the important tasks of reducing energy consumption & pollution and creating ecological environment balance, to realize the sustainable value of enterprises in terms of environment, society, and governance.

(2)Social welfare engagement of the enterprise:

A.The system, measures, and performance of environmental protection, safety, and health:

Since its establishment, the Company has always adhered to the philosophy of "industrial development and environmental protection," and pursues social responsibility and sustainable business. Therefore, it attaches great importance to the work of environmental protection.

Following this concept, the Company adopts the latest international technology for production processes and environmental protection equipment. For example, when building a power plant more than a decade ago, the Company was the first in the country to insist on the use of closed coal bunkers. Coal dust no longer polluted the air, and BACT is used to make pollution emissions far below domestic and international standards. Although the construction cost increased, the intangible environmental improvement and the reduction of resource waste and cost reduction can be obtained. In addition to selecting the best production processes and environmental protection equipment at the beginning of the planning period, the Company also took into consideration of the integration of upstream, middle, and downstream processes, and recycles the by-products and wastes of the upstream process as raw materials and fuels for the middle and downstream processes by fully integrating and reusing waste gas, waste heat and low-level energy between the plants, make the best use of resources and energy, reduce energy and waste resources, we pursue the goal of achieving an eco-industrial park. For example, the power and steam consumption per unit of product in 2022 years has decreased by 17% and 19% respectively since the trial operation of phase four began in 2007. Future reduction targets will continue to be promoted. The spirit of the Company is to always find out the root cause of any problem, continues to improve, and consists in stopping in perfect goodness. Through continuous improvement, the Company will continue to improve the efficiency of equipment operation to reduce energy and resource use, and strengthen the competitiveness of sustainable operation.

Taking water conservation as an example, from 1999 years to 2022, the sixth naphtha cracker has invested 9.55 billion dollars to complete

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
2,742 improvement cases, saving 303,400 tons of water per day. The 225 ongoing cases will receive 1.67 billion dollars of investment to achieve the target of saving 12,000 tons of water per day. The total investment is 11.22 billion dollars. After the completion, the annual benefit will be approximately 1.42 billion dollars. In terms of energy conservation and carbon reduction, the sixth naphtha cracker has also invested 28.97 billion dollars, 10,211 improvement cases have been completed, reducing about 13.005 million tons of CO_2. 1.63 billion dollars will be invested in 1,380 ongoing cases. It is estimated that an additional 2.11 million tons of CO_2 will be reduced, with a total investment of 45.31 billion dollars. The end benefits will be about 41.96 billion dollars per year. The above-mentioned results can be affirmed by the Company awards from 59 business units and commendations from the competent authorities of the Ministry of Economic Affairs, the Water Resources Department, the Industrial Bureau, the Energy Bureau, and the Environmental Protection Agency during the 10 last years between 2013 and 2022. In addition to adopting the best international production process, doing environmental protection work such as pollution prevention, clean production, energy conservation, carbon reduction, and water conservation to reach the goal of becoming ecological industrial parks, the Company also follows the trend of the times and pays attention to global warming. In recent years, the Company has promoted tree planting in the factory area. The Company has actively promoted the greening of various factories. At present, the Company has planted nearly 2 million trees and 390,000 square meters of shrubs, which can absorb about 15,000 tons of CO2 per year. Providing a green aerobic environment for employees and nearby residents, and taking into account the best of both industrial development and environmental protection. Traditional factories give the impression that there are few green spaces and trees, and even chimneys emit black smoke from time to time, causing air pollution. The direction of the Company's various factories is to change the minds of people to create a green landscape just like the park, and to turn air pollution into a natural landscape. At the same time, the Company also responded to the government's afforestation and carbon reduction plan and cooperated with the Yunlin County Government to promote flatland afforestation and carbon reduction activities. In 2011, the Company started to receive 10-year afforestation and carbon reduction subsidy. As of 2021, the Company has received the flatland afforestation award in Yunlin County, with an application area of 1,094 hectares, and about 1.422 billion in subsidies have been provided to the afforestation applicants, contributing to the afforestation and carbon reduction. However, the Council of Agriculture considers that converting fertile land into forest land may lead to food				

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
shortages. In addition, it is easy to attract snakes, rats, and birds, which will affect the harvest of adjacent farmlands. Therefore, according to government policy, the Company will no longer provide reciprocal subsidies. However, the Council of Agriculture considers that converting fertile land into forest land may lead to food shortages. In addition, it is easy to attract snakes, rats, and birds, which will affect the harvest of adjacent farmlands. Therefore, according to government policy, the Company will no longer provide reciprocal subsidies. The Company also fully cooperates with the Environmental Protection Agency to promote green procurement of private enterprises to implement the energy-saving and carbon-reduction green consumption policy. The statistical green procurement amount of the Company in 2022 is 801 million dollars. In the future, the company is going to keep the core value of environment protection, and put water conservation, energy saving, carbon reduction, resource reuse and environmentally friendly into practice, in order to fulfill social responsibility. Besides, providing a healthy and safe workplace is the responsibility of Formosa Plastics Group (FPG) to employees and their families. Therefore, "safety first" has become an essential principle for us to cherish employees. In addition to establishing a reward system to encourage employees and contractors to report unsafe behaviors and false alarm incidents, departments with zero occupational accidents will also be rewarded. All units are encouraged to report potential hazards, raise abnormal and unsafe behaviors regarding industrial safety, and conduct quarterly summary reviews to eliminate potential hazards. Inter-departmental competitions and performance ratings are organized to improve employees' sense of participation. Besides, a commendation conference is held each year to celebrate departments with excellent performance in safety culture. And employees' participation and sense of honor are thus improved through the cross-company competition and performance rating. B.Community participation: The Company is deeply rooted in Taiwan. Factories are distributed all over Taiwan. We strive to become a "good neighbor" with the surrounding residents by setting up a dedicated group in each factory to communicate with residents and provide all kinds of assistance. In addition, we continue to mobilize our staff to clean up neighborhood streets and beaches, continually invest in local public welfare activities, and assist in caring for families and disadvantaged groups, so that our employees and community residents can be integrated. Employees have also spontaneously formed a charity group, responding to the feedback to the neighborhood, and by long-term and continuous attention, gradually				

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
expand human care and love to every corner of the society to jointly establish a peaceful society. C. Promote the development of Taiwan's distinctive culture: sponsoring the "Ming Hwa Yuan Art & Cultural Group", " I Wan Jan Puppet Theater ", "If kids Theatre", "Apple Theatre" to go on tours in the countryside. (In 2022 due to the impact of COVID epidemic, the performance is suspended.) Due to the lack of library and room for the cultural exhibition, the Formosa Group donated NTD 480 million to Mailiao Township Office to build Mailiao Social Education Park which combined the area of library, social education and leisure aesthetics. The Kaohsiung Complex is the birthplace of Formosa Plastics Group and it has 13 memorial buildings including the office of two founders, Wang Yung-Ching and Wang Yung-Tsai. On December 5, 2018, it was officially registered as a cultural asset by the Kaohsiung City Government and “Formosa Wang Brothers Park” was established on its original site. The Company with Formosa Plastics Corp., Nanya Plastics Corp., and Formosa Chemicals and Fibre Corp., established “Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park” which is responsible for the building restoration and the park planning and design, and also launches the related culture and art activities, and donated NTD 490 million together as of the end of 2022. The foundation held the cultural heritage party with Bureau of Cultural Affairs, Kaohsiung City Government in April 2023 to respond International Day For Monuments and Sites. D.Social contribution, social services, social welfare, and other social responsibility activities: Based on the spirit of “Take from society, give back to society ", the Company is committed to the sustainable operation and continues to give back to the society and fulfill its social responsibilities with the management policy of "quality, reputation, service, and environmental protection." Our results in social responsibility are also recorded in the "Sustainability Report." In addition to dedicating to business operations, we also invest in medical care, education, and various social welfare undertakings to fulfill Corporate Social Responsibility: a. Medical treatment: Chang Gung Memorial Hospital was established in 1976. It is committed to "improving medical standards and creating social well-being" and has the courage to challenge the status quo. It not only drives the reform and progress of the medical community but also won the trust of the general public. Now, in Taiwan, there are four major sectors, the North Sector (including Keelung, Lover Lake, Taipei, Linkou, Taoyuan, and other nursing homes), Chiayi Sector, Yunlin Sector, and Kaohsiung Sector (Kaohsiung and Fengshan Hospital). In services, it is also the largest and most complete medical institution in Asia, from emergency medical treatment to				

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
rehabilitation, health care, and senior care. Chang Gung Memorial Hospital also donated 1,141sets of artificial electronic ears for the benefit of hearing-impaired children, and set up a social service fund to subsidize poor patients for long-term treatment. As of the end of 2022, it has spent 10.35 billion dollars and continues to provide the medical assistance needed in remote and undeveloped countries. b. Education: In the 1960s, various industries in Taiwan flourished. In view of the shortage of industrial talents, the Company founded Mingzhi Institute of Technology (now Mingzhi University of Science and Technology) to provide the students from poor families a chance to study and work at the same time. Later, Chang Gung Medical College (now Chang Gung University) and Chang Gung College (now Chang Gung University of Science and Technology) were established to cultivate students' diligence and simplicity by combining theory and practice, and to cultivate excellent industrial middle cadres and medical staff. Since the beginning of the 1995, the Company started funding for Aboriginal youth education and employment opportunities. The total donation amount is approximately 1.7 billion dollars, and the number of assisted people reached 5,500. c. Disaster relief: assisting in the 921 earthquake (1999), Morakot wind disaster (2009), Kaohsiung gas explosion incident (2014), Tainan earthquake (2016), Nibble wind disaster (2016), Hualien earthquake (2018) and other disaster relief in reconstruction and the rehabilitation of schools in the disaster areas. So far, 76 primary and secondary schools have been fully sponsored by the Company. d. Other social welfare: In addition to medical and education, the founders of Formosa Plastics have set up seven foundations and charitable social welfare funds. Through the operation of the foundations and the active participation of companies within the corporation, they continue to promote and donate to various social welfare undertakings, such as: (a) Since 2007, the Company has cooperated with the government to promote the national free vaccination program for the elderly over 75 years old to improve their health and quality of life. Until 2018 when the government budgeted and promoted the program on its own, nearly a total of 1.16 million doses of the Pneumococcal Conjugate Vaccines were donated. (b) The Company continues to promote the "Professional Service of Early Treatment Effectiveness Improvement Program " and assist developmentally retarded children to receive high-quality treatment as soon as possible for them to return to the general education system and integrate with society, thereby reducing the burden on family and social care. This project is based on empirical research and guided by the fusion of concepts, family-centered and community-based promotion principles, with the main focus to improve the quality of				

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			institutions, personnel capabilities, and parental awareness. From 2006 to 2022, NT$ 950 million were invested, benefiting 30 thousand person-times and 92 units. (c) Support the inmates: donated to the Yunlin Second Prison, Kaohsiung Prison, and Taipei Prison to handle the Wang Jhan-Yang Foundation Rainbow Project (drug-addicted HIV inmates), with three courses of physiological education, psychological counseling, and vocational training the project assists drug-addicted prisoners with HIV to cultivate life skills, repair family relationships and reintegrate into society. Cooperation with Yunlin Second Prison and Kaohsiung Prison to handle the Wang Jhan-Yang charitable trust fund Xiangyang project (drug inmates) to assist inmates in returning to the society is also conducted. Collaboration with the Correctional Affairs Department of the Ministry of Justice in 2017 to expand the Xiangyang Project in three prisons including Hualien Prison, Tainan Prison, and Kaohsiung Women's Prison. Since 2020, in consideration of the widespread dental defects among AIDS prisoners that result in poor chewing functions and poor health, Wang Jhan-Yang charitable trust fund donated denture installation fund for the underprivileged AIDS prisoners in Yilan, Taipei, Tainan, Kaohsiung, and Kaohsiung Women’s Prison in the hope of assisting prisoners' nutrition digestion and health improvement. (d) Promote various scholarships and work-study programs: such as the Children's Education Assistance Program, Disadvantaged Student Scholarship, and the Student Financial Aid Program in Remote Areas, to help the economically disadvantaged or disabled children and young students to be able to receive education unhindered. The Excellent Talents Development Program provides long-term scholarships for outstanding students from disadvantaged backgrounds to assist them in academic and moral development. In addition, we will promote semester and summer work-study programs, match students to work in social welfare institutions, cultivate the service spirit of students contributing to society, and reduce institutional operating costs and expenditures to serve more vulnerable people. (e) Women and Children's Welfare: a. Promote the nutritional breakfast subsidy for the vulnerable children in the neighboring 7 Township for Mailiao Factory, b. Promote the economic assistance program for victims of domestic abuse, c. Promote the medical treatment and economic assistance of patients with rare diseases, d. Donation to Taitung and Hualien English Assistance Program, an introduction of outstanding American college students to primary schools in remote areas for English teaching, e. Promote the nutritional breakfast subsidy for the vulnerable Junior High School students of Pingtung County, f. Donation the nutritional lunch subsidy for all public elementary and junior high school students of Yunlin County, g. Donation Scholarship for Orphan, h. Donation living expenses for Preschool children from	

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
disadvantaged families. (f) Elderly welfare: a. promote the elderly housing improvement and appliance donation plan, b. Mailiao and Taixi Township meal delivery plan for elderly living alone, c. promote the ‘’Active Aging Center’’ corporately in Taiwan. Members in this center would participate in five major classes (of the elderly) through package-based individual planning courses, including health management, brain training, vitality, physical training and social participation, to maintain their health, preventing disability, and effectiveness of helping healthy elderly people improve, d. Donate to the elderly daycare center shuttle bus and dream plan, e. Elderly welfare institution lighting improvements plan, f. Donation daycare and health promotion for elder in Remote Areas. g. Donate equipment funds for Changqing Canteen in Yunlin County. h. Donated to Yunlin County, 65-69-year-old Chongyang Respect Gifts for the Elderly. (g) Vulnerable group support: a. donate daily necessities and rice to social welfare institutions; b. offer gifts and bonus on the three most important Chinese holidays to the low-income households near the Mailiao factory; c. emergency allowances plan; d. donate daily necessities to the Food Bank of Christian Relief Association; e. promote the Homeless Assistance Program, including the establishment of temporary supportive housing and the subsidy of kitchen facilities, to support the homeless to live as independently as possible within their community; f. promote "The Design and Implementation of Intelligent Support System in Long Term Care" and "Love Health Volunteer Promotion Program"; g. promote the Lighting Improvement Plan and donate lighting equipment to improve the lighting equipment of social welfare institutions, therefore providing a good care environment and saving electricity costs; h. in response to the Covid-19 pandemic, donate rapid screening reagents and prevention materials to hospitals, social welfare institutions, and Department of Health of New Taibei City and Taoyuan; donated B vitamins to medical staff. (h) Promote the Wang Jhan-Yang charitable trust fund " Burning Star Project" to cultivate outstanding sports talents, "Future Star Project " sports talents abroad training programs and sports player medical protection programs to help domestic sports talents improve their performance. (i) Institutional support: a. Donation of social welfare institutions to purchase facilities and equipment and construction and repair (9 social welfare institutions), b. Donate funds for vulnerable groups to help plan (Kaohsiung City Government, Taoyuan City Government, Keelung City Government, ChiaYi County Government) ,c. donation of mooncakes to social welfare institutions.				

Note 1. In the "Implementation Status" column, if "Yes" is checked, please specify the important policies, strategies, and measures, as well as their implementation; If "No" is checked, please explain the differences and reasons in the column of "Discrepancies from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons", and explain the plan to adopt relevant policies, strategies, and measures in the future. But regarding to promote the Development Item 1&2, TWSE/TPEx Listed companies should specify the governance and supervision framework for sustainable development, including but not limited to management approach, strategy and goal setting, review measures, etc.It also describes the Company's risk management policies or strategies on operational-related environmental, social and corporate governance issues and their assessment.

Note 2. Materiality principle means company's investees or other stakeholders who are affected by issues related to environment, social or governance.

Note 3. For disclosure methods, please refer to the example of best practices on Corporate Governance Center of Taiwan Stock Exchange website.

4.6 Fulfillment of Code of Ethics and Business Conduct and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons：

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
1. Stipulating policies and plans for ethical corporate management				

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
(1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors, and clearly stipulated regulations and policies for ethical business conduct and relevant guidelines in company articles and external documents? Does the Company's Directors and management team actively fulfill their commitment to corporate policies?	✓		The Company complies with the Company Act, the securities trading law, and other related regulations, and upholding the "Diligence, Perseverance, Frugality and Trustworthiness" enterprise spirit in order to comply with the law and ethical standards. With the business philosophy of honesty, integrity, fairness, and transparency, self-discipline, and responsibility, the Company has established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors. With the Company's President Office as the driving unit to formulate and implement various ethical policies, the Company establishes a good corporate governance and risk control mechanism, to seek sustainable development of the Company. The Board of Directors and management also promises to actively implement and supervise the implementation of the integrity management policy.	In compliance with Article 4 and Article 5 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(2) Has the company established a risk assessment mechanism against unethical conduct, regularly analyzed business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does	✓		a. The Company has established strict rules of conduct and ethics in the rules and regulations such as the "Personnel Management Rules" and "Working Rules", and has specified the relevant reward and punishment regulations. Directors, managers, servants of the Company, or those who have substantial control capabilities are prohibited from providing, pledge, requesting or accepting any illegitimate interests directly or indirectly, or making other violations of good faith, illegality, or breach of fiduciary duty to prevent malpractice, misappropriation of public funds, acceptance of bribes, disclosure or lies, and other acts of dishonesty.	Though a designated "Procedures for Ethical Management and Guidelines for Conduct" have not been set up, relevant regulations have been clearly defined

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
the company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			b. The Company analyzes and assess periodically business activities within their business scope which are at a higher risk of being involved in unethical conduct. For those who engage in business activities with a high risk of dishonest behavior, the company has clearly established "Personnel Management Rules" and "Working Rules" which state that positions of interest for business, procurement, contracting, supervision, and budgeting, as well as contact with other manufacturers shall not accept business dinners or other entertainment activities invited by the manufacturer, nor accept the property or other interests of gifts. The offenders shall be excused from office and their Supervisors shall be jointly and severally punished. Besides, related duties have comprehensively promoted regular rotation operations to prevent the occurrence of any corruption.	in other articles and systems and carried out in practice.
(3) Has the Company established action plans to prevent unethical conduct? Has the Company clearly prescribed procedures, code of conduct, punitive measures for violations and appeal systems within the said plan? Did the action plans be implemented accordingly?	✓		The Company has clearly stipulated regulations and policies for ethical business conduct and relevant guidelines, code of conduct, whistleblowing, punitive measures for violations, and grievances in company articles and systems, including the "Personnel Management Rules," "Code of Ethics and Business Conduct," "Guidelines for Prevention of Insider Trading," "Whistleblowing Procedures," and "Guidelines to Employee Grievances.". The Company has established "Ethical Code of Conduct" for the Directors and Managers of the Company to adhere to (please refer to 4.8 Other important information to improve the understanding of corporate governance operation. The adequacy and effectiveness of regulations and policies for ethical business conduct were reviewed on a regular basis.	In compliance with Article 7, paragraph 1 and Article10-13 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
2. Implementing ethical corporate management				
(1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	✓		The contract signed by the Company for commercial activities is subject to the terms of good faith. In addition, the Company conduct inquiries such as honesty investigations for customers, suppliers, and other stakeholders to avoid the occurrence of dishonest behavior and damage of the Company's rights and interests.	In compliance with Article 9 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(2) Has the Company designated an exclusively (or concurrently) dedicated unit reports its ethical business management policy, action plans to prevent unethical conduct, and implementation status of supervisory measures to the Board of Directors?	✓		The President Office of the Company and the general management office of the whole enterprise are in charge of promoting ethical business. They promote regulations and policies for ethical business conduct. In addition, they handle and verifies whistleblowing cases based on the Company's Whistleblowing Procedure. The department in charge of promoting ethical business reports its ethical business management policy, and action plans to prevent unethical conduct to the Board of Directors at least once per year. The most recent report dated is on December 8th, 2022.They mainly report the ethical corporate management policies, measures, implementation status of supervisory measures and commitments of the board of directors and management to implement business policies actively. Additionally, the internal audit report is submitted to the Independent Director monthly.	In compliance with Article 17 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(3) Has the Company established policies preventing conflict of	✓		a. The Company's standards for the Board of Directors meetings has clearly states that if Directors or the juridical persons they represented have a personal interest, they shall state the key aspects of the interest in the meeting. If their interest may prejudice	In compliance with Article 19 of the "Ethical Corporate

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
interests, provided proper channels of appeal, and enforced these policies and channels accordingly?			the interests of the Company, the persons concerned shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. Also, they shall not stand proxy for other Directors to exercise the voting right on those items. b.The Company has stated in its "Personnel Management Rules" that employees should strictly abide by the code of conduct for avoidance of interests and proactively report ethical concerns such as conflicts of interest, and have provisions prohibiting competition to prevent conflicts of interest. c. The Company has provisions for "operational key-points for employee complaints" and " Reporting Procedure ", etc., and provides specific reporting channels for reporting any illegal or improper behavior.	Management Best Practice Principles for TWSE/GTSM Listed Companies."
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Did internal auditors establish relevant audit plan to verify the status of compliance with unethical conduct prevention action plans based on the result of risk assessment on unethical conduct? Did the	✓		The Company has established an effective and improved accounting system and internal control mechanism, and fully implemented computerization of operations. The six management functions of personnel, finance, business, production, materials, and engineering are connected by computers, layer by layer, and executed for management of any abnormalities. In addition, the Company also established a professional and independent internal audit structure. The structure is divided into three levels. The first level is carried out by the Auditing Office attached to the Company's Board of Directors, and the second level is routine and project-based independent auditing carried out by the general management office for routines and projects. Moreover, since internal auditing is the duty of all employees, the third level of auditing requires all departments to conduct voluntary operation inspections (on a monthly, quarterly, semi-annual, or annual basis) to extend the concept internal control to all levels of the	In compliance with Article 20 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
Company entrust audits to a CPA? (5) Does the Company regularly organize internal and external training for ethical corporate management?	✓		Company. Through regular corporate publications as well as various occasions, the Company promotes the corporate culture of "Diligence, Perseverance, Frugality and Trustworthiness," as well as cultivating work ethics based on integrity, fairness and transparency, self-discipline, and a sense of responsibility. All new recruits receive corporate culture training. In addition, training courses about regulations, anti-fraud, and anti-corruption are held every year to strengthen the employees' commitment to complying with management rules based on good faith. Besides, the company arranges courses such as regulations, preventions, and anti-corruption for the training of new recruits, internal auditors, supervisory reserved, and cross-functional. This strengthens the company commitment to follow the integrity management rules. In 2021, the Company held internal and external educations and trainings on ethical corporate management issues (including courses on compliance with ethical corporate management, emphasis on corporate ethics, prevention of insider trading, anti-corruption, risk management, sustainable development and enhancement of corporate governance, etc.), with a total of 11,752 participants and 12,089 hours of training.	In compliance with Article 22-2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
3. Status for enforcing whistle-blowing systems in the Company (1) Has the Company established concrete whistle-blowing and reward systems as well as	✓		The Company has a "Employee Grievance Procedure" and "Internal and External Reporting Procedure of Unlawful and Unethical Behaviors" to provide a specific reporting and reward system: a. Providing multiple reporting channels such as actual mailboxes, e-mail boxes, and fax lines. Visible notices are placed around the main entrances to be used by informants. b. After a case is filed, the relevant team members of the general management office of	In compliance with Article 23 of the "Ethical Corporate

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower? (2) Has the Company established standard operating procedures (SOP) for whistleblowing cases, follow-up measures and relevant systems of confidentiality after the investigation? (3) Has the Company adopted protection measures against inappropriate disciplinary actions for the whistle-blower?	 ✓ ✓		the whole enterprise shall be responsible for the procedures of case review, filing, and follow-up investigation. c. The principle of confidentiality: During and after an investigation, it is strictly forbidden to disclose any information to unrelated parties. Supervisors at all levels must also keep information confidential. All relevant information must be processed and archived according to the confidential document procedures to ensure the informant does not experience any unjust setback. d. Where the occurrence of illegal or improper act has been found to be true, punitive actions will be taken based on the "Personnel Management Rules". Judicial or prosecuting institutions will be alerted when necessary.	Management Best Practice Principles for TWSE/GTSM Listed Companies.”
4. Improvement of information disclosure (1) Does the Company disclose its ethical corporate	✓		Information on integrity management and ethical behavior has been disclosed on both Chinese and English website of the Company.	In compliance with Article 25 of the

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
management policies and the results of its implementation on the Company's website and MOPS?				"Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed

5. If the Company has established the Code of Ethics and Business Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any deviations between the Code of Ethics and Business Conduct and their implementations：

On November 6th, 2014, the Company passed the resolution of the "Corporate Integrity Code of Practice", which was amended by the resolution of the Board of Directors on June 15th, 2015 and annual review of relevant regulations. The code was slightly revised according to the Company's practice, but in line with spirit of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

6. Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its principles of integrity):

The Company schedules corporate governance courses for Directors and managers on a regular basis to strengthen their ability in supervision and governance, with the hopes of increasing the effectiveness of governance and implementation of integrity operation.

Note 1: Provide a brief description in the appropriate column, regardless whether "yes" or "no" is selected.

4.7 If the Company has formulated Corporate Governance Guidelines and related regulations, the way for inquiries should be disclosed:

The company's Corporate Governance Guidelines and related regulations have been disclosed on the company website for inquiries.

4.8 Other important information to improve the understanding of corporate governance operation should be disclosed as well:

1. The Company has established the Code of Ethical Conducts of Directors and Managers, and the content is set out below:

Formosa Petrochemical Corporation

Code of Ethical Conduct for Directors and Managers

Amended by the Board of Directors on August 6th, 2015

Chapter 1 General Principles

Article 1: The Code of Ethical Conduct (the "Code") of Formosa Plastics Corporation (the "Company") is established to stipulate rules for Directors and managers (including President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Chief Financial Officer, Chief Accounting Officer, and other persons authorized to manage affairs and sign documents on behalf of the Company) to abide by in terms of ethical conduct when engaging in business activities within the scope of their authority, to prevent unethical conduct or any conduct that may damage the interest of the Company and its shareholders.

Chapter 2 Content of the Code

Article 2: Directors and managers shall conduct corporate affairs on the basis of integrity, faithfulness, compliance with laws, fairness and righteousness and with an ethical, self-disciplined attitude.

Article 3: Directors and managers shall avoid any conflicts of interest arising when their personal interest intervenes, or is likely to intervene in the overall interest of the Company, including but not limited to unable to perform their duties in an objective and efficient manner, or taking advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. To prevent conflicts of interest, any matters pertaining to lending funds, providing guarantees, and major asset transactions between the Company and the above-mentioned persons or their affiliated enterprise thereof shall be submitted to the Board of Directors for its approval in advance. The corresponding purchase (or sale) of goods shall be dealt with the best interest of the Company.

Article 4: When the Company has an opportunity for profit, the Directors and managers have the responsibility to conserve the reasonable and lawful benefits that can be obtained by the Company. The Directors and managers shall not obtain personal gain by using the Company property or information or taking advantage of their positions. Unless otherwise stipulated in the Company Act or Articles of Association, they shall not engage in activities that compete with the business of the Company.

Article 5: The Directors and managers shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 6: The Directors and managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7: The Directors and managers shall have the responsibility to safeguard the Company's assets, to use the assets for official business purpose properly, and to avoid any impact on the Company's profitability resulting from theft, negligence in care or waste of the assets.

Article 8: The Directors and managers shall comply with applicable laws and the Company's regulations.

Article 9: When a director or manager is found by employee to have committed a violation of a law, regulation or the Code, the employee shall report to the Audit Committee, their direct managers, president office personnel, internal audit officer, or other appropriate personnel with sufficient evidence. Once the misconduct is confirmed, the Company will reward the above-mentioned employee in accordance with the Company's rules for employment management.

The Company shall handle the above-mentioned report properly and confidentially. The Company also shall use its best efforts to ensure the safety of the conscientious reporter and protect him/her from all kinds of reprisals.

Article 10: Where a director or manager is verified to have violated the Code, in addition to being subject to punishment under the Company's rules for employment management, the Company shall report the violation to the Board of Directors. The person involved in the violation shall be liable for civil, criminal or administrative responsibilities required by law and the Company shall disclose the violation on the Market Observation Post System ("MOPS") immediately, including: the date of the violation, description of the violation, the provisions of the Code violated, and the disciplinary actions taken.

Chapter 3 Procedures for Exemption

Article 11: Where a Director or manager is to be exempted from the Code due to special circumstances, such exemption shall be approved by an majority vote at a meeting of the Board of Directors attended by over two-third of the Directors in person or through representation. The Company shall immediately disclose on the MOPS, including: date of exemption granted by the Board of Directors, any opposing or qualified opinion expressed by the independent directors, and the period of, reasons for, and the provisions of the Code behind the application of the exemption for shareholders to evaluate the appropriateness and to safeguard the interests of the Company.

Chapter 4 Method of Information Disclosure

Article 12: The Company shall disclose the Code on the Company's website, annual reports, prospectuses, and the MOPS. Any amendment is subject to the same procedure.

Chapter 5 Additional Provision

Article 13: The Code shall be implemented after approval by the Board of Directors and shall be reported to a shareholders meeting. Any amendment is subject to the same procedure.

2. Manager participated in Corporate Governance related training situation in 2022:

<table>
<tr><th>Position</th><th>Name</th><th>Date</th><th>Training Institution</th><th>Course Name</th><th>Hours</th></tr>
<tr><td>President</td><td>Mihn Tsao</td><td rowspan="5">2022.11.17</td><td rowspan="2">Securities and Futures Institute</td><td rowspan="2">2023 Economic outlook and industry trends</td><td rowspan="2">3</td></tr>
<tr><td>Executive Vice President</td><td>Keh-Yen Lin</td></tr>
<tr><td>Senior Vice President</td><td>Te-Hsiung Hsu</td><td rowspan="3">Taiwan Corporate Governance Association</td><td rowspan="3">The Real Value Created by Recycling and Low Carbon Innovation - Understanding the Circular Economy and Governance</td><td rowspan="3">3</td></tr>
<tr><td>Senior Vice President</td><td>Yuh-Lang Jean</td></tr>
<tr><td>Senior Vice President</td><td>Chia-Hsien Hsu</td></tr>
<tr><td>Vicen President</td><td>Song-Yueh Tsay</td><td rowspan="2">2022.11.23</td><td rowspan="2">Taiwan Corporate Governance Association</td><td>Change in international orders and response measures from corporate governance</td><td>3</td></tr>
<tr><td>Accounting Officer</td><td>Tsung-Lin Chen</td><td>Carbon management trends and response toward Net-Zero</td><td>3</td></tr>
<tr><td>Finance and</td><td>Chien-</td><td>2022.03.25</td><td>Securities and</td><td>The latest development trend</td><td>3</td></tr>
</table>

Governance Officer	Tang Tsai		Futures Institute	and countermeasures of the international carbon border tax	
		2022.06.13		Challenges and Opportunities of Sustainable Development Path and Greenhouse Gas Inventory	3
		2022.11.17		2023 Economic outlook and industry trends	3
		2022.11.23	Taiwan Corporate Governance Association	Carbon management trends and response toward Net-Zero	3

3. Certification of Employees Whose Jobs are Related to the Release of the Company's Financial Information

   Audit Department: One employee with Certified Internal Auditor (CIA) Certification and six employees with Certified Internal controller of corporation

   Finance Department: None.

   Accounting Department: None.

4. Company Procedures for Handling Material inside Information

(1)"Diligence, Perseverance, Frugality and Trustworthiness" is the core enterprise spirit. The Company therefore set up a strict ethical policy hoping employees to obey every behavioral standard and principle of moral, and take full responsibility either for working or daily routine. Thus, employees disclose confidential information, tell a lie, indulge in malpractices, or spread rumors is strictly prohibited.

(2) The Company has established the "Operating Procedures for Handling Material Inside Information" to specify the scope of material inside information, to require the Directors, managers and employees to keep the material inside information confidential, and to establish the mechanism for maintaining secrecy of material inside information and the provision of penalties for non-compliance. Internal evaluation and approval shall be obtained before public disclosure of material information and the Company's spokesperson or acting spokesperson shall speak on behalf of the Company in principle. In addition, the internal material information processing procedures are incorporated into the internal control and internal audit system, and training is provided on a timely basis.

(3)The Company has set up and clearly stated the "Personnel Management Rules." Without written permission issued by the Company, employees should not release any inside information or information has not been announced. Besides, the uses of inside information for personal or business unrelated purposes are also strictly forbidden.

(4)The Company has set up "Spokesperson Procedure" for information announcement and the procedures for critical factory events. Besides the Company’s spokesperson, none of the staff can reveal corporate policies or business related information in order to prevent insider trading.

(5)All the above regulations are published in the company’s internal information management system, employees can inquire at any time, and when the content is revised, system will forward to the employees’ personal mailbox.

4.9 Implementation Status of the Internal Control System

1. Internal Control System Statement

Formosa Petrochemical Corporation

Internal Control System Statement

Date: 2023.02.24

The Company states the following with regard to its internal control system in 2022, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) Control environment (2) Risk assessment (3) Control activities (4) Information and communications (5) Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on 2022.12.31 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance of reporting, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement has been passed by the Board of Directors Meeting of the Company held on 2023.02.24, 14 of attending directors all affirmed the content of this Statement.

Formosa Petrochemical Corporation

Chairman: Bao-Lang Chen

President: Mihn Tsao

2. Where a CPA is commissioned to conduct a review on the internal control system, disclose the CPA's audit report: None.

4.10 As of the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

4.11 Important resolutions of a shareholders' meeting or a Board of Directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(1) Annual shareholders' meeting held on May 31st, 2022
Attending directors: Bao-Lang Chen, Mihn Tsao, Keh-Yen Lin, Jui-Shih Chen, Te-Hsiung Hsu, Yuh-Lang Jean, Song-Yueh Tsay, Chia-Hsien Hsu(the above are director), C.P Chang(independent director) totally 9 persons, more than half of the 15 board of directors.
Adopted Proposals
Proposal 1
Subject: Please approve the 2021 Business Report and Financial Statements as required by the Company Act. (Proposed by the Board of Directors)
Resolution: Total voting rights: 9,174,827,315 shares Result: Approval votes – 9,075,282,454 shares (including 8,692,347,015 shares via electronic voting, 1,275 shares via video voting) – representing 98.9% of total voting rights. Disapproval votes – 3,961,754 shares (including 3,961,754 shares via electronic voting) Invalid vote – 0 shares Abstention votes/no votes – 95,583,107 shares (including 95,562,066 shares via electronic voting, 8,000 shares via video voting).
Approved. The number of approval votes exceeds required minimum shares.
Implementation status: Approved as the resolution of the shareholders' meeting.
Proposal 2
Subject: Please approve the Proposal for Distribution of 2021 Profits as required by the Company Act. (Proposed by the Board of Directors)
Resolution: Total voting rights: 9,174,827,315 shares Result: Approval votes – 9,079,768,343 shares (including 8,696,832,904 shares via electronic voting, 1,275 shares via video voting) – representing 99% of total voting rights. Disapproval votes – 98,063 shares (including 98,063 shares via electronic voting) Invalid vote – 0 shares Abstention votes/no votes – 94,960,909 shares (including 94,939,868 shares via electronic voting, 8,000 shares via video voting).
Approved. The number of approval votes exceeds required minimum shares.
Implementation status: It was proposed that the cash dividend per share for 2022 was NT$3.8, which was approved in the 2022 Annual Shareholders Meeting. All directors in attendance at the Board meeting on May 31, 2022 approved setting the ex-dividend date on June 27, 2022, and the distribution date on July 22, 2022.
Discussed Items (1)
Proposal 1

Subject: Amendment of “Articles of Incorporation of the Company”. Please discuss and resolve. (Proposed by the Board of Directors)
Resolution: Total voting rights: 9,174,827,315 shares Result: Approval votes – 8,927,657,422 shares (including 8,544,721,983 shares via electronic voting, 1,275 shares via video voting) – representing 97.3% of total voting rights. Disapproval votes – 133,296,249 shares (including 133,296,249 shares via electronic voting, 0 shares via video voting) Invalid vote – 0 shares Abstention votes / no votes – 113,873,644 shares (including 113,852,603 shares via electronic voting, 8,000 shares via video voting)
Approved. The number of approval votes exceeds required minimum shares.
Implementation status: The amendment is adopted as the resolution of the shareholders' meeting.
Proposal 2
Subject: Amendment of “Procedures for Acquisition and Disposal of Assets of the Company”. Please discuss and resolve. (Proposed by the Board of Directors)
Resolution: Total voting rights: 9,174,827,315 shares Result: Approval votes – 9,060,884,442 shares (including 8,677,949,003 shares via electronic voting, 1,275 shares via video voting) – representing 98.8% of total voting rights. Disapproval votes – 103,229 shares (including 103,229 shares via electronic voting, 0 shares via video voting). Invalid vote – 0 shares Abstention votes / no votes – 113,839,644 shares (including 113,818,603 shares via electronic voting, 8,000 shares via video voting).
Approved. The number of approval votes exceeds required minimum shares.
Implementation status: The amendment is adopted as the resolution of the shareholders' meeting.
(2) March 8th, 2022: 1st Audit Committee and Board Meeting of 2022
Proposal 1
Subject: Please approve the proposal to appropriate employees' compensation for 2021.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present and submitted to 2022 annual shareholders' meeting for report.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 2
Subject: Please approve the proposal to prepare for the annual final accounting books and statements for 2021 and to formulate the operational plan for 2022.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors

present.
Implementation status: Submitted to the annual shareholders' meeting on May 31st, 2022 for resolution.

Proposal 3

Subject: Please approve the proposal for the preparation of 2021 Retained Earnings Distribution Table.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Submitted to the shareholders' meeting on July May 31st, 2022 for ratification.

Proposal 4

Subject: Please approve the proposal for holding the 2022 Annual Shareholders' Meeting
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 5

Subject: Please approve the proposal to prepare for the Company's Statement of Internal Control System.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 6

Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were four people, the Chairman, Managing Directors Wen-Yuan Wong and Wilfred Wang, and Director Mihn Tsao, who requested to recuse themselves due to their positions as Managing Directors, Directors, or representatives of institutional shareholders for the Company's affiliates. Managing director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.

Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from the vote due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 7
Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for second quarter of 2022.
Recusal: There were six people, the Chairman, Managing Directors, Wen-Yuan Wong, Susan Wang and Wilfred Wang, and Directors, Mihn Tsao and Walter Wang, who requested to recuse themselves due to their positions as Managing Directors, Directors, supervisor or representatives of institutional shareholders for the loaning companies. Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from the vote due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 8
Subject: Please approve The Company's investee, Formosa Ha Tinh (Cayman) Limited, is to apply for loans from financial institutions, and the Company is requested to issue a letter of support.
Recusal: There were three people, Managing Director Wen-Yuan Wang, Wilfred Wang and Susan Wang, who requested to recuse themselves from voting due to their positions as Directors of Formosa Ha Tinh (Cayman) Limited
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Director who recused themselves from

voting due to conflict of interest, the proposal was unanimously approved by all other Directors.
Implementation status: Adopted as the resolution of the Board of Directors' meeting

Proposal 9

Subject: Please approve the amendment to Procedures for Acquisition or Disposal of Assets of the Company.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors Present and submitted to 2022 shareholders' meeting for resolution.
Implementation status: Submitted to the shareholders' meeting on May 31st, 2022 for ratification.

Proposal 10

Subject: Please approve the amendment to the Articles of Incorporation of the Company
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present and submitted to 2022 shareholders' meeting for resolution.
Implementation status: Submitted to the shareholders' meeting on May 31st, 2022 for reelection.

(3)May 5th, 2022: 2nd Audit Committee and 2nd Board Meeting of 2022

Proposal 1

Subject: Please approve the proposal to validate the Company's financial statements for the first quarter of 2022.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who abstained themselves from the vote due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 2

Subject: Please approve the proposal to amend the Corporate Social Responsibility code of the company.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 3

Subject: Please approve the proposal to establish the Sustainable Development Committee under the Board of the Directors, and enact the Sustainable Development Committee organizational rule of the company.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 4

Subject: Please approve the proposal to appoint Chairman Bao-Lang Chen, Director Mihn Tsao, Independent Director C.P. Chang, Independent Director Yu Cheng, and Independent Director Sush-Der Lee as members of the Sustainable Development Committee.
Recusal: The Chairman, three Independent Directors and Director Mihn Tsao nominated as members of the Sustainable Development Committee were requested to recuse themselves from voting. Managing Director Wen-Yuan Wong was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: Except for the five nominated Directors, who recused themselves from the voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 5

Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were five people, the Chairman, Managing Directors Wen-Yuan Wong and Wilfred Wang, and Director Mihn Tsao and Keh-Yen Lin, who requested to recuse themselves from voting due to their positions as Managing Directors, Directors, or representatives of institutional shareholders for the Company's affiliates. Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.

Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 6

Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for the third quarter of 2022.
Recusal: There were four people, the Chairman, Managing Directors Wen-Yuan Wong and Wilfred Wang, and Directors Mihn Tsao, who requested to recuse themselves from voting due to their positions as the Chairman, Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies. Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 7

Subject: Please approve the proposal to jointly establish Formosa Smart Energy Tech Corp.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

(4) May 31st, 2022: 3rd Board Meeting of 2022

Proposal 1

Subject: Please approve the proposal to set up the ex-dividend date and distribution date for the retained earnings distribution of 2021.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors

present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 2
Subject: The Company plans to renew the following Statement of Bank Credit Lines due to operational requirements. Please approve.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
(5) August 5th, 2021: 3rd Audit Committee and 4th Board Meeting of 2022
Proposal 1
Subject: Please approve the preparation for the Company’s financial report of the second quarter 2022.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors Present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 2
Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were four people, the Chairman, Managing Directors, Wen-Yuan Wong, Wilfred Wang and Director Mihn Tsao who requested to recuse themselves due to their positions as the Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from the vote due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 3

Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for the fourth quarter of 2022.
Recusal: There were five people, the Chairman, Managing Directors Wen-Yuan Wong, Susan Wong and Wilfred Wang, and Directors Mihn Tsao, who requested to recuse themselves from voting due to their positions as the Chairman, Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies. Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 4

Subject: The Company's indirect investee, Formosa Steel IB Pty Ltd, is to apply for loans from financial institutions, and the Company is requested to issue a letter of support. Please approve
Recusal: There were two people, Managing Director Wen-Yuan Wang and Wilfred Wang , who requested to recuse themselves from voting due to their positions as Directors of Formosa Resources Corporation and Formosa Steel IB Pty Ltd.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Director who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 5

Subject: Please approve the proposal to amend the Internal Control System and Internal Audit Implementation Regulations of the Company.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the

members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was unanimously approved by all the Directors.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 6

Subject: The degree of compensation adjustment in 2022 for the Company's managerial officers is proposed to be in line with the whole employees' compensation.
Please approve.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 7

Subject: The adjustment of the Company's directors' attendance fee reimbursement policy. Please approve.
Recusal: The Chairman is a concerned party of this proposal, and was requested to recuse himself from voting. Managing Director C.P. Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: Except for the Chairman who recused himself from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

(6) Nov. 3rd, 2022: 4th Audit Committee and 5th Board Meeting of 2022

Proposal 1

Subject: Please approve the preparation for the Company’s financial report of the third quarter 2022.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors Present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 2
Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were four people, the Chairman, Managing Directors, Wen-Yuan Wong and Director Mihn Tsao who requested to recuse themselves due to their positions as the Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from the vote due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 3
Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for the first quarter of 2023.
Recusal: There were six people, the Chairman, Managing Directors Wen-Yuan Wong, Susan Wong and Wilfred Wang, Directors Mihn Tsao and Walter Wang, who requested to recuse themselves from voting due to their positions as the Chairman, Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies.
Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 4
Subject: The proposal to donate NTD 4,853,307 to Chang Gung University. Please approve.
Recusal: There were three people, the Chairman, Managing Directors Wen-Yuan Wong, and Wilfred Wang, who requested to recuse themselves from voting due to their positions as the Chairman, or Directors, of Chang Gung University. Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange

Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 5
Subject: The proposal to amend the Code of Corporate Governance. Please approve.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 6
Subject: The proposal to amend the Board of Directors Meeting Procedures. Please approve.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 7
Subject: The proposal to prepare the “Operating Procedures for Handling Material Inside Information”. Please approve.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
(7) December 8th, 2022: 5th Audit Committee and 6th Board Meeting of 2022
Proposal 1
Subject: Please approve the proposal to formulate the annual audit plan for 2023.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: The proposal was approved unanimously by all the Directors

present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 2
Subject: The Company's indirect investee, Formosa Steel IB Pty Ltd, is to apply for loans from financial institutions, and the Company is requested to issue a letter of support. Please approve.
Recusal: There were two people, Managing Director Wen-Yuan Wang and Wilfred Wang , who requested to recuse themselves from voting due to their positions as Directors of Formosa Resources Corporation and Formosa Steel IB Pty Ltd.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Director who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 3
Subject: Please approve the proposal for the company to apply for loans from financial institutions, using for operation requirement.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
(8) February 24th, 2023: 1st Audit Committee and Board Meeting of 2023
Proposal 1
Subject: Please approve the proposal to appropriate employees' compensation for 2022.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present and submitted to 2023 annual shareholders' meeting for report.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 2
Subject: Please approve the proposal to prepare for the annual final accounting books and statements for 2022 and to formulate the operational plan for 2023.
Recusal: None.
Independent Directors' opinions and the treatment status: None.

Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: The proposal will be submitted to the annual shareholders' meeting on May 25th, 2023 for resolution.

Proposal 3

Subject: Please approve the proposal to prepare for the Retained Earning Distribution Table for 2022.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board:

1. The proposal was approved unanimously by all the directors present that total distribution amount of cash dividend is NTD 10,478,555,617, NTD 1.10 per share and submitted to 2023 annual shareholders' meeting for report.
2. All the directors presented approved unanimously to submit the retained earnings distribution to the annual shareholders' meeting on May 25th, 2023 for resolution.

Implementation status: The proposal will be submitted to the annual shareholders' meeting on May 25th, 2023 for ratification.

Proposal 4

Subject: Please approve the proposal of the holding time on May 25th 2023 of the Annual Shareholders' Meeting.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting

Proposal 5

Subject: Please approve the proposal to prepare the Internal Control System Statement.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors

present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 6
Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were four people, the Chairman, Managing Directors, Wen-Yuan Wong, Wilfred Wang and Director Mihn Tsao who requested to recuse themselves due to their positions as the Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from the vote due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.
Proposal 7
Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for the second quarter of 2023.
Recusal: There were five people, the Chairman, Managing Directors Wen-Yuan Wong, and Wilfred Wang, Directors Mihn Tsao and Walter Wang, who requested to recuse themselves from voting due to their positions as the Chairman, Managing Directors, Directors, or representatives of institutional shareholders for the loaning companies. Managing Director C.P Chang was designated as acting chairman by the Chairman for the vote.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: Except for the above Directors who recused themselves from voting due to conflict of interest, the proposal was unanimously approved by all other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting
Proposal 8
Subject: Please approve the proposal to formulate the pre-approval policy for the company's certified accounting firm to provide non-confirmation services.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.

Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: The proposal will be submitted to the annual shareholders' meeting on May 31st, 2022 for ratification.

Proposal 9

Subject: Please approve the proposal to donated NT$ 90,382,426 to "Kaohsiung City Y.C. Wang and Y.T. Wang Brother Park Cultural Foundation".
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: None.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 10

Subject: Please approve the proposal to invest NT$1,800,000,000 to subscribe "Tai Shun Trading Co., Ltd" cash capital increase stock of 180,000,000 shares.
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Matters applicable to the provisions of the Article 14-5 of the Securities and Exchange Act: Yes.
Resolution of the Audit Committee: The proposal was approved unanimously by all the members of the Audit Committee present and submitted to the Board meeting for resolution.
The Company's response to the opinions of the Audit Committee: Adopted as the resolution of the Audit Committee.
Resolution of the Board: The proposal was approved unanimously by all the Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

4.12 Where during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a Director or Supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

4.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's related principle officers (including chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer): None

5. Information Regarding FPCC's Certified Accountant Audit Fees

5.1 Audit Fee:

Unit: NT$ thousands

Name of audit firm	CPA Name	Audit period	Audit Fees	Non-Audit Fees	Total
Ernst & Young Certified Public Accountants Firm	Li-Huang Lin Wen-Fun Fu	2022.01.01~ 2022.12.31	4,970	1,212 (note 2)	6,002

Note 1: Where the Company has replaced its accountants or accounting firms in this year, please list the audit period separately, explain the reasons for the replacements in the note column, and disclose the information of audit and non-audit fees paid in order. Non-audit fees shall be noted with a detailed service fee breakdown.

Note 2: Non-audit fees include fees for tax compliance audit of NT$500,000, transfer pricing report of NT$330,000, the audit of business tax filing using direct deduction method of NT$120,000, group master file report of NT$157,000, and the County by Country report of NT$105,000.

5.2 Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: None

5.3 Audit fee reduced more than 10% year over year: None

6. Replacement of Independent Auditors：None.

7. The Company's Chairman, President or Managers in charge of Finance or Accounting has been under Current Audit Firm or its Affiliates' Employment in the last one years: None.

8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report

8.1Changes in Shareholding: None

9. Information of relationship among the Top Ten Shareholders within the relationship of spouse, second-degree of relationship, etc.：

Name (Note 1)	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Representative of Formosa Plastics Corp.: Chien-Nan Lin	2,720,549,010	28.55	0	0	0	0	Nan Ya Plastics Corp.	NYPC is one of FPC's Managing Director FPC is one of NYPC's Director	
							Formosa Chemicals & Fibre Corp.	FCFC is one of FPC's Managing Director	
							Formosa Taffeta Co., Ltd.	FTC is one of subsidiary company of Managing Director-FCFC	
Representative of Formosa Chemicals & Fibre Corp.: Fu-Yuan, Hong	2,300,799,801	24.15	0	0	0	0	Formosa Plastics Corp.	FCFC is one of FPC's Managing Director	
							Nan Ya Plastics Corp.	NYPC is one of FCFC's Managing Director FCFC is one of NYPC's Director	
							Formosa Taffeta Co., Ltd.	FTC is one of subsidiary company of FCFC	
Representative of Nan Ya Plastics Corp.: Chia-Chau Wu	2,201,306,014	23.10	0	0	0	0	Formosa Plastics Corp.	FPC is one of NYPC's Director NYPC is one of FPC's Managing Director	
							Formosa Chemicals & Fibre Corp.	FCFC is one of NYPC's Director NYPC is one of FCFC's Managing Director	
							Formosa Taffeta Co., Ltd.	FTC is one of subsidiary company of Director-FCFC	
Representative of Chang Gung Medical Foundation: Jui-Hui Wang	551,360,791	5.78	0	0	0	0	-	-	
Representative of Formosa Taffeta Co., Ltd.:Wen-Yuan Wong	365,267,576	3.83	0	0	0	0	Formosa Chemicals & Fibre Corp.	FTC is one of subsidiary company of FCFC	
							Formosa Plastics Corp.	FPC and FCFC(FTC's parent company) are in mutual relationship	
							Nan Ya Plastics Corp.	NYPC and FCFC(FTC's parent company) are in mutual relationship	

Name (Note 1)	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Standard Chartered Bank (Taiwan) Ltd.In Custody for Genesis Equity Group Inc.	57,210,690	0.60	0	0	0	0	1. HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corporation 2. Standard Chartered Bank (Taiwan) Ltd.In Custody for Central Capital Management Inc. 3. HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation	Main managers are the same person.	
HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corporation	48,157,064	0.51	0	0	0	0	1.Standard Chartered Bank (Taiwan) Ltd.In Custody for Genesis Equity Group Inc. 2. Standard Chartered Bank (Taiwan) Ltd.In Custody for Central Capital Management Inc. 3. HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation	Main managers are the same person.	
Standard Chartered Bank (Taiwan) Ltd.In Custody for Central Capital Management Inc.	46,991,790	0.49	0	0	0	0	1. Standard Chartered Bank (Taiwan) Ltd.In Custody for Genesis Equity Group Inc. 2. HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corporation 3. HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation	Main managers are the same person.	
New Labor Pension Fund	46,895,495	0.49	0	0	0	0	-	-	

Name (Note 1)	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation	45,901,634	0.48	0	0	0	0	1. Standard Chartered Bank (Taiwan) Ltd.In Custody for Genesis Equity Group Inc. 2. HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corporation 3. Standard Chartered Bank (Taiwan) Ltd.In Custody for Central Capital Management Inc.	Main managers are the same person.	

Note 1: Shareholders' name should be listed separately（Legal person shareholders should list the name and representative of the legal person shareholder separately）.

10. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: Shares; 2022.12.31

Investee (Note 1)	FPCC Investment		Investment Companies of Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by FPCC		Total Investment	
	Shares	%	Shares	%	Shares	%
Formosa Oil (Asia Pacific) Corporation	100,000,000	100.00	0	0.00	100,000,000	100.00
Formosa Petrochemical Transportation Corporation	19,377,600	88.00	2,642,400	12.00	22,020,000	100.00
FPCC USA, INC.	10,000	100.00	0	0.00	10,000	100.00
FPCC DILIGENCE Corp.	1	100.00	0	0.00	1	100.00
FPCC MAJESTY Corp.	1	100.00	0	0.00	1	100.00
FPCC NATURE Corp.	1	100.00	0	0.00	1	100.00
FG INC	11,400	57.00	8,600	43.00	20,000	100.00
Mai-Liao Power Corporation	764,256,872	24.94	2,292,595,641	74.83	3,056,852,513	99.77
Yi-Chi Construction Corporation	1,695,164	40.55	2,484,836	59.45	4,180,000	100.00
Mailiao Harbor Administration Corporation	98,906,850	44.96	118,698,220	53.95	217,605,070	98.91
Formosa Development Corporation	50,509,190	45.99	59,307,702	54.01	109,816,892	100.00
Formosa Marine Corporation	3,238,000	20.00	7,285,500	45.00	10,523,500	65.00
Simosa Oil Corporation	41,747,530	20.00	0	0.00	41,747,530	20.00
Caltex Taiwan Corporation	2,400,000	50.00	0	0.00	2,400,000	50.00
Formosa Environmental Technology Corporation	41,714,475	24.34	129,685,525	75.66	171,400,000	100.00
Formosa Plastics Synthetic Rubber(HK)	138,333,333	33.33	276,666,667	66.67	415,000,000	100.00
Formosa Kraton Chemical Co., Ltd.	-	50.00	-	0.00	-	50.00
Formolight Technologies, Inc.	8,036,070	39.43	0	0.00	8,036,070	39.43
Formosa Resources Corporation	830,047,000	25.00	2,490,141,000	75.00	3,320,189,000	100.00
Formosa Group (Cayman) Limited	12,500	25.00	37,500	75.00	50,000	100.00
Idemitsu Formosa Specialty Chemical Corp.	75,000,000	50.00	0	0.00	75,000,000	50.00
NKFG	99,720,000	45.00	0	0.00	99,720,000	45.00
Nan Ya Photonics Corp.	10,522,010	22.83	10,609,314	23.02	21,131,324	45.85
Formosa Smart Energy Tech Corp.	100,000,000	25.00	280,000,000	70.00	380,000,000	95.00
TMS Corp.	0	0.00	3,430,000	49.00	3,430,000	49.00
Whale Home International Corp.	0	0.00	21,263,472	69.49	21,263,472	69.49
Formosa Engineering Technologies, INC.	0	0.00	1,000,000	20.00	1,000,000	20.00
FG LA LLC	-	0.00	-	100.00	-	100.00

Note 1：Above investees are under equity method of FPCC.

Note 2：Formosa Kraton Chemical Co., Ltd. and FG LA LLC are limited company, not applicable for shares.

IV. Capital and Shares

1. Capitalization and shares

1.1 Sources of capital

Year/ Month	Issue Price (NT$ per share)	Authorized capital		Paid-in capital		Remark		
		Shares (Thousand)	Amount (Thousand)	Shares (Thousand)	Amount (Thousand)	Sources of capital	Capital increased by assets other than cash	notes
1992/04	10.0	1,500,000	15,000,000	1,500,000	15,000,000	Original shareholder contribution	None	
1996/09	13.6	2,750,000	27,500,000	2,750,000	27,500,000	Cash capital increase	None	
1998/07	15.5	4,250,000	42,500,000	4,250,000	42,500,000	Cash capital increase	None	
1999/08	17.0	6,000,000	60,000,000	6,000,000	60,000,000	Cash capital increase	None	
2001/10	20.0	7,000,000	70,000,000	7,000,000	70,000,000	Cash capital increase	None	
2003/08	10.0	7,840,000	78,400,000	7,840,000	78,400,000	Capital increase by retained earnings and additional paid-in capital	None	
2004/07	10.0	9,000,000	90,000,000	8,310,400	83,104,000	Capital increase by retained earnings and additional paid-in capital	None	
2004/12	10.0	9,000,000	90,000,000	8,372,482	83,724,820	ECB conversion	None	
2005/03	10.0	9,000,000	90,000,000	8,434,464	84,344,637	ECB conversion	None	
2005/07	10.0	9,000,000	90,000,000	8,960,729	89,607,290	ECB conversion and Capital increase by retained earning	None	
2005/10	10.0	9,000,000	90,000,000	8,968,540	89,685,399	ECB conversion	None	
2005/12	10.0	9,000,000	90,000,000	8,969,583	89,695,828	ECB conversion	None	
2006/03	10.0	9,000,000	90,000,000	8,979,131	89,791,306	ECB conversion	None	
2006/07	10.0	9,248,505	92,485,045	9,248,505	92,485,045	Capital increase by retained earning	None	
2009/07	10.0	9,525,960	95,259,597	9,525,960	95,259,597	Capital increase by retained earning	None	

Type of stock	Authorized capital			Remark
	Outstanding	Outstanding Un-issued shares	Total shares	
Common Stock	9,525,959,652	0	9,525,959,652	Listed company stock

1.2 Composition of Shareholders

2023/03/27

Type of shareholders	Number of shareholders	Shareholding (shares)	Holding (percentage)
Government agencies	3	64, 762, 495	0. 680
Financial institutions	48	207, 971, 002	2. 183
Other juridical person	316	8, 357, 511, 878	87. 734
Domestic natural person	66, 859	258, 031, 065	2. 709
Foreign institutions & juridical person	470	637, 683, 212	6. 694
Total	67, 696	9, 525, 959, 652	100

1.3 Distribution of Shareholding

2023/03/27

Common shares ownership (Unit: share)			Number of shareholders	Ownership (shares)	Ownership (percentage)
1	~	999	23, 547	4, 075, 662	0. 042
1,000	~	5,000	33, 525	66, 405, 392	0. 697
5,001	~	10,000	4, 912	36, 872, 261	0. 387
10,001	~	15,000	2, 143	26, 187, 566	0. 275
15,001	~	20,000	984	17, 628, 647	0. 185
20,001	~	30,000	1, 042	25, 797, 858	0. 271
30,001	~	40,000	456	15, 927, 755	0. 167
40,001	~	50,000	261	11, 834, 697	0. 124
50,001	~	100,000	396	26, 855, 080	0. 282
100,001	~	200,000	169	23, 228, 521	0. 244
200,001	~	400,000	87	23, 879, 770	0. 251
400,001	~	600,000	34	16, 584, 804	0. 174
600,001	~	800,000	23	16, 151, 943	0. 170
800,001	~	1,000,000	12	10, 476, 064	0. 110
1,000,001and over			105	9, 204, 053, 632	96. 621
Total			67, 696	9, 525, 959, 652	100

1.4 Major Shareholders

2023/03/27

Shares / Major Shareholders	Ownership Shares	Ownership Percentage
Formosa Plastics Corp.	2,720,549,010	28.55%
Formosa Chemicals & Fibre Corp.	2,300,799,801	24.15%
Nan Ya Plastics Corporation	2,201,306,014	23.10%
Chang Gung Medical Foundation	551,360,791	5.78%
Formosa Taffeta Co., Ltd	365,267,576	3.83%
Standard Chartered Bank (Taiwan) Limited In Custody for Genesis Equity Group Inc.	57,210,690	0.60%
HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corporation	48,157,064	0.51%
Standard Chartered Bank (Taiwan) Limited In Custody for Central Capital Management Inc.	46,991,790	0.49%
New Labor Pension Fund	46,895,495	0.49%
HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation	45,901,634	0.48%

1.5 Market Price, Net Worth, Earnings, and Dividends per Common Share in the Last Two Years

Year / Item			2021	2022 (Note 8)
Market price per share (Note 1)	Highest market price		117.50	103.50
	Lowest market price		88.40	75.20
	Average market price		99.91	89.73
Book value per share (Note 2)	Before distribution		37.52	32.80
	After distribution		37.52	—
Earnings per share	Weighted average shares (Thousand)		9,525,960	9,525,960
	earnings per share (Note 3)		5.19	1.51
Dividends per share	Cash dividends		3.80	1.10
	Free share allotment	from retained earning	—	—
		from capital surplus	—	—

Item \ Year		2021	2022 (Note 8)
	Accumulated undistributed dividends (Note 4)	—	—
Return on Investment	Price / earnings ratio (Note 5)	19.23	58.79
	Price / dividend ratio (Note 6)	26.27	80.71
	Cash dividend yield rate %(Note 7)	3.81	1.24

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price per share of common stock for each fiscal year. Each fiscal year's average market price is calculated based upon each fiscal year's actual transaction prices and volume.

Note 2: Use the number of the outstanding issued shares at year end as the basis. Fill in the respective net worth per share (shareholder's equity) after the distribution approved by next year's shareholder's meeting.

Note 3: If there is any retrospective adjustment required due to bonus shares, disclose earnings per share before and after the adjustment.

Note 4: If the conditions for issuance of equity securities state that the undistributed dividends in the current year may accrue to a fiscal year in which there is profit, disclose separately the cumulated undistributed dividends as of the end of the current year.

Note 5: Price-to-earnings (P/E) Ratio = Average closing price per share / Earnings per share

Note 6: Price/Dividend ratio = Average closing price per share of the year / Cash dividends per share

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share of the year

Note 8: Fill in the net value per share and earnings per share stated in the financial reports audited and certified (or reviewed) by a CPA, for the most recent quarter. For the remaining columns, fill in the financial data in the current fiscal year up to the date of the publication of the report.

1.6 Company dividend policy and implementation status

1. Dividend policy set forth in the Company's Articles of Incorporation

The Company maintains a dividend policy based on the principle of stability and undiluted share capital. The Company adopts a high cash dividend policy to reward our investors. The dividend policy stipulated in the Company's Articles of Incorporation is as follows:

The Company is doing business in a mature industry, and its dividend policy adopts three types of distribution forms including cash dividends, capital increase through capitalization of retained earnings, and capital increase through capitalization of capital reserve. After setting aside legal capital reserve and special capital reserve, more than 50% of remained earnings are distributed to shareholders, preferably by cash dividends, provided that the ratio of capital increase through capitalization of retained earnings and capital increase through capitalization of capital reserve to the total amount of dividends does not exceed 50%.

2. Dividend distributions proposed at the most recent shareholders' meeting

   Cash dividend of NT$1.10 per share.

3. Anticipated material change in dividend policy: None.

1.7 Effect upon business performance and earnings per share of any bonus share distribution proposed or adopted at the most recent shareholders' meeting:

The most recent shareholders' meeting does not adopt bonus share distribution policy, and the Company is not required to prepare financial forecast. Therefore, this item is not applicable.

1.8 Compensation for employees, Directors, and Supervisors

1. The percentages or ranges with respect to employees' and Directors' compensation, as set forth in the Company's Articles of Incorporation:

   On June 6th, 2016, the shareholders' meeting passed an amendment to the Articles of Incorporation which stipulates that for a year in positive net profit, 0.02% to 0.1% of the pre-tax profit amount before the employees' compensation is deducted shall be distributed as employees' compensation. However, if the Company still records a cumulative loss, the profit shall first be used to offset the loss.

2. The basis for estimating the amount of employees' and Directors' compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period:

   The Company estimates that the employees' compensation for 2022 is amounted to be NT$3,363 thousand. Based on relevant regulations stipulated in the Articles of Incorporation, employees' compensation is at 0.02% of the 2022 pre-tax profit amount before employees' compensation is deducted, and is recognized as operating expenses for the current period.

3. Information on any approval by the Board of Directors of distribution of compensation:

   Approval on February 24th, 2023 by the Board of Directors:

   (1)The amount of employees' compensation distributed in cash or stocks: NT$3,363 thousand of cash and NT$0 of common shares; compensation for Directors: NT$ 0.

(2)The amount of employees' compensation distributed in stocks: NT$0; the amount as a percentage of the sum of the after-tax net income: 0%; the amount as a percentage of the sum of total employee compensation: 0%.

4. Actual distribution of employees' and Directors' compensation for the previous fiscal year:

The resolution of employees' and Directors' compensation as approved by the shareholders' meeting on May 31st, 2022, and its actual distribution:

(1)Actual amount distributed as employees' compensation: NT$12,094 thousand of cash, NT$0 of shares; actual amount distributed as Directors' compensation: NT$0.

(2)The number of shares distributed as employees' compensation is 0, accounting for 0% of the capital increase through capitalization of retained earnings.

(3)Earnings per share after actual distribution of employees' compensation and Directors' remuneration stands at NT$5.19 per share.

(4)There is no discrepancy between the actual distributed cash amount of employees' compensation as well as Directors' remuneration and the original amount approved by the shareholders' meeting.

1.9 Share repurchases from the Company: None.

2. Issuance of Corporate Bonds:

Corporate Bond Type		103-1 Unsecured Corporate Bonds	108-1 Unsecured Corporate Bonds
Issue date		2014.09.12	2019.07.24
Denomination		NT$ 1million	NT$1million
Issuing and transaction location		N/A	N/A
Issue price		Issue by denomination	Issue by denomination
Total price		NT$ 6,000,000,000	NT$ 11,100,000,000
Coupon rate		5 years, Fixed rate: 1.43% 10 years, Fixed rate: 1.90% 12 years, Fixed rate: 1.99%	5 years, Fixed rate: 0.72% 7 years, Fixed rate: 0.78% 10 years, Fixed rate: 0.87%
Tenor		5 years, Maturity: 2019.09.12 10 years, Maturity: 2024.09.12 12 years, Maturity: 2026.09.12	5 years, Maturity: 2024.07.24 7 years, Maturity: 2026.07.24 10 years, Maturity: 2029.07.24
Guarantee agency		None	None
Trustee		Bank of Taiwan	Bank of Taiwan
Underwriting institution		Undisclosed	Yuanta Securities Co., Ltd. (lead securities underwriter)
Certified lawyer		Lin,Chih-Chung	Huang, Jian-Cheng
CPA		Lin, Li-Huang TSENG,HSIANG-YU	Lin, Li-Huang Fuh, Wen-Fun
Repayment method		5-year bond: Repay 50% from the end of the fourth and the fifth year from the date of issue separately 10-year bond: Repay 50% from the end of the ninth and the tenth year from the date of issue separately 12-year bond: Repay 50% from the end of the eleventh and the twelfth year from the date of issue separately	5-year bond: Repay 50% from the end of the fourth and the fifth year from the date of issue separately 7-year bond: Repay 50% from the end of the sixth and the seventh year from the date of issue separately 10-year bond: Repay 50% from the end of the ninth and the tenth year from the date of issue separately
Outstanding principal		NT$ 3,600,000,000	NT$ 11,100,000,000
Terms of redemption or advance repayment		None	None
Restrictive clause		None	None
Name of credit rating agency, rating date, rating of corporate bonds		Taiwan Ratings 2014.07.10；TWAA-	None
Other Rights Attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	N/A	N/A
	Issuance and conversion (exchange or subscription) method	N/A	N/A
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		N/A	N/A
Transfer agent		N/A	N/A

Corporate Bond Type		109-1 Unsecured Corporate Bonds
Issue date		2020.08.06
Denomination		NT$1million
Issuing and transaction location		N/A
Issue price		Issue by denomination
Total price		NT$ 11,100,000,000
Coupon rate		5 years, Fixed rate: 0.55% 7 years, Fixed rate: 0.64% 10 years, Fixed rate: 0.68%
Tenor		5 years, Maturity: 2025.08.06 7 years, Maturity: 2027.08.06 10 years, Maturity: 2030.08.06
Guarantee agency		None
Trustee		Bank of Taiwan
Underwriting institution		Yuanta Securities Co., Ltd. (lead securities underwriter)
Certified lawyer		Huang, Jian-Cheng
CPA		Lin, Li-Huang　Fuh, Wen-Fun
Repayment method		5-year bond: Repay 50% from the end of the fourth and the fifth year from the date of issue separately 7-year bond: Repay 50% from the end of the sixth and the seventh year from the date of issue separately 10-year bond: Repay 50% from the end of the ninth and the tenth year from the date of issue separately
Outstanding principal		NT$ 14,500,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		No corporate bonds rating since 2017
Other Rights Attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	N/A
	Issuance and conversion (exchange or subscription) method	N/A
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		N/A
Transfer agent		N/A

3. Issuance of Preferred Stocks: None.
4. Issuance of Global Depository Receipts: None.
5. Employee Share Subscription Warrants: None.
6. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.
7. Implementation of the Company's Capital Allocation Plans: None.

V. Operations Overview

1. Business Content

1.1 Business Scope

1.1.1Main Business Content

(1) B102010 Extraction of Crude Petroleum and Natural Gas.
(2) B601010 On Land Clay and Stone Quarrying.
(3) C801010 Basic Industrial Chemical Manufacturing.
(4) C801020 Petrochemical Manufacturing.
(5) C801110 Fertilizer Manufacturing.
(6) C803011 Petroleum Refineries.
(7) C803990 Petroleum and Charcoal Manufacturing.
(8) C901990 Other Non-metallic Mineral Products Manufacturing.
(9) CA02010 Metal Architectural Components Manufacturing.
(10) D101050 Steam and Electricity Paragenesis.
(11) D401010 Heat Energy Supplying.
(12) E401010 Dredge Engineering.
(13) EZ99990 Other Construction.
(14) F107050 Wholesale of Manure.
(15) F107200 Wholesale of Chemistry Raw Material.
(16) F111090 Wholesale of Building Materials.
(17) F112010 Wholesale of Gasoline and Diesel Fuel.
(18) F112020 Wholesale of Coal and Products.
(19) F112040 Wholesale of Petrochemical Fuel Products.
(20) F112060 Airport, Harbor and Industry Port Gasoline Stations.
(21) F113060 Wholesale of Metrological Instruments.
(22) F207200 Retail sale of Chemistry Raw Material.
(23) F212011 Gasoline Stations.
(24) F212021 Fishing Vessel Gasoline Stations.
(25) F212050 Retail Sale of Petrochemical Fuel Products.
(26) F401010 International Trade.
(27) F401100 Crude Petroleum Exporting.
(28) F401151 Petroleum Import.
(29) F401181 Metrological Instruments Importing.
(30) G404011 Container Distributing Center Business.
(31) G406061 Harbor Cargoes Forwarding Services.
(32) G801010 Warehousing and Storage.
(33) H701040 Specialized Field Construction and Development.
(34) ID01010 Metrological Instruments Identify.
(35) J101040 Waste treatment.

(36) J101050 Sanitary and Pollution Controlling Services.
(37) J101060 Wastewater (Sewage) Treatment.
(38) J202010 Industry Innovation and Incubation Services.
(39) JA02051 Metrological Instruments Repairing.
(40) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

1.1.2 Business Proportion (2022)

Main Items	Percentages of Sales Revenue
Refined petroleum products	72.0%
Petrochemicals	21.5%
Electricity and steam	6.2%
Others	0.3%

1.1.3 Products and services portfolio:

The Company currently provides the following products and services in the market:

(1) Refining and sales of fuel products (including naphtha, gasoline, diesel, aviation fuel, fuel oil, liquefied petroleum gas, etc.)
(2) Production and sales of base oil
(3) Production and sales of petrochemical basic raw materials (including ethylene, propylene, butadiene, etc.)
(4) Production and sales of utility liquids (including electricity, steam, etc.)
(5) Storage and transportation of fuel products and petrochemical raw materials
(6) Loading and unloading of import and export of goods in the Mailiao Industrial Harbor

1.1.4 New goods and services under development:

(1) A tanker transportation system is newly installed for the overseas sales of petroleum coke; it is estimated that the system would be put into operation in July 2023.
(2) Installing newly diesel hydrotreating process equipment into the RDS unit, estimated to be put into production in June 2026.

1.2 Industry Overview

1.2.1 Current industrial situation and development

Fuel industry:

In the past, the domestic fuel product market, ranging from the refinery and fuel supply in the upstream to the retail business in the downstream, was all exclusively operated by the state-owned enterprises in order for the government to control military-use materials and maintain national security. Later on, the domestic oil market was liberalized in response to the increasing public awareness for economic freedom. In June 1987, the Rules for the Establishment and Management of Gas Station were amended to allow for the creation of private-founded gas stations. In June 1996, the amendment of Regulations Governing Application for the Operations of Import, Export, Production, and Sales Businesses opened the refinery business for the private sector to operate. Afterward, further actions were taken in two subsequent legislative amendments by the government to liberalize the domestic oil market: in 1999, the import of three petroleum products - aviation fuel, fuel oil and liquefied petroleum gas – was firstly deregulated; in 2001, the Petroleum Administration Act came into force, and up to this point, the domestic oil market was entirely opened. According to the Act, companies who obtained the qualifications specified by the law were allowed to run petroleum-related businesses such as refinery, import and export, and sales, etc.

Since Formosa Petrochemical Corporation (FPCC) launched its initial public offering in Taiwan Stock Exchange in September 2000, there have been in total two companies in Taiwan operating in the petroleum refinery sector, namely FPCC and CPC. Designed to produce 540,000 barrels per day in capacity, FPCC's refinery is currently the largest single-plant refinery in the domestic market. The process technology is advanced and capable of refining sour crude oil. The plant also provides high-value-added products in higher proportion than other domestic refineries. CPC's refineries are located separately in Taoyuan and Dalinpu, Kaohsiung, with a designed daily production capacity of 600,000 barrels. At present, the two companies' refinery capacity totals 1.14 million barrels per day, which is in excess of the domestic demand.

Since the domestic fuel supply is in surplus, the market is very competitive. After the domestic oil market was liberalized by the government, Esso had attempted to introduce its gasoline and diesel products into Taiwan since 2002. The foreign business' fuel products, however, turned out to be not competitive in the domestic market due to low product prices and the high cost of import, and eventually Esso withdrew its business from Taiwan in 2003. Since then, no other companies have tried to imported fuel products for domestic sales, and FPCC and CPC have remained the only two fuel suppliers here.

In recent years, due to the slowdown of the growth of fuel demand and the elevation of scale and capacity of oil refineries, competition in the refining industry is becoming increasingly fierce. In response to such situation, FPCC has been keen to stabilize its production output by increasing reliability in equipment and processes as well as improving flexibility in crude oil refining. FPCC also constantly searches for procedures to facilitate energy conservation and emission reduction so as to make the business truly in concert with the latest regulations and trends of environmental reduction. In the face of market volatility, FPCC adjusts product structure to add value to its products, while versatile marketing strategies are devised to tackle market dynamics and achieve the goal of market expansion.

FPCC's fuel supply strategy sets the goal of satisfying the domestic market as the top priority. After the domestic market is fully satisfied, production and sales strategy will then be adjusted towards export to increase profit. However, the competition in the domestic fuel retail market remains intense as there are overmuch petrol stations. Therefore, except for cooperating with other industries to increase the sources of profits by means of cross-industry alliances, the Company actively seeks consolidation opportunities to reduce operating costs and improve operating efficiency. In terms of export sales, the Company actively signed long-term supply contracts with major international oil producers to consolidate marketing power in the main markets. In addition, keen actions are taken to keep abreast of global market dynamics, as well as to identify optimal sales targets and policies in the market place. The Company's product quality is also constantly upgraded to align with international market requirements.

As a local brand in Taiwan, FPCC has been devoted to the production of high-quality products in order to meet the demand from domestic and overseas sales. The Company's product is currently exported to numerous advanced countries, such as Germany, the United States, Japan, and Australia, etc., and is highly regarded in the international oil product market for their excellent quality. In new product development, FPCC makes good use of world-class advanced process technologies and facilities, and constantly conducts in-depth research to garner knowledge on the global engine-development trend, all of which has helped FPCC accumulated sophisticated experience in refining. Through a series of process improvement and laboratory tests performed by our engine laboratories of international standards and road tests, the new product - 95+ Unleaded Gasoline - was launched in June 2015, featuring superior performances in mobile stability, fuel efficiency, and horsepower. The product strengthens FPCC's position in the domestic fuel market. 95+ Unleaded Gasoline is "stable, efficient, strong, and clean". The product had been certified by a national experiment, which was public, objective and science-based.

In addition, in a bid to live up to consumers' high level of expectations for quality fuel products, and in response to the ever-changing vehicle engine technologies as well as growingly stringent global environmental regulations, FPCC launched the "Reformulated Super Diesel" product in 2016. The super diesel has impressed consumers with the four strengths of "smooth oil flow", "competitive price and efficiency", "strong hill climbing power" and "reduced carbon accumulation". The company also conduct road tests with three different types of vehicles through U-CAR, a professional automobile forum, showing the excellent fuel consumption performance.

Meanwhile, in order to provide better service and reward for domestic consumers, starting from August 2017, FPCC held a series of advertising campaigns to showcase the Company's latest station layout successively in Sure Shilin Station, New Taipei Zhong Tai Station, Taoyuan Hon Ta station, Taichung Huan Chung Station, Tainan Ren De station, Kaohsiung Ta shin station and Pingtung Li Gang Station. The Company specially hired SEIHO, a professional design team from Singapore, to renovate the gas stations, and used materials of Japan Railway (JR) station interior construction - new plastic aluminum plate - as the main building materials. The overall design and building materials both attend to environmental protection and safety functions. In addition, the layout design and the color, along with the transformation of streamlined style, represent a sense of innovation and liveliness so that consumers are truly influenced by FPCC's spirit of "Starting from Heart, Making Surprising Moves".

For the purpose of attracting consumers to refuel at the gas station and strengthen the centripetal forces between the franchisees, the company keep holding nationwide and regional channel marketing campaigns, for instance, released FPCC's refueling day on Wednesday and collaborated with President Chain Store Corporation to launch 「Formosa Member Day On Saturday」,in addition, partnering with Cathay United bank to hold co-branded credit card promotion activities and increased brand exposure by showing our brand name on well-known TV programs (FTV, TVBS, GTV, EBC, sports event, e.g.) strengthened brand image, which had promoted the sales performance of gas stations. In addition, the company keep joining in charity projects, cooperating with Taiwan Fund for Children and Families to aid disadvantaged children, and assisting underprivileged children and cooperate with Victory Social Welfare Foundation to help the employment of disabled people, which had gained positive feedback from consumers and franchisees.

Petrochemical industry:

In earlier times, petrochemical raw materials in Taiwan in the most upstream were produced and supplied solely by CPC, and this was not sufficient enough to satisfy the domestic demand; therefore, the development of the domestic petrochemical industry has been held back. To solve this problem, Formosa Plastic Group (FPG) inaugurated the Sixth Naphtha Cracking Project in Mailiao with huge investment put in, attempting to establish a vertically integrated petrochemical industrial zone which can serve the domestic petroleum businesses. After the project was completed, the problem of insufficient raw material supply was resolved, and this project has significantly brought about economic growth in the domestic market.

In terms of ethylene, the total domestic production capacity in 2022 was 4.005 million tons per year(2.935 million tons produced by FPCC and 1.07 million tons produced by CPC), the total demand of ethylene from the downstream plants is 3.51 million tons. In 2022, the actual domestic production of ethylene was 3.32 million tons, 340 thousand tons were imported, and 150 thousand tons were exported. Currently, there are no new plans to build naphtha crackers in the domestic industry. However, in 2023, it is estimated that in Asia, there will be a yearly capacity of 4.95 million tons newly added to the region and it is estimated that there will be a yearly capacity of 410 thousand tons newly added in United States. In 2023, the output of ethylene production plants in Asia was reduced by about 1.9 million tons due to regular inspections, an increase from 2022. In addition, mainland China, the world's largest petrochemical demand country, after the end of strict epidemic prevention measures at the end of last year, it is expected that the consumer market will gradually pick up, which will help support the demand for petrochemical products. However, we still need to continue to monitor the factors such as global inflation trends, economic growth in various countries, and the war between Russia and Ukraine which will impact on demand.

In terms of propylene, the total domestic production of propylene in 2022 was 3.371 million tons per year(2.368 million tons produced by FPCC, and 1.003 million tons produced by CPC), the total demand of propylene from the downstream plants is 2.51 million tons. In 2022, the actual domestic production of propylene was 2.93 million tons, 190 thousand tons were imported, and 610 thousand tons exported. At present, the production of propylene in the domestic market is still in surplus. Under some resource integration between the upstream and downstream businesses within the Formosa Plastic Group, however, FPCC can now not only make the supply of propylene to FPG's plants based in Mailiao and Linyuan, but other excessive product can be delivered to the Ningbo plant in Mainland China. Moreover, when the plants in southern Taiwan are facing with under-supplies, propylene will sometimes be sold by FPCC depending on their production requirement. In terms of new capacity production in Asia in 2023, in addition to the newly expanded naphtha plant with a propylene production capacity of about 1.53 million tons/year, another 6 sets of propane dehydrogenation (PDH) are expected to be put into operation~~,~~ including BEFAR GROUP Co.,Ltd. at 600 thousand tons/year, Shanghai Huayi acrylic acid Co.,Ltd. at 750 thousand tons/year, Oriental Energy Company Limited Phase II at 600 thousand tons/year, Formosa Plastics Corporation at 600 thousand tons/year, Zhejiang Yuanjin New Material Co., Ltd. at 750 thousand tons/year, Grand Pacific Petrochemical Corp. at 660 thousand tons/year, and the total from processes such as MDH, MTO and RFCC, the total production capacity of China increased 4.74 million tons/year. Plus up the new production capacity 750 thousand tons/year of Long Son Petrochemicals in Vietnam, the new propylene production capacity in Asia will totally be 6.77 million ton/year. As the propylene production capacity in China will continue to increase in 2023, which may decrease imports year by year. In the long run, the future prospect of the propylene market in Northeast Asia still depends on the demand and supply in the downstream market.

In terms of butadiene, the total domestic production capacity in 2022 was 605 thousand tons per year(including 447 thousand tons produced by FPCC and 158 thousand tons produced by CPC), the total demand of butadiene from the downstream plants was 570 thousand tons. In 2022 the actual domestic production of butadiene was 460 thousand tons, with 160 thousand tons imported and 50 thousand tons exported, and the net consumption was 730 thousand tons. The domestic butadiene supply is still lower than the demand. In addition to supplying its downstream factories (including the Ningbo plant), FPCC will, but only after the domestic demand is fully satisfied, export butadiene products to sale the remaining inventory. Domestic users will still import butadiene at a steady level through contracts for the concern of stabilizing their inventory source and cost. In 2023, in Asia in addition to the newly added butadiene capacity in South Korea and Vietnam, the aforementioned newly expanded naphtha plant in China, which was 330 thousand tons/year. As China's production capacity is expected to increase, the demand for imports is expected to decrease, even becoming as a net exporter, and the overall supply in the Northeast Asian market will gradually ease.

Utility:

FPCC has electricity generation facility which can generate a total electric capacity of 2.75 million KW, and 2.15 million KW of it is qualified as cogeneration facility. All the electricity and steam produced is distributed to FPCC’s plants, with the remaining power sold back to Taipower Company. In addition, multiple facilities were set up, such as industrial water, ultrapure water, air compressors, and oxygen workshops, to meet the demand of utility fluids in the Mailiao Industrial Complex. Looking ahead into 2023 in order to satisfy the individual onsite requirements of utility liquid in each plant, operations and adjustments are to be made to strengthen the mutual support among No. 1, No. 2, No. 3, and No. 4 plants with regard to the use of utility liquids such as steam and ultrapure water. This will ensure that the Mailiao Industrial Complex will have a steady supply of utility liquids and thus strengthen FPCC’s corporate competitiveness.

1.2.2 Relations among the upstream, midstream, and downstream suppliers

Products in the petrochemical industry can be roughly categorized into basic raw materials, intermediate materials, and processed downstream application products. All products are closely related to one another.

Basic raw materials produced in the upstream include Olefins and Aromatics, both of which are produced from naphtha - a product made from refining petroleum - after undergoing a series of cracking or recombination processes in high temperature and high pressure.

Intermediate materials include plastics, synthetic fiber raw materials, synthetic rubber, phenol, and plasticizers. Among them, products belong to the ethylene group include HDPE, PVC, PS, and EG, etc. Products derived from ethylene have the widest application range, so production capacity of ethylene is often seen as a key performance index regarding the development of the petroleum industry. In the propylene group, there are AA, AN, 2EH, PHENOL, PP and other similar kinds of plastic and artificial fiber raw materials; butadiene is mainly used in producing synthetic rubber and plastic raw materials; aromatics is mainly used in the synthetic fiber industry, and some is used for making plastics and cleaning detergents.

Applications of processed products in the downstream can be of a wide range, including products such as plastic goods, synthetic fibers, rubber-made products, solvents, detergents, and adhesives, etc. (Details seen in Figure 1, page 150.)

1.2. 3 Development trends and competition status of products and services

1.2.3.1 Oil Products

A. Gasoline and diesel

Oil supply is an oligopoly, but the retailing sector is a competitive market. The domestic fuel product market mainly consists of two major supply systems, FPCC and CPC. Fuel retailers belong to a dozens of franchisee station systems and other stand-alone operators. Each retailer can decide on its own marketing strategy independently. In 2022, FPCC's fuel supply accounted for 22.8% of the total market share. By the end of 2022, there are a total of 596 gas stations in operation under the FPCC's system.

In terms of Export Market:

a. Gasoline

   Global gasoline supply continued to increase, with new refineries in China, the Middle East and Africa coming into commercial operation between 2022 and 2023, it is expected that gasoline supply will greatly increase. In terms of demand, although many countries have gradually ceased lock down, the speed of lock down release in China was slow. High inflation has affected global automobile sales. In addition, in response to the trend of environmental protection, developed countries have continued to promote the replacement of fuel vehicles by electric vehicles, or the replacement of gasoline with biomass fuel, which has led to the unsatisfactory growth of petrol demand. The market competition has become even fiercer under the supply over demand in global gasoline. In short term, the Asia regional market will not be stable until China's lock down release and re-control the export volume of refined oil.

b. Diesel

   The high inflation impacted end consumption. Developments in agriculture, mining, electricity, and infrastructure were disturbed by the weakening economy. In response to the global trend of environmental protection, the active development of green electricity, the promotion of electric vehicles and the proposal of ban on sale of fuel vehicles has weakened the overall demand for diesel oil. On the supply side, as new Asian refineries started their commercial operation one after another, the oversupply in the region has become more serious. The weakening global diesel fundamentals caused the heavy selling pressure on export refineries and is unfavorable to the trend of diesel discount. Going forward, we should observe the trend of post-pandemic global diesel demand. The resolution of imbalance between supply and demand in global diesel will rely on import growth from emerging markets such as Africa and Latin America.

B. Fuel Oil

FPCC's fuel is used mainly for purposes regarding the industrial application, power generation, and shipping. Because domestic fuel price tends to be low and building storage and distribution equipment is not easy, except for FPCC and CPC, there is still not a third company to enter the market since the liberalization of the sector by the government. In recent year, because of the stricter air pollution regulation, fuel oil is gradually replace by other energy source likes liquid natural gas.

With respect to the export market, Singapore is the world's largest shipping logistic hub and is therefore a major fuel distribution center for fuel. To tackle environmental protection and clean energy issues, the International Maritime Organization (IMO) has imposed a new regulation with regard to using low-sulfur fuel oil in the international shipping industry. Therefore, effective from 2020, the upper limit of sulfur contained in vessel-powered diesel will be reduced to 0.5% from 3.5%; it is certain that the new rule will bring new challenges to the fuel industry.

C. Jet fuel

The major passenger and cargo transportation centrally locates in three airports, namely Taoyuan Airport, Taipei Songshan Airport, and Kaohsiung Airport. In January 2017, FPCC created a new service spot in Taichung Airport, in addition to the fuel supply services in the above three major airports. In 2022, there was no obvious recovery in air passenger transport. The demand in air freight slowed down due to global economic downturn and release of seaport congestion which caused less demand in sea-to-air transfer. Therefore the Company's aviation fuel sales volume decreased 2.3% in 2022 comparing to 2021.

In the export market, as the global pandemic slows down, countries have relaxed their border control to boost the demand for air travel, and the air travel demand in Europe and the U.S. has shown significant signs of recovery while the recovery in Asia is still slow. Adding the double impact of high inflation and high interest rate, global economic slowdown might make demand in international travel decrease. IATA estimated that global air passenger transport will not recover back to the same level before pandemic until 2024.

D. LPG

Since 1999, when the domestic liquid gasoline market was liberalized in that year, companies had started to import or produce liquid gasoline to sell in the market, namely, FPCC, CPC, LCY, and so on. However, in the past, because the domestic LPG price was often interfered by government policies, now there are only two companies, FPCC and CPC, still providing products in the domestic LPG market. The rest of the companies in the industry have terminated their imports and sales of LPG due to the concern of low profitability. On the demand side, domestic LPG is gradually switching to natural gas for family in house and industrial use, which makes the demand for LPG decrease year by year.

E. Base oil

In 2022, due to the outbreak of the Russian-Ukraine War, the base oil price once hit a record high in the second quarter with the surge of international crude oil prices, but the demand for basic oil was hampered by concerns over the downturn of economic outlook and the impaired import purchasing power in emerging Asian countries caused by inflation and continuous US dollar interest rate hike. In addition, China, one of Asia’s major importing countries, has experienced further decline in base oil demand as a result of its stringent pandemic control policies, which caused export refineries to shift their sales to other regions, which further intensifed the excess supply in the market. Since 2023, new production capacity will be available one after another in Asian countries such as India and Singapore, which will make the excess more apparent. However, in the short term, demand gradually stabilized after the alleviation of pandemic in China. In the medium and long term, with the stable recovery of the economy in various countries, the recovery of base oil demand will improve the market fundamentals. Due to the prolonged cycle of oil change and the increase in new energy vehicles, the growth of lubricating oil consumption is hindered, which puts pressure on the price of base oil.

1.2.3.2 Petrochemical Raw Materials (Ethylene, propylene, butadiene and etc.)

A. Ethylene

In 2023, scheduled inspection plans for naphtha crackers in Northeast Asia increases compared to that of 2022 (with the exception of mainland China), with 3 in Japan, 6 in South Korea, 3 in Taiwan, and 5 in Southeast Asia, leading to 1.9 million tons of loss in production capacity. However, the added ethylene production capacity is expected to reach 3.95 million tons in mainland China (Hainan Refining & Chemical Limited Company, Guangdong Petrochemical; Sanjiang Fine Chemicals, Shandong Jinhai Chemical). In the meantime, the newly-added capacity is supported by downstream plants. However, there is still a shortage of ethylene in mainland China. It is estimated that mainland China needs to import 1.5 million tons of ethylene. Since South Korea and Japan remain their export volume at 1.65 million tons, they can probably make up for the supply gap in mainland China.

B. Propylene

In 2023, China is expected to increase its propylene production capacity by an estimated 6.27 million tons (including naphtha crackers output of 1.53 million tons, PDH/MDH output of 3.96 million tons). In the meantime, their downstream plants have also been expanding. It is estimated that there is still a shortage of 2.1 million tons in propylene supply in mainland China. However, there are totally 2.4 million tons over production from Taiwan, South Korea and Japan, there will be a propylene supply surplus in Northeast Asia.

C. Butadiene

In 2023, mainland China is expected to increase its butadiene production capacity by an estimated 330 thousand tons, so there will be a supply surplus of 120 thousand tons in mainland China. In the meantime, the butadiene shortage in Northeast Asia is 380 thousand tons, and supply surplus 200 thousand in Southeast Asia. Therefore there is butadiene shortage in the whole of Asia.

D. Isoprene

In 2023, the Company’s main overseas customers including Kraton, Zeon, TSRC Corporation USA. Sumitomo and Hon Ji etc. And main domestic customers are LCY GRIT CORP., TSRC Corporation, Nan Ya, Kraton Formosa Polymers Corp. The total sales volume is expected to be 42,000 tons. The customers demand remain stable. It is estimated that the sales of IPM in 2023 will decrease compared to that of 2022, which is due to the production decrease of cracking plant causes the supply decrease.

1.2.3.3 Utility (Electricity, steam, water and etc.)

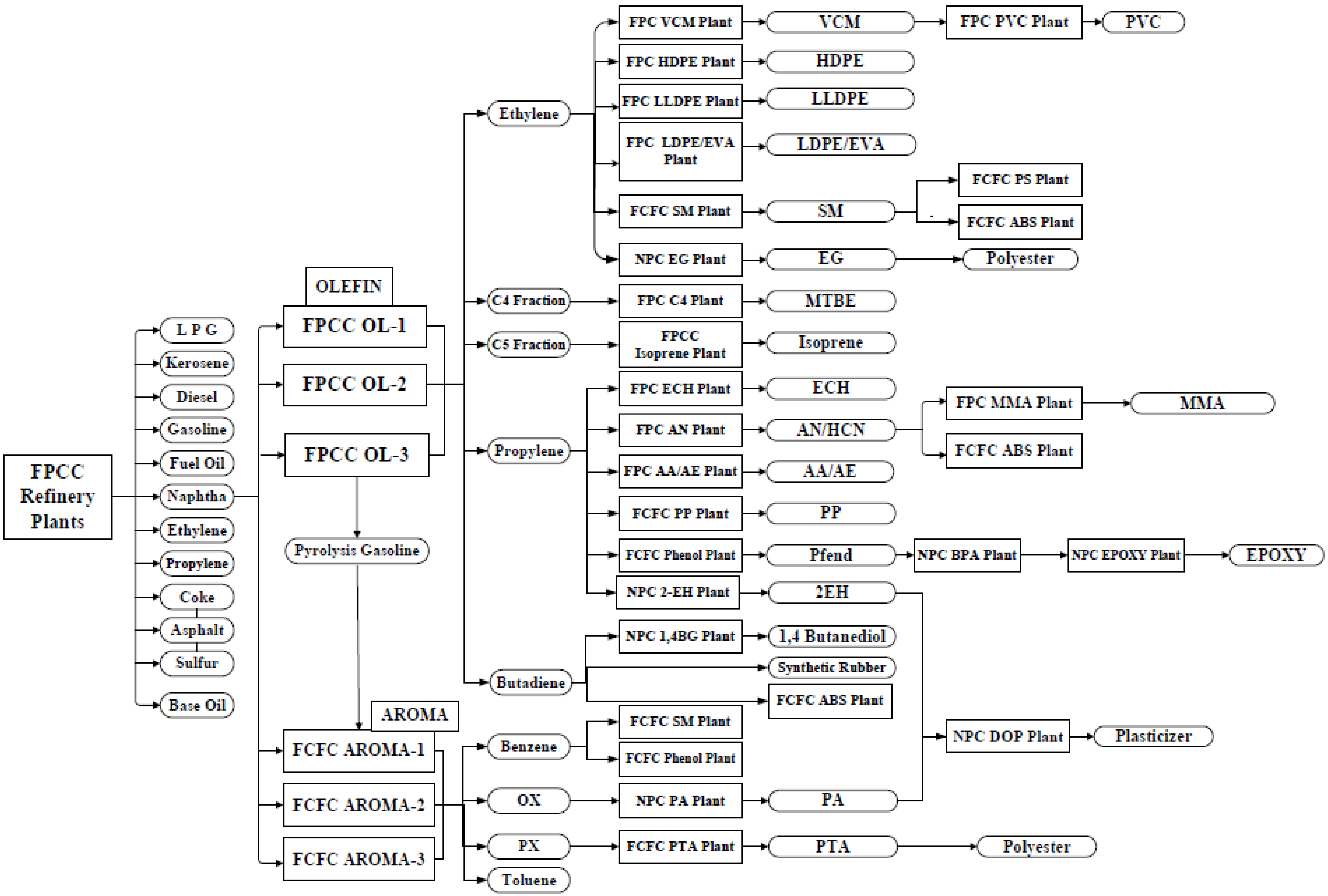
In 2023, multiple facilities were set up to meet the demand of utility fluids in Mailiao Industrial Complex. In the future, to satisfy individual requirement of utility liquids in each plant, operations and adjustments will be made to strengthen the mutual support between plants with regard to the use of utility liquids such as steam and ultrapure water, increasing the competitiveness of the company.

1.2.3.4 Loading and unloading of import and export of goods in the Mailiao Industrial Harbor

Situated in a logistic hub of the Taiwan Strait, FPCC has a strategic advantage to strengthen business competitiveness in the operation of the Asia Pacific shipping routes. At present, there are a total of 20 terminals in Mailiao Port to accommodate the logistic operations of crude oil, refined oil, chemicals, and bulk shipment. FPCC adopts state-of-the-art automation facilities to enable the loading and unloading of mass imports or exports of goods; this has brought about great benefit for FPCC in improving transportation efficiency and cost control. In addition, a computer management system is implemented in the port to schedule all shipments so that each delivery can be loaded and unloaded safely, correctly and efficiently.

Figure 1

The Sixth Naphtha Cracking Project Petrochemical Products



1.3 Overview of Technology and Research & Development

1.3.1 Overview

FPCC's refineries and naphtha crackers adopt advanced process technologies well-known in the world, and the Company's production capacity has been constantly stable with output increased year by year. To improve production efficiency even more, each of FPCC's factories has a dedicated process improvement department, and professional chemical technicians are assigned to carry out process improvement research which aims to discover solutions for production stabilization, production expansion, cost reduction, output value increase, energy reservation, and emitted pollution minimization. Through continuous improvement and innovation in all aspects, the Company's production process is being developed towards perfection.

In order to protect the environment and comply with increasingly stringent quality standards both domestically and overseas, FPCC has made a huge investment in the production expansion and quality improvement of the Sixth Naphtha Cracking Project, Phase 4. Since 2009, our refineries can produce 10 ppm ultra-low-sulfur diesel in large quantity, and the product not only complies with the environmental protection standards required in Europe, the United States, New Zealand, and Australia, but also became the pilot product of this kind available in the domestic market. On July 29th, 2009, the Standards for the Composition of Automobile Gasoline and Diesel Fuel were revised by the Environmental Protection Administration, in repose to the arising public requirement for improving air quality as well as the trend of reduction of sulfur in gasoline and diesel in the international market. Due to this change, the required proportion of sulfur contained in vehicle gasoline and diesel was lowered to 10 ppm from 50 ppm, and the legal requirement for diesel was effective as of July 1st, 2011, and the legal requirement for gasoline as of January 1st, 2012. FPCC's production process has been adjusted so that the Company is enabled to supply oil products with sulfur below 10 ppm. The product is also in compliance with the latest quality standards required in the European and the US market, which therefore facilitates the market expansion in these regions. In response to the issue of clean energy brought by the International Maritime Organization (ICAO), the Company has provided low sulfur fuel oil for vessels with sulfur content less than 0.5% in Mai-Liao Port Area since November 2019. In response to international trends, the Environmental Protection Department also announced a new control regulation on the cap of sulfur content of marine fuel oil at 0.5% on March 20, 2020. Only vessels that have devices of the same carbon reduction effect and have applied for permission from competent authority through project application can be exempt from the regulation. The above regulation was effective on July 1, 2020.

With respect to petrochemical products, all FPCC's refineries and naphtha crackers have adopted world-renowned advanced process technologies to intensify business strength in the international competitions. While No. 1 Olefin Cracker, which was established in October 2002, raised ethylene output from 450,000 tons per year to 700,000 tons per year, No. 2 Olefin Cracker can produce 1.035 million tons of ethylene per year, and No. 3 Olefins Cracker, which was launched in May 2007, is able to produce 1.2 million tons of ethylene per year. FPCC's No. 1, No. 2, and No. 3 Olefin Crackers have achieved an annual ethylene production capacity of 2.935 million tons in total, making the Company ranked among the top ten suppliers of the ethylene product in the world. In addition, each plant has continuously carried out project-based improvement constructions to increase energy efficiency, product recycling, and the safety management of manufacturing processes. With all these efforts made, FPCC is able to enhance production performance and achieve the goal of sustainable operation.

In order to support the government policy of developing a high-value petroleum industry, and in the meantime, to enhance the Company's future competitiveness, FPCC entered a joint venture with Kraton, an American company, in which a new Hydrogenated Styrene Block Copolymer (HSBC) plan was built to increase the output volume of five-carbon distillation, a cracking-related product. The HSBC product has superior aging resistance, plasticity and high level of elasticity, and are widely used in the production of high-grade elastomers, plastic modifiers, adhesives, lubricants, tackifiers, wire and cable fillers, and sheathing materials. The plant was officially put into production in February 2017. FPCC also built a Hydrogenated Hydrocarbon Resins (HHCR) plant which was jointly invested by the Japanese company of Idemitsu Kosan Co., Ltd. The plant had HHCR uses dicyclopentadiene (DCPD) and styrene (SM) to produce high quality hydrogenated petroleum resin, mainly used in high-quality petrochemical products such as pressure sensitive hot melt adhesives, plastic modifiers, adhesive additives and coating additives, etc.

1.3.2 Research and development expenditures (including research, development, and improvement) developed during the most recent five fiscal years up to the date of publication of the annual report

Unit：NT$ thousand

Year	2021	2022
R&D Expenses	640,753	764,405

1.3.3Technologies and products successfully developed

1.3.3.1 Products and technologies successfully developed in the period from 2021 to the first quarter of 2022

Item	Description
Development of compact packing technology for catalyst in RDS unit	In response to the impacts of measures such as “tight border control” caused by incidents similar to COVID-19 pandemic, the Bureau of Energy, Ministry of Economic Affairs temporarily rejected the entry of foreign nationals with the reason of “lack of necessity, urgency and irreplaceable”. The Company planned and developed compact packing catalyst in RDS unit by itself after evaluation.

1.3.3.2 Products or technologies that have been successfully developed in and before 2022.

a. Establishing a frequently used crude assay to provide reference information about the properties and yield of crude oil in process operations.

b. Evaluating catalyst activity to provide the information based on which operational conditions in manufacturing processes can be adjusted.

c. Improving diesel formula and using additives to improve fluidity in low temperatures so that product quality can meet the required specifications of winter diesel in Japan, South Korea, and other countries.

d. Reusing deactivated catalyst produced from cracking heavy oil in the application of the production of concrete, asphalt and red brick, a technology for which a patent has been obtained by FPCC.

e. Evaluating catalysts which are needed to improve the quality of polymer-grade propylene products with the attempt to make process improvement.

f. Evaluating how emulsifiers can make impact on the efficiency of waste oil tanks for the purpose of raising benefit in waste oil refining.

g. For the concern of government requirement and environmental protection, the impact of adding biodiesel to petrochemical diesel is evaluated in terms of oil properties and performances.

h. FPCC’s processing plants have replaced industrial water or stripped acid water used in the original process design with different proportions of inorganic brine to save water resources.

i. Discussions are made about the distribution of naphthenic acid in each distillate.

j. Assessing the feasibility of creating fingerprints for gasoline and diesel.

k. Researching and testing on the new formula of SL series engine oil.

l. Developing and performing simulation test on the formulation of High VI, low-pour point hydraulic oil (AWT series).

m. Exploring the proportion of KSW/KHU aviation fuel added in exported premium diesel.

n. Developing a method to test the solubility of white oil and styrene.

o. Evaluating 380N white oil distillation ratios.

p. Evaluating 95^{+} gasoline formulations and developing related engine performance tests.

q. Establishing an evaluation method to use GC-FID/GC-MS (gas chromatography-flame ion detector/mass spectrometer) for analyzing the sulfur level in crude oil.
r. Researching on minimizing the volume of hazardous industrial waste.
s. Gasoline sulfide composition analysis.
t. Development of new methods for evaluating demulsifier.
u. Evaluation of corrosion inhibitor in the middle section of RCC wet press.
v. Low-sulfur (0.5wt%) vessel-powered diesel formula and the compatibility test.
w. Exploration of LPG composition and phenomena of burning red fire.
x. Developing substitute of Detergent Gasoline additive
y. PH simulation experiment on low strength concrete (CLSM) dissolution
z. The impact and countermeasures of high arsenic content in Egina, an alternative source of RCC.
aa. CDU#2 desalination efficiency improvement test.
bb. Development of compact packing technology for catalyst in RDS unit.

1.3.3.3 Future plans for research and development, improvement, and innovation (technology).

a. Install early warning system for transit abnormality in conjunction with smart factory and AI application policies.
b. Addition of air pollution prevention equipment and renovation of relevant equipment for coal-combusting CFB in Utilities Plant 4.
c. Efficiency test on organic PAC to replace non-organic PAC (sludge reduce)
d. Test on improvement of CDU#2 desalination efficiency

1. 4 Short-Term and Long-Term Business Development Plans

1.4.1 Short-term plan (2022)

Period	Product (Service)	Description
Short Term	Oil Products Production	1. Optimization of the production process: Promote the utilization rate of AI and digital optimization in refinery production to improve the operations and stabilize quality. 2. The implementation of energy saving and carbon reduction: Reduce energy consumption and carbon emission by equipment upgrade, pump efficacy improvement, enhance the use of low carbon materials and catalyst regeneration.
	Oil Products Sales	1. With respect to domestic sales, FPCC’s short-term plan includes: continuing to expand gasoline and diesel markets, increasing the number of gas stations, and holding various promotional campaigns in cooperation with gas station operators, such as Wednesday FPC Refueling Day and FPC

Period	Product (Service)	Description
		Saturday OP Member Day activities to help gas stations bring in new customers. In addition, we will strengthen the promotion of oil products through new and old media platforms such as TV, radio, outdoor billboards, and newspapers, such as title sponsoring and product placement in TV dramas & variety shows (FTV, TVBS,SET,GTV etc.) and popular sports events (NBA,CPBL etc.) with high ratings. Also, FPCC will assist station operators with elevating service quality and improving the operational environment of gas station, actions including: refurbishing station layout, continuously promoting the self-service system, encouraging the use of energy-saving LED lights, and implementing the new POS system, and continue to cooperate with public welfare organizations to organize public welfare activities, all of which are intended to strengthen Formosa Plastics' brand image and attract more consumers to come to use the gas station services. 2. With respect to gasoline export, as gasoline supply increased because new refineries in Asia, Middle Est, and Africa started commercial operation one after another, the Company has signed supply contracts with international oil companies. The Company actively consolidates major Southeast Asian markets such as Singapore, Malaysia, and Indonesia. The Company seeks opportunities to export petrol to ocean markets such as the Middle East and Central and South America. 3. With respect to diesel export, the Company will closely pay attention to the supply change in the region and the global demand change in post-pandemic and high inflation era, actively consolidate the Company's existing market and increase the cooperative relationship with international oil companies and traders to expand the market share in New Zealand and Australia. The Company will seek opportunities to sell diesel to western markets such as Africa and Europe when the arbitrage window opens in order to expand the Company's diesel sales territory. 4. With respect to aviation fuel export, after the loosening of border control in various countries such as China and Hong Kong in the post-pandemic era, the aviation demand in Asia is expected to continue to rebound. The Company's refineries have geographical advantages in supplying to the nearby Hong Kong

Period	Product (Service)	Description
		market, and at the same time continue to cooperate with major oil companies and traders to expand market share in regions with stable growth in import demand such as New Zealand, Australia, and emerging markets in South Asia. When the arbitrage window opens, the Company will take the opportunity to sell the aviation fuel to the United States and Europe markets. 5. With respect to base oil, as China's self-sufficiency rate of low viscosity oil increases, there is over-supply in the market, coupled with the possibility of ECFA coming to an end and the impact of the gradual tariff reduction in China and South Korea as the result of the FTA, the competitive advantage of Taiwan's base oil sales to China will slowly disappear. As a response measure, it is necessary to further diversify sales markets to other overseas markets such as India and Southeast Asia.. 6. With respect to lubricants, the Company has maintained good relationship and close communication with major oil companies and traders, actively strengthened its market share in the major market of Singapore, and the Company makes spot sales once inventory status and market demand is allowed.
	Petrochemical Products	Products like ethylene, propylene, butadiene are mainly delivered to FPCC's downstream plants (including Linyuan Plant and Ningbo Plant) for production. FPCC's estimated overseas sales plan for the aforementioned products is as follows: 1. With respect to ethylene and propylene: Due to the fact that the export volume is small, the effort will mainly be made to catch the supply and demand changes in the Asian market so as to export products through spot sales for destocking and to stabilize market prices. 2. With respect to butadiene: FPCC plans to sign sales contracts with foreign traders and domestic businesses users outside FPCC, and meanwhile keep abreast of the supply and demand changes in the Asian butadiene market so as to make export at spot sales for destocking. 3. With respect to the IPM plants (isoprene crackers): FPCC will continue to expand domestic and foreign customer base so that it can maintain market share and effectively clean up inventories. Furthermore, the Company will negotiate supply contracts with major users to ensure consistent sales and

Period	Product (Service)	Description
		stabilize the operation of its isoprene plants.
	Utility	1. Ensure a stable steam supply. 2. Ensure the safety of the power supply system. 3. Consistently promote various improvement procedures for energy conservation (electricity, coal), water saving, and carbon reduction. 4. Improve the safety system and related procedures, and implement self-regulating health and safety management model as well as disaster prevention plan.

1.4.2. Long-term plan (2023 and after)

Period	Product (Service)	Description
Long Term	Oil Products Production	1. In response to global carbon reduction, the waste lubricant oil from Mailiao Industrial Complex of Formosa Petrochemical Corp.; (FPCC) will be recycled, treated, and mixed into fuel oil. 2. Evaluate the chemical recovery process of waste plastics and recover the cracked oil as feedstock for the refinery. The diesel post-treatment section will be added to the heavy oil hydrodesulfurization unit (RDS) so that the whole diesel output can qualify as super-diesel (10ppm)

Period	Product (Service)	Description
	Oil Products Sales	1. With respect to domestic sales, FPCC will continue to make improvements in production processes as well as its storage and transportation operations in order to fortify business partners' operational competitiveness. Also, FPCC will provide counseling and service in the field of management, industry safety and environment, giving our customers a safe and environmental-friendly service environment at a high-quality level. FPCC will also perform a combined use of various media channels, diversified promotional activities and cross-industry affiliation marketing to enhance the public awareness of the brand image of Formosa Petrochemical Corp as well as its product quality. 2. In terms of the export of gasoline, the Company will enhance the quality of gasoline, reduce the sulfur content from 50ppm to 10ppm, cooperate with oil companies and traders to expand the low sulfur gasoline market in New Zealand and Australia, continously keep an eye on the dynamic change in global gasoline supply and demand, capture the opportunity of arbitrage and sell to regions outside of Asia in order to seize better margin. 3. With respect to diesel export, in response to international environment protection trend, FPCC is committed to improving the quality of its diesel product in order to meet market demand, at the same time, paying attention to the effect of economy downturn caused by global inflation spike, summarizing the increase or decrease of diesel demand in various countries and real-time adjusting the production and sales strategy, grasping the niche market and increasing market share in major markets. All of the above will be carried out in cooperation with international large-scale oil companies and traders to proactively sell diesel in the western market in order to diverse sales risk and maximize benefit. 4. With respect to the export of aviation fuel, the Company will consolidate its market share in the nearby niche market in Hong Kong, supply and expand the sales channels in markets such as Australia, South Asia and Pacific Islands through the shipping and marketing strategy of consolidating aviation fuel, diesel, and gasoline in large vessels, and continue to cooperate with international large-scale oil companies and traders to ship aviation fuel to Europe and the U.S. markets when the Western arbitrage window opens, so as to diversify the sales risk of focusing on the APAC market and dynamically adjust production

Period	Product (Service)	Description
		capacity and sales strategy. 5. In terms of fuel oil, based on the refined oil efficacy planning of the refinery, the Company will actively adjust the export specification of fuel oil and expand the market into new sectors such as fuel for electricity generation and fuel for boilers. 6. In view of base oil, since lubricant manufacturers that value quality will not easily change the formula, the Company will actively build long-term cooperative relationships with well-known lubricant manufacturers and continue its cooperation with large-scale distributors to offer a stable supply for its raw material formula to end-users.In addition, as most of the developing countries in Southeast Asia impose more restrictions on marine transportation and storage, the Company will increase relevant shipping devices in order to effectively ensure continuous sales to neighboring Southeast Asian countries, diversifying shipment methods for base oil exports.The Company also hopes to further increase domestic sales by encouraging domestic customers to win OEM export orders from well-known lubricant manufacturers.
	Petrochemical Products	1. Providing a full supply of ethylene, propylene and butadiene for internal downstream businesses will still be the primary goal, and only remaining stock will be exported for the purpose of destocking. This can ensure full production is operated in FPCC's naphtha crackers to further create more profits for the Company. 2. Future goals also include: Improving operation efficiency in the isoprene plants as well as keenly securing deals with domestic customers such as TSRC, LCY, Hungta, Jinlong, and Eternal Materials, etc. In terms of export, Europe, the United States, Japan, and China will still be FPPCC's main market targets. For the long run, building downstream plants will play a crucial role. For example, HSBC plant and HHCR plant created by a joint venture with the US company, Kraton and Idemitsu Kosan from Japan respectively, has started producing and shipping goods in a stable mode.

Period	Product (Service)	Description
	Utility	1. Based on the demand for utility fluids in the Mailiao Industrial Complex, the Utility Department will make every effort to satisfy all the various demands required in various process plants while reinforcing logistic scheduling and process improvement to ensure the stability of supply. 2. It is planned to establish a desalination plant to guarantee sufficient water supply in the Mailiao Industrial Complex. 3. To comply with "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" announced by MOEA, the Company has organized the installation of a solar power system on the green lands of raw water area and RC platform of the clear-water reservoir.

2. Overview of Markets, Production, and Sales

2.1 Market Analysis

2.1.1 Major market areas

Product	Unit	Sales Volume	Sales Amount (NT$ million)	Main Sales Territory
Naphtha	KT	4,119	98,607	Taiwan, Northeast Asia
Gasoline	KL	5,083	118,909	Taiwan, Southeast Asia , Northeast Asia, South Asia, Middle East, China, Africa, New Zealand, Australia
Diesel	KL	10,106	251,449	Taiwan, Southeast Asia, Northeast Asia, New Zealand, Australia, Hong Kong, Europe, Africa
Jet Fuel/Kerosene	KL	2,039	49,435	Taiwan, Hong Kong, New Zealand, Australia, North America
Fuel Oil	KL	853	16,229	Taiwan, Southeast Asia, Hong Kong
Base Oil	KL	781	19,678	Taiwan, China, Southeast Asia , South Asia, Europe
LPG	KT	512	8,798	Taiwan
Petrochemical	KT	5,968	182,041	Taiwan, China, Northeast Asia, Southeast Asia,

				Central and South America
Electricity	GWH	10,054	35,552	Taiwan
Steam	KT	13,317	17,361	Taiwan

Noted：Petrochemical includes ethylene, propylene, butadiene, pyrolysis gasoline and etc.

2.1.2 Market shares in major market areas and the forecast of supply and demand, and growth

Product	Market share	Future market status of supply and demand and growth
Gasoline and diesel	22.8%	Gasoline demand is affected by factors such as improved fuel consumption of new vehicle engines. At the same time, the trend of green energy and environmental protection drives the vigorous development of electric vehicles. As a result, it is expected that the overall sales volume of gasoline will decrease year by year. As the economy continues to improve, it is expected that the increase in demand for industrial oil will drive diesel sales to grow slightly. On the supply side, the domestic oil price is still much deviated from the international level basically due to government intervention in the past, deterring other players from importing oil to Taiwan. Therefore, it is estimated that FPCC and CPC will remain the only two oil suppliers in Taiwan in the future.
Ethylene	63.7%	Domestically, there is no new construction plan made to build new Naphtha Cracker Plants as of yet. It is estimated that the newly increased ethylene production capacity in China in 2023 will be the highest of 3.95 million tons/year, including new Apaphtha cracker plants 3.65 million tons/year (Guangdong Petrochemical at 1.2 million tons/year and SINOPEC Hainan Refinery Chemical at 1 million tons/year, Sanjiang Fine Chemicals Company Limited at 1 million tons/year, Shandong Jinhai Chemical at 450 thousand tons/year), Methanol to Olefins 300 thousand tons/year (Qinghai Damei at 300 thousand tons/year).In other areas, new ethane cracker plants with capacity of 410 thousand tons/year in the US (Ineos Americas expansion 240 thousand tons/year, Shintech expansion 170

Product	Market share	Future market status of supply and demand and growth
		thousand tons/year).In 2023, the ethylene production volume in Asia will reduce around 1.9 million tons due to more scheduled maintenance plans for ethylene plants in Asia in 2023 than that of 2022. China, the largest ethylene import country in Asia, terminated the strict pandemic control measures in last year and it is expected that the consumer market should gradually recover and is beneficial in supporting demand in petrochemical products. However, the impact on demand caused by global inflation, economy growth in various countries, and Russia-Ukraine War should still be closely observed.

2.1.3 Advantages and disadvantages of competitive niche and future development vision, and responsive policies

Advantages:

(1) Vertical integration and economic scale

FPCC is situated in the upstream of the petrochemical industry, and directly makes supplies to factories in the midstream and the downstream. In Mailiao Industrial Complex, FPCC has formed an integrated supply chain along with other businesses partners, so product production and sales can be effectively planned and scheduled; the large-scale production system can not only bring about economy of scale, but related manpower and shared resources can also be streamlined to reduce production costs and avoid idleness and waste. This further aligns FPCC's business with the benefit of economy of scale in production and enhance business competitiveness, while boosting the Company's market strength both domestically and overseas.

(2) Advanced and flexible manufacturing process (multiple feedstocks)

FPCC's technology and equipment are the most advanced in the industry among all in Asia. The Company's refinery can use lower-priced high-sulfur crude oil as feedstock, and after the desulfurization process, produce low-sulfur but higher-priced fuel products which comply with many high environmental protection standards domestically and abroad. This has increased the product added value. Also, FPCC's manufacturing process features optimal flexibility in production and operation, so it is possible to make adjustments in the proportion of product outputs to maximize profit. The Company's naphtha crackers can be adjusted to be fed with either naphtha or LPG, based on the assessment result of cost-effectiveness, so this enables the goal of profit maximization to be achieved.

(3) Adjacent to deep water port and private-owned fleets of vehicles and tankers

Mailiao Industrial Complex is adjacent to the Mailiao Industrial Harbor, which can facilitate mass import and export of raw materials and finished products as well as the transportation for them. This can not only effectively control transportation cost, but because products are collaboratively shipped and transported by affiliated businesses' self-operated tanker fleets and oil-filling vehicle fleets, the risk of material shortage as well as related inventory cost can be reduced.

(4) Development of high-value products

Compared with other ethylene plants in the Middle East and the United States which is fed with ethane and therefore has limited heavy oil output, FPCC's naphtha crackers use light oil as input, and therefore can produce heavy oil products to be continuously used in the development of petroleum resin derivatives and then increase profits.

(5) Proprietary cogeneration system

FPCC's cogeneration plants can stably supply utility liquids such as steam and electricity which is needed in various production processes. This can also release Taipower's burden in power supply and, for FPCC, reduce the possibility of loss incurred due to power supply breakage. FPCC also signs a power sale contract with Taipower for selling back remaining power.

Disadvantages and responsive policies:

(1) Crisis occurred from the fluctuations of raw material supply and the prices

The main raw materials used by FPCC, including crude oil, naphtha, and coal, must all be imported. If there is a breakout of a war, a disaster, a political dispute, or a surge in the sea freight price, the stabilization of raw material supply will be affected.

Countermeasure:

Superior technologies in refining allow FPCC to have full flexibility in the manufacturing process. FPCC's crude oil is purchased from various oil-producing countries, and the Company has also signed long-term purchase contracts with foreign oil merchants and coal merchants to spread risks. In addition, the development of diversified input can allow naphtha feeds to be replaced by LPG so the Company's dependence on naphtha will be minimized. As a result, our policies properly prevent instability in raw material supply and further provide effective control on the purchase cost of materials.

(2) Fluctuations of currency exchange rate

Because overseas raw materials are sold in foreign currencies, currency exchange rate thus has a crucial impact on the import cost.

Countermeasure:

Currency exchange rate is closely monitored within FPCC, so currency exchange transactions and hedging via foreign currency forwards are timely made to reduce the impact from currency exchange rate fluctuations on raw material imports.

(3) Geopolitics and the China-U.S. trade dispute

The Company's raw material, naphtha, and the product prices are deeply affected by the economic conditions of the oil-producing countries, the United States, and China. If there are significant fluctuations in the international economy, oil prices and the related product prices will be impacted by the market uncertainty and economic volatility.

Countermeasure:

Closely monitor market dynamics to create optimal production strategies and maintain flexibility in logistic planning.

(4) Increased capacity in China / U.S.

China and the United States' production capacity for petrochemical products continues to increase. The increase in China's self-supply capacity will reduce the import demand, and the completion of the United States' ethylene export harbor will further improve its export supply; the market has the pressure of surplus supply in the short term.

Countermeasure:

Fully promote the AI project and process improvement, continue strengthening staff training, maintain the stable operations of equipment, and continue reducing production costs.

(5) The quota permitted for the operation of the cogeneration units is restricted

There is a total of 16 sets of cogeneration units installed within the Company's production plants. However, the production capacity, the fuel-burning quota, and the emission quota stated in the license for the operation of the Company's 11 cogeneration system units including UPA/C, MP1-5, HP1/4 and CFB1/2 was unreasonably lowered by Yunlin County Government when the Company applied for the extension of the Certificate for the Operation of Specific Pollution Resource. To avoid exceeding the lowered limits but still maintain the normal operation of the Mailiao Industrial Complex, the Company has adopted an operation-downgrade plan to tackle the problem. However, remaining electricity to be sold back to Taiwan Power Company is consequently reduced.

Countermeasure:

Except for improving communications with local governments and seeking a balance between environmental protection and economics, the Company has filed litigation to appeal for the unreasonable restriction of the license for the Company's cogeneration units by the County Government. The case is currently under review by the court.

(6) The development of EVs limits the growth in demand for oil.

Sale of new fuel vehicles are planned to be prohibited in developed countries such as Europe and the U.S. from 2030 to 2035, while the U.S. regulations also require annual improvements in fuel efficiency for new vehicles, together with subsidies for electric vehicle sales by various countries, will lead to a slowdown in the growth of global oil demand in the future.

Countermeasures:

Continue to improve our gasoline quality for low-sulfur developments year on year to align with the international environmental protection trend and quality requirements of different countries, and cooperate with oil companies and traders to expand the sales volume of low-sulfur gasoline market. In response to the increasing EV sales and decreasing fuel vehicles sales year on year that caused the slow down of gasoline demand, refineries will flexibly adjust production to increase production of propylene or low-sulfur fuel and reduce production of gasoline.

2.2Main Use and Production Process for the Major Products

2.2.1 Main use:

(1) Naphtha: It is used as an input of raw material for the naphtha crackers and aromatics plants to produce products such as ethylene, propylene and aromatics required by the downstream petrochemical industry.

(2) Oil Products: Gasoline, jet fuel, diesel, fuel oil, etc. Which can be used to drive machinery (such as vehicles, ships, aircraft) or as a fuel for boilers and furnaces.

(3) Base Oil：It is a main raw material for automotive and industrial lubricants, and an additive for fiber and fabric lubrication brighteners, rubber plasticizers, plastics, hot melt adhesives, silicones, inks, etc.

(4) Ethylene：Plastic chemical fiber raw materials and chemicals such as PE, SM, EVA, EG, VCM, etc.

(5) Propylene：Plastic chemical fiber raw materials and chemicals such as PP, AE, AN, ECH, 2EH, etc.

2.2.2 Manufacturing process:

(1) Refining: crude oil → distillation → refining → blending → oil products

(2) Naphtha cracking: naphtha → cracking → quenching → rectification → ethylene, propylene

2.3 Supply Status of the Major Raw Materials

2.3.1 Major raw materials:

(1) Crude oil: It is procured from major oil-producing countries and regions in the world, such as Saudi Arabia, Kuwait, and Oman in the Middle East.

(2) Naphtha: The main source is from the Middle East, such as Saudi Arabia, Kuwait, the United Arab Emirates, etc.

(3) Coal: It is mainly procured in South Africa, Australia and Indonesia.

2.3.2 Procurement management:

The company has procured general raw materials through an online electronic platform to ensure the process is fair and legal, and to prevent fraudulent transactions. Requirements in procurement cases are made through open requests on the Internet. Suppliers can quote only after confirming their identities through their electronic signatures, which can ensure safety and fairness throughout the overall operation process and shorten the time needed. This can help achieve a win-win situation between the Company and its suppliers. At present, there are more than 10,000 suppliers active on this electronic platform.

2.4 Names of Related Parties whose Total Amount of Purchases (or Sales to) for the Current Period Reaches Ten Percent or More of the Company's Total Amount of the Purchases (or Sales) over the Recent Two Years, Percentages of the Related Parties' Purchases (or Sales), and Explanations of the Reasons for Changes.

2.4.1 Major suppliers: See page 167.

2.4.2 Major customers: See page 168.

Major Suppliers

Unit: NT$ Million

Item	2021				2022			
	Name	Amount	Annual Net Purchase Ratio (%)	Relationship With Issuer	Name	Amount	Annual Net Purchase Ratio (%)	Relationship With Issuer
1	ARAMCO	108,911	20.57		ARAMCO	194,437	24.47	
2	KPC	98,250	18.55		KPC	169,300	21.30	
3	ADNOC	42,457	8.02		ADNOC	61,245	7.71	
4	FCFC	29,088	5.49	Note 1	FCFC	36,724	4.62	Note 1
5	BP SINGAPORE	28,352	5.35		VITOL	35,981	4.53	
6	TOTALENERGIES	28,292	5.34		SHELL	33,360	4.20	
7	GLENCORE	19,118	3.61		BP SINGAPORE	30,499	3.84	
8	TRAFIGURA	14,626	2.76		GLENCORE	21,964	2.76	
9	SAUDI ARAMCO	14,162	2.67		SINOPAC	21,809	2.74	
10	NOVATEK	12,176	2.30		RELIANCE	17,812	2.24	
	Others	134,114	25.34		Others	171,588	21.59	
	Net Purchase Amount	529,546	100.00		Net Purchase Amount	794,719	100.00	

Note1: Investors who apply the equity method in the evaluation of the Company's equities

Reasons for the differences:

Imported crude oil accounts for a large portion of the Company's purchase. Crude oil is mainly sourced from various oil-producing countries in the Middle East. Compared with last year, the proportion of purchase from various oil companies and oil traders has not changed significantly, due to the average price of international oil products increased in 2022 compared to that in 2021, so our purchase cost has increased.

Major Customers

Unit: NT$ Million

Item	2021				2022			
	Name	Amount	Annual Net Sales Ratio (%)	Relationship With Issuer	Name	Amount	Annual Net Sales Ratio (%)	Relationship With Issuer
1	FCFC	141,866	22.88	Note 1	FCFC	167,507	19.75	Note 1
2	FPC	96,075	15.49	Note 1	VITOL	147,875	17.44	
3	VITOL	50,813	8.19		FPC	96,110	11.33	Note 1
4	NYPC	43,956	7.09	Note 1	NYPC	34,652	4.09	Note 1
5	NPC	18,468	2.98		WINSON BUNKER	22,068	2.60	
6	WINSON BUNKER	18,365	2.96		NPC	21,434	2.53	
7	GLENCORE	14,722	2.37		WINSON	21,407	2.52	
8	FORMOSA OIL (ASIA PACIFIC)	13,535	2.18	Note 2	TRAFIGURA	19,293	2.27	
9	PETROCHINA HK	10,316	1.66		SIMOSA	16,632	1.96	
10	FORMOSA TAFFETA	9,640	1.55		FORMOSA OIL (ASIA PACIFIC)	15,057	1.78	Note 2
	Others	202,306	32.65		Others	286,013	33.73	
	Net Sales Amount	620,062	100.00		Net Sales Amount	848,048	100.00	

Note 1: Investors who apply the equity method in the evaluation of the Company's equities

Note 2: Investees accounted for using the equity method

Reasons for the differences:

Most of FPCC's petrochemical raw materials are sold to the downstream businesses located in Mailiao Industrial Complex, including affiliated companies such as Formosa Plastics Company, Nan Ya Plastics, Formosa Chemicals & Fiber Corporation, etc. Main sales targets of oil products have not changed much in comparison with those in 2021.

2.5 Production over the Last Two Years

Amount Unit: NT$ Million

Products	unit	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Naphtha	KT	3,750	3,374	61,349	3,750	3,570	77,563
Gasoline	KL	6,000	5,097	90,221	6,000	5,207	120,327
Diesel	KL	10,000	8,781	128,241	10,000	10,012	248,724
Jet Fuel / Kerosene	KL	2,500	1,525	20,238	2,500	1,981	48,015
Fuel Oil	KL	1,000	502	6,577	1,000	781	14,896
Base Oil	KL	758	670	15,080	758	771	19,432
LPG	KT	730	572	9,396	730	516	8,918
Petrochemicals (Note1)	KT	7,100	7,535	202,009	7,100	5,938	181,748
Electricity	GWH	24,125	15,252	35,002	24,125	12,604	44,570
Steam (Note2)	KT	101,441	21,454	16,439	101,441	19,371	25,254

Note 1: Petrochemicals includes ethylene, propylene, butadiene, pyrolysis gasoline and etc.

Note 2: Steam production capacity is calculated based on the main capacity produced from boilers. Steam production only refers to the amount used by production plants, and does not include the amount of steam used to generate electricity.

2.6 Sales over the Last Two Years

Amount Unit: NT$ Million

Products	Unit	2021				2022			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Naphtha	KT	4,039	72,734	-	-	4,037	96,920	82	1,687
Gasoline	KL	2,228	50,114	2,842	41,107	2,330	59,217	2,753	59,692
Diesel	KL	1,342	28,191	7,330	99,104	1,360	32,007	8,746	219,442
Jet Fuel/Kerosene(Note 1)	KL	10	144	1,451	19,248	14	359	2,025	49,076
Fuel Oil	KL	38	531	482	6,286	19	411	834	15,818
Base Oil	KL	228	5,508	442	9,578	229	6,170	552	13,508
LPG	KT	567	9,303	-	-	512	8,798	-	-
Petrochemicals (Note 2)	KT	7,248	193,679	275	8,026	5,670	172,805	298	9,236
Electricity	GWH	12,046	27,644	-	-	10,054	35,552	-	-
Steam	KT	15,323	11,741	-	-	13,317	17,361	-	-

Note1: Supplies in airports are calculated as export.

Note 2: Petrochemicals includes ethylene, propylene, butadiene, pyrolysis gasoline and etc.

3. Employees

Employees, average seniority, average age, and educational background over the last two years:

Year		2021	2022
Number of Employees	Supervisor	1,200	1,214
	Grassroots	4,074	4,004
	Total	5,274	5,218
Average age		43.15	43.82
Average seniority		14.99	15.83
Educational Background (%)	PhD	0.11	0.08
	Master	13.03	12.82
	Bachelor	54.32	54.84
	Senior high school	32.44	32.16
	Under senior high school	0.10	0.10

Note：The number of employees includes regular contractors, contract employees, Work-study Student and directors (including independent directors)

4. Expenses on Environmental Protection

4.1 Total Losses and Fines for Environmental Pollution for the Most Recent Fiscal Years:

Year / Item	2022	2023 (As of printing date)
Status of pollution (type and level)	Air pollution, waste, etc.	Air pollution , water polution, etc.
Compensation recipient/organization of punishment	Yunlin County Government, Tainan City Government	Yunlin County Government
Compensation recipient/organization of punishment	NT$13.175 million	NT$3.42 million
Other losses	-	-

4.2 Description of losses due to Environmental Pollution:

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
1	20220314	1110026650	Article 52 of Waste Disposal Act	The by-product, lime, produced by the Utilities Plant 4 was not entrusted to a public or private waste clearance and disposal organization with a permit issued by the competent authority, and the issue was not addressed during the time period stated.	NT$3 million	1. In litigation. 2. Reason for litigation: The use of by-product lime was registered as a legal product of the Yunlin County Government at the time.
2	20220418	1113605616	Section 2, Article 16 of Air Pollution Control Act	Construction projects were launched without having declared the air pollution control fees for construction projects prior to the deadline.	NT$100 thousand	The principles for the declaration of air pollution control fees for construction projects have been stipulated with a clear scope of applicable construction projects.
3	20220419	1113607129	Section 1, Article 20 of Air Pollution Control Act	The net detection value of equipment components of the Alkene Plant 2 was greater than 10,000 ppm.	NT$675 thousand	1. In litigation. 2. Reason for litigation: The sampling test that Yunlin County Environmental

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
						Protection Bureau carried out on equipment components adopted the dilution test approach, which was controversial. In practice, the dilution test approach is more applicable to inspection on high leakage concentration sources in the storage tanks. It is not a usual practice to use the approach in ordinary equipment components.
4	20220428	1113604470	Section 1, Article 20 of Air Pollution Control Act	The net detection value of 2 equipment components in the Alkene Plant 3 was greater than 10,000 ppm.	NT$300 thousand	Reinforce self-inspections for equipment components.
5	20220610	1110063398	Article 52 of Waste Disposal Act	The by-product, lime, produced by the Utilities Plant 4 was not entrusted to a public or private waste clearance	NT$3 million	1. In litigation. 2. Reason for litigation: The use of by-product lime was registered as a legal

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
				and disposal organization with a permit issued by the competent authority, and the issue was not addressed during the time period stated.		product of the Yunlin County Government at the time.
6	20220922	1110110801	Article 52 of Waste Disposal Act	The by-product, lime, produced by the Utilities Plant 4 was not entrusted to a public or private waste clearance and disposal organization with a permit issued by the competent authority, and the issue was not addressed during the time period stated.	NT$3 million	1. In litigation. 2. Reason for litigation: The use of by-product lime was registered as a legal product of the Yunlin County Government at the time.
7	20221109	1113616011	Section 2, Article 16 of Air Pollution Control Act	Construction projects were launched without having declared the air pollution control fees for construction projects prior to the deadline.	NT$100 thousand	The principles for the declaration of air pollution control fees for construction projects have been stipulated with a clear scope of applicable

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
						construction projects.
8	20221221	1110151601	Article 52 of Waste Disposal Act	The by-product, lime, produced by the Utilities Plant 4 was not entrusted to a public or private waste clearance and disposal organization with a permit issued by the competent authority, and the issue was not addressed during the time period stated.	NT$3 million	1. In appeal. 2. Reason for litigation: The use of by-product lime was registered as a legal product of Yunlin County Government at the time.
9	20230126	1123600425	Section 1, Article 14 of Water Pollution Control Act	The construction of new wastewater treatment facilities in Utilities Plant 4 was started without obtaining approval of change in water pollution control permit.	NT$195 thousand	1. In appeal. 2. Reason for appeal: Sea water desalination facilities are exempt from applications of wastewater treatment facilities. The wastewater treatment facilities (the effluent neutralization tank) have not yet been implemented. Therefore, the

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
						violation of construction before obtaining approval does not exist.
10	20230213	1113618805	Section 1, Article 20 of Air Pollution Control Act	The net detection value of 2 equipment components in the Alkene Plant 3 was greater than 10,000 ppm.	NT$225 thousand	Reinforce self-inspections for equipment components.
11	20230331	1120034888	Waste Disposal Act Article 52	The lime by-product produced by the Utilities Plant 4 was not entrusted to a public or private waste clearance and disposal organization with a permit issued by the competent authority, and the issue was not addressed during the time period stated.	NT$3 million	1. In litigation. 2. Cause for litigation: The use of by-product lime was registered as a legal product of the Yunlin County Government at the time.

4.3 Environmental Protection Policies and Future Responsive Measures:

4.3.1 Safety and health environmental protection policies

Environmental protection and industrial development are equally important for FPCC. The Company holds the faith that ensuring safety in products, contractors, factories and communities, is not just a corporate social responsibility, but also one part of corporate competitiveness.

FPCC believes that all disasters and accidents are preventable, no matter how big or small they are. To ensure acceptable work environment standard is built across all FPCC's plants and offices, our organization and system effort should be exerted to promote such corporate value. To achieve this goal, all supervisors must have a good understanding and take part in the Company's health and safety system, and at the same time, providing solid training for subordinates to ensure each procedure is completely fulfilled and continuously improved.

All employees must constantly enhance their professional knowledge, and make all decisions by taking health and safety as priorities concerns. Employees must thoroughly understand the spirit behind the health and safety system and carry out standards without compromise, in addition to holding the attitude of inquiring into the root of the matter and continuously making improvement by seeing themselves as a model employee.

Being self-disciplined, protecting the safety of colleagues, communities, and themselves at all times, keeping the natural environment clean, protecting corporate assets, and targeting effort at perpetual business operation – all of these should be taken as necessary responsibilities by our employees.

4.3.2 The Company is a faithful practitioner of the business philosophy - equal emphasis on environmental protection and industrial development. In addition to the current investments made in environmental protection, an additional amount of approximately NT$18,984,487 thousand is to be budgeted into the environmental protection expense account in the next three years. Pollution prevention policies that are continuously promoted internally include the following:

(1) A variety of projects to improve the prevention and treatment of pollution.

(2) The operation and maintenance of air pollution equipment.

(3) The operation and maintenance of wastewater treatment equipment.

(4) Maintenance of the rainwater system.

(5) The operation and maintenance of waste treatment equipment.

(6) Soil and groundwater prevention operations.

(7) Planning and installation of various environmental detectors and inspection (monitoring) facilities.

(8) Operations to reduce air pollutants (including remove white smoke), water usage as well as wastewater, industrial waste and greenhouse gases.

(9) Establishing Mailiao Seawater Desalting Plant to diversify water sources.

(10) Contingency equipment planning and installation (including toxic waste monitored by the Environmental Protection Administration and the Ocean Conservation Administration's measures for preventing marine pollution).

4.4 Currently Existing Environmental Protection Works:

4.4.1 Air pollution prevention and management procedures

(1) Best Available Control Technology Design (BACT): Including the use of low-pollution gas fuel, the installation of oil and gas recycling system, general and wet electrostatic precipitator, bag dust collector, LO-NOx burner, smoke-emission denitrification, and desulfurization facilities.

(2) Management of environmental inspection (monitoring) and testing: Including continual emission-monitoring system for chimneys (CEMS), plant-wide chimney surveillance system, Fourier Transform Infrared Spectrometer (FTIR) for the surveillance of peripheral plant areas, GasFindIR cameras for emission detection, off-site air quality monitoring, weekly tests of the equipment components of odor joint (patrol) inspection, periodic inspection of discharge pipelines, and monitoring facilities for the flare gas combustion tower.

(3) Management of volume reduction facilities: Including water field capping and the collection and treatment of waste gas, recycling and reuse of process flare gases containing sulfur, residual process gas supplied to other plants for reuse, replacement of low-leakage type equipment components, equipment component reduction, storage tank cleaning and flare gas collection, nitrogen tank padding, full recycling and reuse of flare gas from flare.

(4) Total air pollutant discharge control: Including control on the total emission of air pollutants, license control for the operation of constant sources of air pollutant, and control on the commitment of emission standards made in environmental assessments.

4.4.2 Water pollution prevention and management procedures

(1) Management of wastewater source: Including volume and quality control on wastewater sources, report of anomalous wastewater sources, and review and improvement of wastewater source anomalies.

(2) Wastewater treatment measures: Including the setup of wastewater pre-treatment facilities and the installation of five sets of integrated wastewater treatment systems (including the low-salt process wastewater [plus domestic sewage] treatment system, the high-salt process wastewater treatment system, the biofilm wastewater treatment system, and the inorganic salt wastewater treatment system).

(3) Inspection (monitoring) measurement procedures: Including automatic detection in the volume and quality control of wastewater sources, automatic detection of the quality and volume of discharged water, daily inspection of the quality of wastewater sources, sessional inspection of water quality appearance (color and taste), and regular outsourced inspection on the quality of discharged water.

(4) Operation procedures to reduce wastewater/sludge waste: Including

regular reviews on the water-saving operations of manufacturing processes, planning procedures to improve the wastewater recovery operation in wastewater fields, and regular reviews on the procedure of sludge reduction.

(5) Water pollution discharge control: Including volume and quality control on discharged water, and alerts, reactions, response mechanisms, reviews and improvements of anomalous volumes and qualities of discharged water.

(6) Management of runoff rainwater in the plant area: Including control of the water level of storm storage tanks on sunny days, management of the rainwater collection system, and management of rainwater recycling in early rainy periods.

4.4.3 Waste management procedures:

(1) Waste regulations management: Including online reporting of the temporary storage and volume of raw materials, products, and waste; waste flow control.

(2) Internal audit and management of wastes: including impromptu inspections on temporary waste storage sites, waste declaration, and process progression check on entrusted cases of waste treatment.

(3) Waste classification and storage: Including the classification and storage of temporary wastes, temporary waste storage management, and ad hoc audit on temporary waste storages for the purpose of pollution prevention.

(4) Waste disposal processing management: Including ad hoc audit on disposal processing operations performed by qualified entrusted disposal-processing vendors, and pre-emptive check on eligible operators' qualified waste treatment items.

(5) Waste recycling and resource treatment: Including the development of new vendors and new technologies for recycling and recusing resource waste, increase in waste resource proportions (by promoting the recycling of sandblasting waste) and setting up annual reduction targets.

4.4.4Procedures to manage toxic chemicals enlisted by the Environmental Protection Administration (EPA)

(1) Operational procedures to manage toxic chemicals enlisted by the Environmental Protection Administration (EPA): Including various types of permits and registration documents, the application of the registration and authorization numbers of toxic chemicals, emergency response plans, report of the detection and alarming devices, and procedures to manage the report of the operational quantity, release quantity, and the transportation of enlisted toxic chemicals.

(2) Detection alarm system management: Including planning and installation

of detection alarm system, and irregular testing and regular maintenance of the system.

(3) Emergency response system management: Planning and installing emergency response systems (including notification and response mechanisms), improving emergency response capability, training and positioning of statutory professional response personnel, regular emergency response practices, and impromptu testing.

(4) New and existing Chemical substance registration: Establishing a database to record existing and new chemical substances, usage descriptions, toxicological information, physical and chemical properties, etc., and registering and reporting manufacturing and input chemicals according to the "Regulation of New and Existing Chemical Substances Registration".

4.4.5 Soil and groundwater management procedures

(1) Leakage monitoring and early alarming system management: Monitoring tank body subsidence, monitoring detection tubes in oil and gas tanks, and monitoring oil leak detectors in tank areas.

(2) Inspection procedures management: Including groundwater inspection in peripheral plant areas; groundwater and soil-gas inspection in peripheral process areas.

(3) Soil and groundwater pollution response system management: Establishing emergency response procedures to manage oil pollution in long-distance pipelines, creating emergency response capabilities, and performing irregular responsive practices.

(4) Management of the investigation and remediation of anomalous soil and groundwater cases: Enlisting and recovering cases about anomalous utility pipelines, investing the soil and groundwater pollution scope in anomalous gas station cases and the pollution recovery, and monitoring groundwater after a remedy is completed.

4.4.6 Marine pollution prevention management procedures

(1) Marine pollution prevention management: Building gas detection system and mechanical alarming system (for detecting anomalies in pump pressure and discharge arm rotations) to manage and prevent gas leakage during the loading and unloading in terminals, installing surveillance systems to monitor and manage transportation processes, regular outsourced inspections on transportation pipelines, and daily on-ship patrols for the purpose of safety inspection.

(2) Marine pollution contingency management: Establishing contingency systems (including emergency alert system, response mechanism and mutual support system), setting up contingency equipment and oil spill simulation software, organizing regular marine pollution drills and drills in

the environmentally sensitive areas, as well as regularly maintaining and updating contingency resources.

(3) Response personnel training management: Systematic education training is performed from time to time at three levels – onsite response staff (IMO Level 1), onsite response commander (IMO Level 2) and senior response commander (IMO Level 3).

(4) Cooperation with Environment Protection Administration to promote green port operations: Promote the management system of recycling and processing of waste oil and water on ships, promote the collection and treatment of ship waste, and computer tracking system to manage wastewater recycling in pre-washing cabins for specified chemicals and ship ballast tank water Control.

4.4.7 Greenhouse gas management procedures

(1) Emissions inspection and verification procedures: Including education trainings regarding greenhouse gas emission inspection, clarification of greenhouse gas emission boundary, clarification of greenhouse gas emission source, and organizing greenhouse gas emission numbers, entrusting a third party authorized by the Environmental Protection Administration to verify annual greenhouse gas emission volumes. At present, the inventory for the period between 2005 and 2021 has been completed. Also, in order to comply with the committed items stated in FPCC's environmental-impact assessment documentation as well as the "Greenhouse Gas Emission Reporting Management Regulations", total greenhouse gas emission during the period between 2005 and 2021 produced in Mailiao Industrial Complex has already been registered in EPA's National Greenhouse Gas Registration Platform. As of the publication of the annual report, the total result of the survey in the last two years is summarized as follows:

Year	Greenhouse gas emissions (tons)
2020	25,550,891
2021	26,601,818

(2) Procedures to confirm and verify greenhouse gas reduction:

a. In support of the 2017 Exemplar Projects Consulting Program of Greenhouse Gas Credit held by the Industrial Development Bureau of the Ministry of Economic Affairs, the Foundation of Taiwan Industry Service aided FPCC's Refining Department to create a greenhouse-gas type replacement proposal (about power generation from the recovery of low-temperature waste heat), which is expected to convert the benefit of greenhouse gas reduction in energy conservation plants to some other emission quota with economic value; the effect of the proposal has been validated by some third-party verification units (such as BSI or DNV).

b. In support of the Exemplar Projects Consulting Program of Greenhouse Gas Credit held by the Industrial Development Bureau of the Ministry of Economic Affairs, FPCC proposed a greenhouse gas reduction project, and as verified by the Ministry of Economic Affairs, the Olefins Department has completed the operations for greenhouse gas voluntary reduction for the period between 2004 to 2021, achieving a total result of 1,370,149 tons of reduction volume. For 2022, voluntary reduction volume had been estimated and reported to the Industrial Development Bureau in February 2023.

(3) Reduction measures: Continuous improvement projects to reinforce energy efficiency include reviewing and setting up energy consumption targets year by year, setting up process improvement personnel to promote the project improvement and personal creativity reward system, and stipulating benchmarks for greenhouse gas emission control for each product department. In 2022, FPCC has completed 214 projects for improving energy-conservation, which has saved the consumption of 3,800 kWh in energy, 39.4 tons per hour in steam, and 4.3 tons per hour in fuel, and the total reduction in greenhouse gas emission reaching about 195,000 tons in terms of CO_2e.

(4) Participating in a variety of greenhouse gas reduction implementation competitions: FPCC frequently participates in competitions related to energy-saving and CO_2 reduction sponsored by the government, and has been awarded "Business with Excellent Performance" and "Outstanding Manufacturers" numerous times.

5. Labor Relations

5.1 Human Resources Policies

Employees are an important asset of FPCC. The Company has strived to pursue the goal of making every employee work to their full strength without worries. In order to attract outstanding talents, FPCC provides stable and competitive rewarding packages and a wide range of welfare measures. Together with comprehensive training, job assessment, and multiple promotion development schemes, FPCC’s human resource has achieved the goal of being fully developed. Meanwhile, this ensures employees’ well-being and rights are maintained, and labor-management communication mechanism is reinforced, which then fulfills the essential corporate policy of harmonious labor relations.

5.2 Employee’s Welfare Policies, Education, Trainings, Retirement System and Implementation Status, Agreement between Employees and Employer, and procedures to Maintain Employees’ Rights and Interests:

5.2.1 Remuneration:

FPCC’s salary remuneration policy is set reasonably according to the labor market standard, and is reviewed annually. Bonuses are issued based on corporate operational performance, such as bonuses for Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year (also known as a year-end bonus).

5.2.2 Employee care and welfare procedures:

In order to allow employees to make a balance between work, health, and daily life, a variety of employee care schemes and employee welfare procedures are promoted within the Company.

(1) Employee welfare: In addition to cooperative shops, restaurants, hairdressing, laundry, catering, libraries, infirmaries, sports facilities, bowling alley, pool room, karaoke room, amateur training classes, game competitions, domestic and international tours, annual welfare products, birthday gifts, and children's scholarships, all of which are operated by the Welfare Committee, FPCC additionally provides discounts for employees and their families who go to Chang Gung Memorial Hospital for medical treatment. In addition to the above benefits, there are stock awards, wedding and funeral compensations, year-end party subsidies, and comprehensive living facilities in the factory area. On top of the various leisure activities organized for employees, such as sports games, domestic tourism activities, and various club activities, the Company's sick leave payment and death pension is also better than legal requirement.

(2) Communication structure: Communication meetings with supervisors are held regularly at all levels, and the enterprise magazine is issued as well. Besides, employees can send letters to the employee mailbox, make calls to the employee response hotline, or talk to dedicated counselors to express their opinions.

(3) Innovation incentives: Bonus is set up for rewarding IE proposals and encouraging employees to discover abnormalities at work as well as making proper improvement plan. Reward is issued based on the improved result and the period at which an innovative idea is proposed and adopted. Apart from the above, an innovation platform website is set up for employees to discuss their professional issues, and provide appropriate rewards for good innovators.

(4) Implementation status: Good.

5.2.3 Staff development, employee training and education

Employee's career development and growth is important for FPCC. From the first day of joining FPCC, an employee is arranged to participate in various pre-employment trainings, basic job trainings, and regular work rotations in addition to many other professional trainings. Ad hoc lectures are held to inform employees of changes in laws, new technologies, and new systems, so that employees can update their knowledge at all times.

In 2022, the Company held a total of 1,835 professional training courses, achieving a total of 107,883 head counts of participation. This means the average number of training received by each employee is 67.6 hours.

In addition, training courses for supervisors are regularly held at all management levels, along with classes for new employees with a bachelor's or an associate degree, and different pre-employment or basic job trainings. Employees must complete the required training before they can be recruited or qualified for a promotion.

5.2.4 Retirement system

(1) Retirement application

Employees who are in one of the following conditions are eligible for retirement:

A. Those who have served for more than 15 years and are over 55 years old.
B. Those who have served for more than 25 years.
C. Those who have served for more than 10 years and are over 60 years old.

(3) Compulsory retirement

An employer shall not force a worker to retire unless either of the following situations has occurred:

A. Where the worker attains the age of sixty-five. A senior management executive (inclusive) and above, can postpone until they attain the age of seventy, senior management personnel and president can postpone until they attain the age of seventy-five as well.
B. Where the worker is unable to perform his duties due to mental handicap or physical disability.

(3) Retirement pension:

Retirement pension is issued in accordance with the following regulations:

A. Pension for service period on and before July 31st, 1984 is calculated based on the Retirement Rules of Taiwan Province for Factory Employees, and the average salary of the three months prior to retirement is taken into account. Pension for service period on and after August 1st, 1984 is calculated based on Article 55 of the Labor Standards Act, and the average salary of the six months prior to retirement is taken into account. However, the total of the above two is limited to a maximum number of 45 bases.

B. For an employee who has mental disorder or physical disability occurred in his or her work duties and can no longer fulfill the work responsibilities, the pension for the aforementioned employee is issued according to the preceding paragraph and plus 20%.

C. The Labor Pension Act is enacted as of July 1st, 2005. For employees applicable to the Act, the Company shall contribute 6% of employee's monthly salary to individual employee's account on a monthly basis pursuant to the Act. Pension for employees who choose to stay in the old labor retirement system, or who has reserved seniority applicable to the old labor retirement system, shall be handled in accordance with the preceding two paragraphs.

(4) Implementation status: Good.

5.2.5 Code of conduct and ethics at work

With regard to personnel, attendance, access to the factory, sexual harassment prevention, etc., the Company has clearly specified management rules to regulate employees' behaviors, such as:

(1) Personnel management rules: To stipulate the duties, appointments and dismissals, remuneration, attendance, and rewards and punishments.

(2) Performance assessment methods: To serve as the basic criteria to assess employees' performance.

(3) Rules for establishing the measures of prevention, correction, complaint and punishment for sexual harassment at workplace: The Rules are implemented to prevent sexual harassment and ensure gender equality.

(4) Rules for factory access management: To regulate related compliance matters during the entrance and exit of factories.

(5) Work rules: It is a collection of important employment-related regulations and codes, and is compiled into a book and distributed to each employee.

Rules are updated or repronounced from time to time through an internal electronic bulletin board to make deep impressions on employees, and employees' work behavior is considered as an important reference in routine performance evaluations conducted by supervisors. As for routine performance evaluation, records about an employee's performance should be made at least once a month and be communicated with the employee face to face by the supervisor, and both of these shall be taken into account in the year-end assessment to ensure objectivity in job appraisals. Employees who have special good or abnormal behaviors shall be rewarded or punished appropriately. In 2022, there were a total of 20 people receiving administrative rewards for their superior performances and a total of 24 people subject to punishment for astray conducts, and 15 people's bonus was cut. In addition, 21 people were selected as excellent employee of the Year.

5.2.6 Protective procedures for working environment and employee safety

To demonstrate management team's determined spirit, the Company's Health and Safety Policy was announced by the Chairman, and on October 2nd, 1999, a department and team staff (Safety & Health Department) were established to specialize in the promotion of safety and health-related matters within the Company. The Department not only promotes a management system to fulfill environmental health and safety, but also implement procedures to secure the certificate of ISO-14001 (Environmental Management System) and OHSAS-18001 (Occupational Health and Safety Assessment).

To provide an environment with safety and physical protection at work is a goal for which FPCC consistently pursues. Therefore, in the pre-construction stage of plant design, the Company would already develop relevant procedures to make sure a construction is in compliance with domestic laws, international regulations, and internal corporate regulations. When a construction is in progress or a plant is put in operation, concerns regarding the comprehensibility of equipment and tools and employees' self-inspection on safety would be seriously considered to ensure a workplace is secure. Furthermore, appropriate equipment to protect operational safety is provided to ensure physical safety of employees at work.

In addition, a multiple of standard operating procedures are established to regulate employees' behaviors in both general and dangerous jobs. Each employee is given the "Safety and Health Manual" and the "Operational Hazard and Risk Reminder Card" to serve as a reminder of work safety at all times. Health and safety procedures are also promoted all across the Company by campaigns and interviews to make sure that all employees have fully understood and have applied the procedures to their work. All of these procedures are created in the hope to achieve the goal of "zero accident in work safety".

5.2.7 Labor and management negotiations

(1) Regular labor-management meetings are held to establish negotiation mechanism between the two parties.

(2) An employee complaints system is established to enhance labor-management relations.

(3) Rules for different jobs and personnel management are created which clearly stipulate matters relating to the rights, obligations, and the management of both parties, so that employees can fully understand and protect their rights and interests.

5.2.8 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.:
No labor dispute case in 2022.

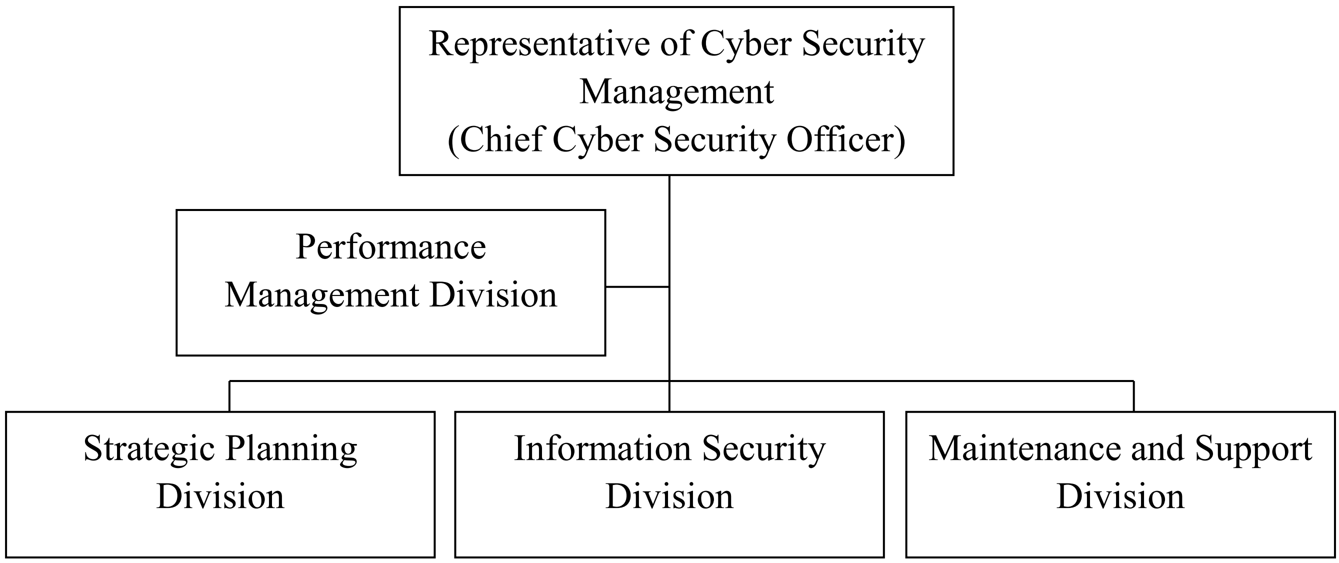
6. Cyber Security Management

6.1 The risk management structure for cyber security, cyber security policy, specific management plan, and resources invested in cyber security management:
FPCC was designated as a "key infrastructure provider" in November 2020 according to the Cyber Security Management Act (hereinafter referred to as the Cyber Security Act), and its security responsibility level is B. According to relevant regulations of the Cyber Security Act and taking into account the Company's business needs, a "Cyber Security Protection Plan" was formulated in accordance

with the law. Its planning was based on different structures of information security management. An information security policy was established accordingly to strengthen information security management, build risk management for information assets, and ensure that the confidentiality, integrity, and availability of the Company's information assets comply with the requirements of relevant laws and regulations so as to prevent them from threats posed by internal and external intentional or accidental cyber security incidents. The information security policy is evaluated and reviewed every year to coordinate changes in decrees, environment, business, and technology. Its amendments are announced and implemented after being approved by the Company.

6.1.1 Risk Management Structure for Cyber Security:

The Company followed the requirement of "Regulations Governing Establishment of Internal Control Systems by Public Companies" announced by SFC on December 28, 2021 and "Information and Communication Security Control Guidance for TWSE/TPEx Listed companies" announced by TWSE on December 23, 2021. The Chief Information Securities Officer was appointed on July 15, 2022. And in accordance with requirements for level B of cyber security responsibility under the Cyber Security Act, a “Cyber Security Promotion Team” was established to manage information security, formulate and implement related protection policies, and review risk management and legal compliance. The Company's "Representative of Information Security Management" regularly reports the effectiveness, subjects, and directions of information security management to the Company. The President's Office is responsible for the supervision and governance of the Company's information security. It conducts an audit on internal cyber security once a year in accordance with the "Implementation Rules of the Cyber Security Act", to evaluate the management mechanism and direction of the information and network security of FPCC. In addition, it evaluates contents and adopts the most appropriate response upon receiving notification regarding information security from competent authorities.



6.1.2 Cyber Security Policy:

(1) Establish a risk management mechanism for cyber security and regularly review the effectiveness of cyber security management in response to changes in internal and external cyber security.

(2) Protect the confidentiality and integrity of sensitive information and cyber system to avoid unauthorized access and tampering.

(3) Strengthen the resilience of the core information and cyber system to ensure the continuous operation of office businesses.

(4) Organize training on cyber security in response to changes in information security threats to improve the cyber security awareness of colleagues in the office.

(5) Reward those who have made meritorious service in handling cyber security businesses.

(6) Don't open emails from unknown sources or when you can't identify the sender.

(7) It is forbidden to share the accounts of cyber systems, except for the OT systems with 24-hour attendance.

6.1.3 Cyber Security Control Measures:

(1) Introduce AEO cyber security management mechanism and follow the " Cyber Security Management Act", "Personal Data Protection Act", and relevant laws and regulations.

(2) Formulate and implement the “Cyber Security Protection Plan”, notifications, and response mechanisms, and adopt appropriate protective measures.

(3) Effectively manage information assets by checking on information assets inventory; assess the impact of various man-made or natural disasters; continuously conduct risk assessments and contingency drills; and revise the "Cyber Security Protection Plan" accordingly to ensure the sustainable operation of core businesses.

(4) Build firewalls to block common cyber-attacks, implement E-mail virus control, and provide corporate network security monitoring and abnormality detection.

(5) Carry out education and training on cyber security to enhance staff's information security awareness. Advocate on information security to all the employees and outsourcing suppliers every year through education & training, internal meetings, electronic announcement letters, etcetera, and review implementation effectiveness every year.

(6) When outsourcing the construction of the information system, the Company shall take the nature of the outsourced project and the requirements of cyber security into account, and require the contractor to sign a security agreement on information security and supervise the maintenance of cyber security.

(7) When there are changes in the cyber system, an application must be submitted according to change management measures, and all potential hazards and risks shall be identified and evaluated through risk assessment and review procedures, and appropriate preventive measures shall be developed.

(8) Establish the relevant mechanism for notification, response, and drill of cyber security incidents.

(9) Comply with the provisions of “Personal Data Protection Act" and strengthen information security management.

6.1.4 Implementation of Information Security Education & Training and Publicity in 2022:

(1) In 2022, the Company organized a general course “What is Information Security and Major Information Security Incident Sharing”, which lasted 3 hours. It was offered both online and offline. 4,237 employees participated in the course.

(2) In 2021~2022, the Company organized a 3-hour specialized course “Information Security Management” and a 3-hour course “International Standards for Information Security Industry”, which were offered both online and offline. 537 employees participated in the courses.

6.1.5 Resources invested in cyber security management:

(1) Designated the Chief Cyber Security Officer at the management level, established a dedicated unit for information security management and assigned dedicated information security personnel.

(2) Complete the formulation of information security policy and submit the information security protection plan.

(3) Implement inventory check, rating, and risk assessment of cyber security system

(4) Complete the standards of cyber security protection

(5) Formulate the notification mechanism and contingency drills for the information security incidents.

(6) Assist the Office of Homeland Security in information security attacks and sabotages drills.

(7) Assist the Ministry of Economic Affairs in information security audit and submit the audit improvement report.

(8) Carry out phishing email test on employees.

(9) Invest to provide general and specialized online training on cyber security. As of now, 4,237 employees have completed the general training and 537 people have completed the specialized training.

(10) Set up a monitoring center to implement safety and health examinations, and entrust an external organization to guide us to introducing third-party certification of international standards.

(11) Obtained the information security management system ISO 27001:2013 (ISMS) certificate - Taishan computer room maintenance and management.

6.2 The losses, possible impacts, and corresponding measures regarding major cyber security incidents in the latest year and up to the publication date of the annual report:

The Company didn’t had any major cyber security incidents in the latest year and up to the publication date of the annual report.

7. Important Contracts (the contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year):

Nature of contract	Counterparties	Contract start/end Date	Main content	Restrictive clauses
Technical cooperation	MECS, USA	2011.08.24 ~2026.08.24	Basic design and technical authorization of DeSOx in the sulfur recycling unit	None
Technical cooperation	UPO, USA	2002.01 ~2022.12	Technical service for the Heavy Oil Cracking Unit	None
Technical cooperation	MECS, USA	2011.06 ~2026.07	Design and technical authorization of the SAR#2 Unit	None
Technical cooperation	MECS, USA	2011.06.01 ~2026.05.31	Basic design and technology authorization of flare tower acid gas DeH2S	None
Technical cooperation	Axens, France	2022.11.01 ~2023.11.15	Axens technical service contract (GHU#1/2,ISO/NHDT,SHU#2,MTBE#1/2)	None
Electricity purchase	Taiwan Power Company	2022.04 ~2023.03	Wholesale price (quantity) and parallel connection related rules	None
Construction contract	Wanchi Steel Industrial Co. LTD	2020.04 ~2023.06	Desalination plant construction turnkey project	None
Construction contract	Formosa Heavy Industries Corp.	2021.02 ~2023.09	Oil products division, Tao Yuan station Phase II expansion construction turnkey project	None
Construction contract	Formosa Heavy Industries Corp.	2021.01 ~2024.01	Utility plant 4 CFB Coal-fueled renovation project	None

VI. Financial Information

1. Condensed Statements of Consolidated Balance Sheets, Comprehensive Income, Name of Auditors and Auditors' Report in five years.

   1.1 Condensed Statements of Balance Sheets

   (1) Condensed Statements of Consolidated Balance Sheets

Unit: NT$ thousands

Item \ Year		Five-Year Financial Summary (Note 1)				
		2018	2019	2020	2021	2022
Current assets		232,198,754	226,492,637	215,309,819	289,585,609	267,202,843
Property, plant and equipment(Note 2)		107,366,691	102,230,648	99,329,548	97,933,173	92,779,585
Intangible assets		0	0	0	0	0
Other assets(Note 2)		66,204,010	69,308,508	66,283,749	71,238,326	61,799,040
Total assets		405,769,455	398,031,793	380,923,116	458,757,108	421,781,468
Current liabilities	Before Distribution	50,431,424	36,762,243	28,887,601	57,922,472	69,784,532
	After Distribution	96,156,031	64,387,526	34,507,917	94,121,119	80,263,088
Non-current liabilities		14,681,851	27,267,545	39,408,447	39,067,548	34,711,571
Total liabilities	Before Distribution	65,113,275	64,029,788	68,296,048	96,990,020	104,496,103
	After Distribution	110,837,882	91,655,071	73,916,364	133,188,667	114,974,659
Equity attributable to owners of the parent		337,738,208	330,223,061	308,101,359	357,414,468	312,488,434
Common stock		95,259,597	95,259,597	95,259,597	95,259,597	95,259,597
Capital surplus		31,385,997	31,399,948	31,418,849	31,420,682	31,421,269
Retained earnings	Before Distribution	180,328,754	171,224,633	151,066,000	194,466,552	173,046,953
	After Distribution	134,604,147	143,599,350	145,445,684	158,267,905	162,568,397
Other equity		30,763,860	32,338,883	30,356,913	36,267,637	12,760,615
Treasury stock		0	0	0	0	0
Non-controlling Interest		2,917,972	3,778,944	4,525,709	4,352,620	4,796,931
Total equity	Before Distribution	340,656,180	334,002,005	312,627,068	361,767,088	317,285,365
	After Distribution	294,931,573	306,376,722	307,006,752	325,568,441	306,806,809

Note 1: The financial information in the most recent 5 years have been audited and certified by CPA.

Note 2: The distribution of earnings for 2022 has not been approved by shareholders' meeting.

(2) Condensed Statements of Individual Balance Sheets

Unit: NT$ thousands

Item \ Year		Five-Year Financial Summary（Note 1）				
		2018	2019	2020	2021	2022
Current assets		232,518,997	227,523,818	212,621,640	286,706,644	262,757,723
Property, plant and equipment(Note 2）		100,395,305	94,296,343	90,199,457	88,830,811	82,693,958
Intangible assets		0	0	0	0	0
Other assets(Note 2)		67,823,952	65,217,192	67,294,032	73,268,359	66,016,607
Total assets		400,738,254	387,037,353	370,115,129	448,805,814	411,468,288
Current liabilities	Before Distribution	50,039,507	35,694,376	27,677,805	56,639,797	68,174,243
	After Distribution	95,764,114	63,319,659	33,298,121	92,838,444	78,652,799
Non-current liabilities		12,960,539	21,119,916	34,335,965	34,751,549	30,805,611
Total liabilities	Before Distribution	63,000,046	56,814,292	62,013,770	91,391,346	98,979,854
	After Distribution	108,724,653	84,439,575	67,634,086	127,589,993	109,458,410
Common stock		95,259,597	95,259,597	95,259,597	95,259,597	95,259,597
Capital surplus		31,385,997	31,399,948	31,418,849	31,420,682	31,421,269
Retained earnings	Before Distribution	180,328,754	171,224,633	151,066,000	194,466,552	173,046,953
	After Distribution	134,604,147	143,599,350	145,445,684	158,267,905	162,568,397
Other equity		30,763,860	32,338,883	30,356,913	36,267,637	12,760,615
Treasury stock		0	0	0	0	0
Total equity	Before Distribution	337,738,208	330,223,061	308,101,359	357,414,468	312,488,434
	After Distribution	292,013,601	302,597,778	302,481,043	321,215,821	302,009,878

Note 1: The financial information in the most recent 5 years have been audited and certified by CPA.
Note 2: The distribution of earnings for 2022 has not been approved by shareholders' meeting.

1.2 Condensed Statements of Income Statement

(1) Condensed Statements of Consolidated Income Statement

Unit: NT$ thousands

Item \ Year	Five-Year Financial Summary（Note 1）				
	2018	2019	2020	2021	2022
Operating revenue	767,550,218	646,022,809	415,281,764	620,062,326	848,048,496
Gross profit	77,615,555	47,719,011	12,967,946	65,779,849	16,215,551
Operating income	66,469,324	36,785,656	2,768,768	55,177,385	5,420,137
Non-operating income and expenses	8,077,789	8,112,695	5,896,281	5,307,590	11,548,259
Income before income tax	74,547,113	44,898,351	8,665,049	60,484,975	16,968,396
Profit from Continuing Operation	60,070,831	36,748,173	7,372,455	49,363,882	14,399,662
Income (Loss) from Discontinued Operation	0	0	0	0	0
Net income (Loss)	60,070,831	36,748,173	7,372,455	49,363,882	14,399,662
Other comprehensive income (net after tax)	-9,983,466	1,314,700	-2,174,450	5,403,718	-22,673,007
Total comprehensive income	50,087,365	38,062,873	5,198,005	54,767,600	-8,273,345
Net Income attributable to owners of the parent	60,090,225	36,798,213	7,429,609	49,401,403	14,421,560
Net income attributable to non-controlling interests	-19,394	-50,040	-57,154	-37,521	-21,898
Total comprehensive income attributable to owners of the parent	50,024,167	38,195,509	5,502,823	54,933,674	-8,721,556
Total comprehensive income attributable to non-controlling interests	63,198	-132,636	-304,818	-166,074	448,211
Earning per share	6.31	3.86	0.78	5.19	1.51

Note 1: The financial information in the most recent 5 years have been audited and certified by CPA.

(2) Condensed Statements of Individual Income Statement

Unit: NT$ thousands

Item \ Year	Five-Year Financial Summary（Note 1）				
	2018	2019	2020	2021	2022
Operating revenue	765,493,218	643,824,935	413,042,534	617,439,029	845,450,311
Gross profit	76,003,194	45,978,040	11,507,443	63,867,505	14,268,058
Operating income	66,192,852	36,459,064	2,559,027	54,603,258	4,854,744
Non-operating income and expenses	8,316,473	8,441,239	6,106,317	5,854,745	11,956,741
Income before income tax	74,509,325	44,900,303	8,665,344	60,458,003	16,811,485
Profit from Continuing Operation	60,090,225	36,798,213	7,429,609	49,401,403	14,421,560
Income (Loss) from Discontinued Operation	0	0	0	0	0
Net income (Loss)	60,090,225	36,798,213	7,429,609	49,401,403	14,421,560
Other comprehensive income (net after tax)	-10,066,058	1,397,296	-1,926,786	5,532,271	-23,143,116
Total comprehensive income	50,024,167	38,195,509	5,502,823	54,933,674	-8,721,556
Earnings per share (NT$)	6.31	3.86	0.78	5.19	1.51

Note 1: The financial information in the most recent 5 years have been audited and certified by CPA.

1.3 Name of Auditors and Auditors' Opinions

Auditing Details \ Year	2018	2019	2020	2021	2022
CPA's Name	Li-Huang Lin	Li-Huang Lin	Li-Huang Lin	Li-Huang Lin	Li-Huang Lin
	Wen-Fun Fu	Wen-Fun Fu	Wen-Fun Fu	Wen-Fun Fu	Wen-Fun Fu
Auditing Opinion	An Unqualified Opinion and other paragraphs	An Unqualified Opinion and other paragraphs	An Unqualified Opinion and other paragraphs	An Unqualified Opinion and other paragraphs	An Unqualified Opinion and other paragraphs
Source：The Company's Financial Statements which is audited by CPA.					

2. Financial Analysis for the Most Recent Five Fiscal Years: Page 192 to Page 199.
3. Audit Committee's Review Report on the Financial Statements for the Most Recent Year: Page 200.
4. Consolidated Financial Statements Audited and Certified by CPA for the Most Recent Year: Page 220 to Page 325.
5. Individual Financial Statements Audited and Certified by CPA for the Most Recent Year: Page 326 to Page 425.
6. Impact of Financial Difficulties of the Company and Its Affiliated companies: None.

2. Financial Analysis in the last five years and the reasons for the increase or decrease of various financial analysis changes by 20% in the last two years:

2.1 Financial Analysis – Consolidated by IFRSs

Analysis Items \ Year (Note 1)		Financial Analysis in the last five years (Note1)				
		2018	2019	2020	2021	2022
Capital structure	Debt ratio (%)	16.05	16.09	17.93	21.14	24.77
	Long-term fund to property, plant and equipment ratio (%)	330.96	353.39	354.41	409.29	379.39
Liquidity	Current ratio (%)	460.42	616.10	745.34	499.95	382.90
	Quick ratio (%)	324.15	427.46	542.23	337.16	228.18
	Times interest earned (times)	108.63	76.68	21.75	160.03	30.72
Operating performance	Accounts receivable turnover (times)	13.05	11.93	9.30	13.47	15.25
	Days sales outstanding	28	31	39	27	24
	Inventory turnover (times)	11.57	9.87	7.49	9.26	10.46
	Accounts payable turnover (times)	42.76	35.50	33.42	29.67	35.95
	Inventory turnover days	32	37	49	39	35
	Property, plant and equipment turnover (times)	7.13	6.16	4.12	6.29	8.89
	Total assets turnover (times)	1.83	1.61	1.07	1.48	1.93
Profitability	Return on total assets (%)	14.48	9.26	1.98	11.83	3.37
	Return on total equity (%)	17.54	10.89	2.28	14.64	4.24
	Pre-tax income to paid-in capital ratio (%) (Note 7)	78.26	47.13	9.10	63.49	17.81
	Net profit margin (%)	7.83	5.69	1.78	7.96	1.70
	Earnings per share(NT$)	6.31	3.86	0.78	5.19	1.51
Cash flow	Cash flow ratio (%)	152.58	119.39	123.01	61.33	-13.16
	Cash flow adequacy ratio (%)	188.82	163.89	121.35	97.65	69.14
	Cash flow reinvestment ratio (%)	2.48	-0.27	1.14	3.97	-6.32
Leverage	Operating leverage	1.51	1.85	12.73	1.62	8.20
	Financial leverage	1.01	1.02	1.18	1.01	1.11

Note 1: If there are financial statements for the preceding years that have not been audited and certified by a CPA, it shall be stated clearly.

Note 2: A company whose stock is listed on the stock exchange shall include the financial information for the period as of the quarter preceding the date of publication of the annual report into the financial analysis.

Note 3: The above ratios of financial analysis are calculated based on the following equations:

1. Capital structure

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio = (Total equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity

(1) Current ratio =Current assets / Current liabilities

(2) Quick ratio ＝ (Current assets – inventory – prepaid expenses) / Current Liabilities
(3) Times interest earned ＝ Net Income before tax and interest expenses / Interest expenses

3. Operating performance

(1) Account receivable turnover ratio(including accounts receivable and notes receivable) ＝ Net sales /Average account receivable (including account receivable and notes receivable) balance
(2) Days sales outstanding ＝ 365 / Receivable turnover
(3) Inventory turnover ratio ＝ Cost of goods sold / Average inventory
(4) Account payable turnover ratio(including accounts payable and notes payable) ＝ Cost of goods sold /Average account payable (including account payable and notes payable) balance
(5) Inventory turnover days ＝ 365 / Inventory turnover
(6) Property, plant and equipment turnover ratio ＝ Net sales / Average net property, plant and equipment
(7)Total assets turnover ratio ＝Net sales / Average total assets

4. Profitability

(1) Return on total assets ＝ [Net income after tax + interest expense x (1-interest rate)] / Average total assets]
(2) Return on total equity ＝ Net income after tax / Average shareholders' equity
(3) Net margin = Net income / Net sales
(4) Earnings per share = (Net income - preferred stock dividend) / Weighted average number of shares outstanding (Note 4）

5. Cash flow

(1) Cash flow ratio ＝ Net cash flow provided by operating activities / Current liabilities
(2) Cash flow adequacy ratio ＝ Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
(3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital) (Note 5)

6. Leverage

(1)Operating leverage ＝ (Operating revenues – variable cost and expense) / Operating Income (Note 6)。
(2)Financial leverage ＝ Operating income / (Operating income – interest expenses)

Note 4: Special attention shall be paid to the following matters when using the calculation formula of earnings per share above:

1. The calculation is based on the weighted average number of common shares, not the number of issued shares at the end of year.
2. If there are any cash capital increase or treasury stock transactions, the circulation period shall be considered into the calculation of weighted average number of shares.
3. If there is any cash capital increase or capital increase through capitalization of retained earnings, earnings per share is retrospectively adjusted in accordance with the proportion of capital increase in the computation of earnings per share for the preceding fiscal years and the interim period. The issuance period of increased capital shall not be considered.
4. If preferred stocks are nonconvertible cumulative preferred shares, the dividend for the current year (be it distributed or not) shall be subtracted from after-tax net income or added to after-tax net loss. If preferred stocks are non-cumulative, the dividend shall be deducted from the after-tax net income. If the company has posted net loss after tax; no adjustment is required.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.

2. Capital expenditure refers to the annual cash outflow of capital investment.

3. The increase in inventory is included only when the balance at the end of the period is greater than that at the beginning of the period. If the inventory decreases at the end of year, it is counted as zero.

4. Cash dividends include cash dividends of ordinary shares and preferred shares.

5. Gross amount of property, plant, and equipment refers to the total carrying amount of PP&E before accumulated depreciation is deducted.

Note 6: The issuer shall classify operating costs and operating expenses into fixed or variable items in accordance with their nature. If estimation or subjective judgment is involved, attention shall be paid to its reasonableness and consistency.

Note 7: If the company's shares have no par value or are issued at a par value other than NT$10, the aforementioned calculations of paid-in capital ratio shall be replaced with the ratio of equity attributable to owners of the parent as reported in the balance sheet.

Note 8: Explanations for the changes in financial ratios exceeding 20% in the most recent two years:

1. Current ratio & Quick ratio & Times interest earned:

(1) Current ratio for the current period is 382.90, a change of 23.41% over the same period of last year’s 499.95.

(2) Quick ratio for the current period is 228.18, a change of 32.32% over the same period of last year’s 337.16.

The change is mainly due to current liabilities in 2022 of NT$69,784,532 thousand, which increases by NT$11,862,060 thousand compared to that of 2021 at NT$57,922,472 thousand.

(3) Times interest earned for the current period is 30.72, a change of 80.20% over the same period of last year's figure of 160.03.

The change is mainly due to a decrease in net income before tax and interest expenses of NT$43,335,892 thousand in 2021.

2. Account payable turnover ratio & Property, plant and equipment turnover ratio & Total assets turnover ratio:

(1) Account payable turnover ratio for the current period is 35.95, a change of 21.17% over the same period of last year’s 29.67.

The change is mainly due to cost of goods sales in 2022 of NT$831,832,945thousand, which increases by NT$277,550,468 thousand compared to that of 2021 at NT$554,282,477 thousand.

(2) Property, plant and equipment turnover ratio for the current period is 8.89, a change of 41.34% over the same period of last year’s 6.29.

(3) Total assets turnover ratio for the current period is 1.93, a change of 30.41% over the same period of last year’s 1.48.

The change is mainly due to sales revenue in 2022 of NT$848,048,496 thousand, which increases by NT$227,986,170 thousand compared to that of 2021 at NT$620,062,326 thousand.

3. Return on total assets & Return on total equity & Pre-tax income to paid-in capital ratio & Net profit margin & Earnings per share

(1) Return on assets for the current period is 3.37, a change of 71.51% over the same period of last year's 11.83.

(2) Return on equity for the current period is 4.24, a change of 71.04% over the same period of last year's 14.64.

(3) Ratio of net income before tax to paid-in-capital for the current period amounts to 17.81, a

change of 71.95% over the same period of last year's 63.49.

(4) Net profit margin ratio for the current period is 1.7, a change of 78.64% over the same period of last year's 7.96.

(5) Earnings per share for the current period was NT$1.51, a change 70.91% over the same period of last year's NT$5.19.

The change is mainly due to net income after tax in 2022 of NT$14,399,662 thousand, which decreases by NT$34,964,220 thousand compared to that of 2021 at NT$49,363,882 thousand.

4. Cash flow ratio & Cash Flow Adequacy Ratio & Cash reinvestment ratio:

(1) The cash flow ratio for the current period is -13.16, a change of 121.46% over the same period of last year's 61.33.

This is mainly due to the net cash flow from operating activities decreased by NT$44,709,519 thousand compared with that of last year, and current liabilities increased by NT$11,862,060 thousand compared with that of last year.

(2) The cash flow adequacy ratio for the current period is 69.14, a change of 29.20% over the same period of last year's 97.65.

This is mainly due to the net cash flow from operating activities in the most recent 5 years (2018~2022) decreased by NT$88,982,372 thousand compared with that of last 5 years(2017~2021).

(3) The cash reinvestment ratio for the current period is -6.32, a change of 259.19% over the same period of last year's 3.97.

This is mainly due to the amount of dividend was increased by NT$30,577,125 thousand compared with that of last year.

5. Operating leverage：

The operating leverage for the current period is 8.20, a change of 406.17% over the same period of last year's 1.62; the change is mainly due to operating income in 2022 of NT$5,420,137 thousand, which decreases by NT$49,757,248 thousand compared to that of 2021 at NT$55,177,385 thousand.

2.2 Financial Analysis – Individual by IFRSs

Analysis Items (Note 3)	Year (Note 1)	Financial Analysis in the last five years（Note1）				
		2018	2019	2020	2021	2022
Capital structure	15.72	14.68	16.76	20.36	16.76	24.06
	Long-term fund to property, plant and equipment ratio (%)	349.32	372.59	379.64	441.48	415.14
Liquidity	Current ratio (%)	464.67	637.42	768.20	506.19	385.42
	Quick ratio (%)	328.31	444.77	557.73	340.45	227.74
	Times interest earned (times)	124.78	117.74	33.45	227.38	36.76
Operating performance	Accounts receivable turnover (times)	13.67	12.46	9.71	13.93	15.59
	Days sales outstanding	27	29	38	26	23
	Inventory turnover (times)	11.62	9.91	7.52	9.29	10.49
	Accounts payable turnover (times)	42.82	35.53	33.42	29.65	35.93
	Inventory turnover days	31	37	49	39	35
	Property, plant and equipment turnover (times)	7.53	6.61	4.48	6.90	9.86
	Total assets turnover (times)	1.85	1.63	1.09	1.51	1.97
Profitability	Return on total assets (%)	14.65	9.42	2.02	12.12	3.44
	Return on total equity (%)	17.70	11.02	2.33	14.85	4.31
	Pre-tax income to paid-in capital ratio (%) (Note 7)	78.22	47.13	9.10	63.47	17.65
	Net profit margin (%)	7.85	5.72	1.80	8.00	1.71
	Earnings per share(NT$)	6.31	3.86	0.78	5.19	1.51
Cash flow	Cash flow ratio (%)	152.68	115.00	121.97	59.01	-16.87
	Cash flow adequacy ratio (%)	191.95	167.13	123.56	98.31	67.31
	Cash flow reinvestment ratio (%)	2.43	-0.68	0.89	3.69	-6.65
Leverage	Operating leverage	1.49	1.82	13.18	1.60	8.74
	Financial leverage	1.01	1.01	1.12	1.00	1.10

＊ If a company has prepared an individual financial report, it shall also prepare the individual analysis of financial ratios.

Note 1: If there are financial statements for the preceding years that have not been audited and certified by a CPA, it shall be stated clearly.

Note 2: A company whose stock is listed on the stock exchange shall include the financial information for the period as of the quarter preceding the date of publication of the annual report into the financial analysis.

Note 3: The above ratios of financial analysis are calculated based on the following equations:

1. Capital structure

(1) Debt ratio ＝ Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio ＝（Total equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity

(1) Current ratio ＝Current assets / Current liabilities

(2) Quick ratio ＝ (Current assets – inventory – prepaid expenses) / Current Liabilities

(3) Times interest earned ＝ Net Income before tax and interest expenses / Interest expenses

3. Operating performance

(1) Account receivable turnover ratio(including accounts receivable and notes receivable) ＝ Net sales /Average account receivable (including account receivable and notes receivable) balance
(2) Days sales outstanding ＝ 365 / Receivable turnover
(3) Inventory turnover ratio ＝ Cost of goods sold / Average inventory
(4) Account payable turnover ratio(including accounts payable and notes payable) ＝ Cost of goods sold /Average account payable (including account payable and notes payable) balance
(5) Inventory turnover days ＝ 365 / Inventory turnover
(6) Property, plant and equipment turnover ratio ＝ Net sales / Average net property, plant and equipment
(7)Total assets turnover ratio ＝Net sales / Average total assets

4. Profitability

(1) Return on total assets ＝ [Net income after tax + interest expense x (1-interest rate)] / Average total assets]
(2) Return on total equity ＝ Net income after tax / Average shareholders' equity
(3) Net margin = Net income / Net sales
(4) Earnings per share = (Net income - preferred stock dividend) / Weighted average number of shares outstanding (Note 4)

5. Cash flow

(1) Cash flow ratio ＝ Net cash flow provided by operating activities / Current liabilities
(2) Cash flow adequacy ratio ＝ Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
(3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital) (Note 5)

6. Leverage

(1)Operating leverage ＝ (Operating revenues – variable cost and expense) / Operating Income (Note 6)。
(2)Financial leverage ＝ Operating income / (Operating income – interest expenses)

Note 4: Special attention shall be paid to the following matters when using the calculation formula of earnings per share above:

1. The calculation is based on the weighted average number of common shares, not the number of issued shares at the end of year.
2. If there are any cash capital increase or treasury stock transactions, the circulation period shall be considered into the calculation of weighted average number of shares.
3. If there is any cash capital increase or capital increase through capitalization of retained earnings, earnings per share is retrospectively adjusted in accordance with the proportion of capital increase in the computation of earnings per share for the preceding fiscal years and the interim period. The issuance period of increased capital shall not be considered.
4. If preferred stocks are nonconvertible cumulative preferred shares, the dividend for the current year (be it distributed or not) shall be subtracted from after-tax net income or added to after-tax net loss. If preferred stocks are non-cumulative, the dividend shall be deducted from the after-tax net income. If the company has posted net loss after tax; no adjustment is required.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory is included only when the balance at the end of the period is greater than that at the beginning of the period. If the inventory decreases at the end of year, it is counted as zero.

4. Cash dividends include cash dividends of ordinary shares and preferred shares.

5. Gross amount of property, plant, and equipment refers to the total carrying amount of PP&E before accumulated depreciation is deducted.

Note 6: The issuer shall classify operating costs and operating expenses into fixed or variable items in accordance with their nature. If estimation or subjective judgment is involved, attention shall be paid to its reasonableness and consistency.

Note 7: If the company's shares have no par value or are issued at a par value other than NT$10, the aforementioned calculations of paid-in capital ratio shall be replaced with the ratio of equity attributable to owners of the parent as reported in the balance sheet.

Note 8: Explanations for the changes in financial ratios exceeding 20% in the most recent two years:

1.Current ratio & Quick ratio & Times interest earned：

(1) Current ratio for the current period is 385.42, a change of 23.86% over the same period of last year’s 506.19.

(2) Quick ratio for the current period is 227.74, a change of 33.11% over the same period of last year’s 340.45.

The change is mainly due to current liabilities in 2022 of NT$68,174,243 thousand, which increases by NT$11,534,446 thousand compared to that of 2021 at NT$56,639,797 thousand.

(3) Times interest earned for the current period is 36.76, which decreases by 83.83% over the same period of last year's figure of 227.38.

The change is mainly due to an increase in net income before tax and interest expenses of NT$51,789,396 thousand in 2021.

2. Account payable turnover ratio & Property, plant and equipment turnover ratio & Total assets turnover ratio:

(1) Account payable turnover ratio for the current period is 35.93, a change of 21.18% over the same period of last year’s 29.65.

The change is mainly due to cost of goods sales in 2022 of NT$831,182,253 thousand, which increases by NT$277,610,729 thousand compared to that of 2021 at NT$553,571,524 thousand.

(2) Property, plant and equipment turnover ratio for the current period is 9.86, a change of 42.90% over the same period of last year’s 6.90.

(3) Total assets turnover ratio for the current period is 1.97, a change of 30.46% over the same period of last year’s 1.51.

The change is mainly due to sales revenue in 2022 of NT$845,450,311 thousand, which increases by NT$228,011,282 thousand compared to that of 2021 at NT$617,439,029 thousand.

3.Return on total assets & Return on total equity & Pre-tax income to paid-in capital ratio & Net profit margin & Earnings per share:

(1) Return on assets for the current period is 3.44, a change of 71.62% over the same period of last year's 12.12.

(2) Return on equity for the current period is 4.31, a change of 70.98% over the same period of last year's 14.85.

(3) Ratio of net income before tax to paid-in-capital for the current period amounts to 17.65, a change of 72.19% over the same period of last year's 63.47.

(4) Net profit margin ratio for the current period is 1.71, a change of 78.63% over the same period of last year's 8.00.

(5) Earnings per share for the current period was NT$1.51, a change 70.91% over the same period of last year's NT$5.19

The change is mainly due to net income after tax in 2022 of NT$14,421,560 thousand, which decreases by NT$34,979,843 thousand compared to that of 2020 at NT$49,401,40 thousand.

4. Cash flow ratio & Cash flow Adequacy ratio & Cash reinvestment ratio:
   (1) The cash flow ratio for the current period is -16.87, a change of 128.59% over the same period of last year's 59.01.
   This is mainly due to the sales activities of net cash flow decreased by NT$44,925,199 and current liabilities increased by NT$11,534,446 thousand compared with those of last year.
   (2) The cash flow adequacy ratio for the current period is 67.31, a change of 31.53% over the same period of last year's 98.81.
   This is mainly due to the cash flow of recent 5 years (2018-2022) operating activities decreased by NT$90,598,384 thousand compared with that of last year (2017-2021).
   (3) The cash reinvestment ratio for the current period is -6.65, a change of 280.22% over the same period of last year's 3.69.
   This is mainly due to the amount of 2022dividends increased by NT$30,577,125 compared with that of last year.

5. Operating leverage：
   The operating leverage for the current period is 8.74, a change of 446.25% over the same period of last year's 1.60; the change is mainly due to operating income in 2022 of NT$ 4,854,744 thousand, which decreases by NT$49,748,514 thousand compared to that of 2021 at NT$54,603,258 thousand.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements (including consolidated and Stand-alone statements), and Proposal for Profits Distribution. The CPA firm of Ernst & Young has audited the Financial Statements and 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 PETROCHEMICAL CORPORATION. According to the Article of the Securities and Exchange Act and Article of the Company Law, we hereby submit this report.

FORMOSA PETROCHEMICAL CORPORATION.
Chairman of the Audit Committee: C.P Chang

February 24th, 2023

VII. Financial Status, Operating Results and Risk Management

1. Comparative Analysis and Explanation of the Company's Financial Position (The reasons for, and impact of, any significant change over the most recent two fiscal years in its assets, liabilities, or equity. Where the impact is significant, describe further how the company plans to respond.).

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	267,202,843	289,585,609	-22,382,766	-7.73
Non-current assets	154,578,625	169,171,499	-14,592,874	-8.63
Total Assets	421,781,468	458,757,108	-36,975,640	-8.06
Current liabilities	69,784,532	57,922,472	11,862,060	20.48
Non-current liabilities	34,711,571	39,067,548	-4,355,977	-11.15
Total Liabilities	104,496,103	96,990,020	7,506,083	7.74
Common stock	95,259,597	95,259,597	0	0.00
Capital surplus	31,421,269	31,420,682	587	0.00
Retained earnings	173,046,953	194,466,552	-21,419,599	-11.01
Other Equity	12,760,615	36,267,637	-23,507,022	-64.82
Non-controlling Equity	4,796,931	4,352,620	444,311	10.21
Total Equity	317,285,365	361,767,088	-44,481,723	-12.30
1. Current assets decreased by NT$22,382,766 thousand from the prior period, which was mainly due to: Cash and cash equivalents decreased by NT$27,961,672 thousand; Other account receivables (including from related parties) increased by NT$4,695,649 thousand. 2. Non-current assets decreased by NT$14,592,874 thousand from the prior period, the main reasons are: Financial assets at fair value through other comprehensive income - non-current decreased by NT$9,123,559 thousand and property, plant and equipment decreased by NT$5,153,588 thousand. 3. Current liabilities increased by NT$11,862,060 thousand from the prior period due to: Short-term loan increased by NT$6,407,527; Accounts payable decreased by NT$7,174,924; Short-term notes and bills payable increased by NT$16,400,000 thousand and Long-term liabilities due within one year or one business cycle increased by NT$3,350,000 thousand; tax liability for the current period decreased by NT$7,725,501 thousand. 4. Non-current liabilities decreased by NT$4,355,977 thousand from the prior period, the main reasons are: Bonds payable decreased by NT$3,350,000 thousand, Lease liabilities -non-current decreased by NT$587,439 thousand and Defined benefit pension liability -non-current decreased by NT$447,020 thousand.				

2. Analysis of Operating Performance

(1) The main reasons for any material change in operating revenues, operating income, or income before tax during the past two fiscal years:

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	%
Operating revenues	848,048,496	620,062,326	227,986,170	36.77
Cost of goods sold	831,832,945	554,282,477	277,550,468	50.07
Gross profit (loss)	16,215,551	65,779,849	-49,564,298	-75.35
Operating expenses	10,795,414	10,602,464	192,950	1.82
Operating income (loss)	5,420,137	55,177,385	-49,757,248	-90.18
Non-operating income and expenses	11,548,259	5,307,590	6,240,669	117.58
Income before income tax	16,968,396	60,484,975	-43,516,579	-71.95
Income tax expense (profit)	2,568,734	11,121,093	-8,552,359	-76.90
Net income	14,399,662	49,363,882	-34,964,220	-70.83
Analysis of increase or decrease in ratios: 1. Gross profit for the current period decreased by NT$49,564,298 thousand. The spread of petrochemical products and naphtha in 2022 is less then in 2021's. Mainly due to the effect of Zero-COVID lockdown policy in China, the weak demand of petrochemicals and coal cost increased then 2021's caused loss for power generation, resulting in a decrease in gross profit in 2022. 2. Operating profit was decreased by NT$49,757,248 thousand from the prior period due to the decrease of gross profit as aforementioned.				

(2) Sales volume forecast and its basis, and the effect upon the company's financial operations as well as measures to be taken in response:

The Company estimated the sales of gasoline in 2023 to reach 5,499 thousand KL, and the sales of diesel to reach 10,544 thousand KL. With respect to petrochemical products, depending on the downstream demand, the sales of ethylene are estimated to reach 2,547 thousand tons, and the sales of propylene to reach 2,186 thousand tons. With respect to utility liquid, the prioritized goal of the utility plants is to stabilize the supply of electricity and steam for satisfying the production requirement of plants. It is estimated that the full-year sales of electricity will amount to 10.7 billion kWh and the full-year sales of steam will amount to 13,899 thousand tons.

3. Analysis of Cash Flow

(1)Cash Flow Analysis in the last two years

Item \ Year	2022	2021	Difference (%)
Cash flow ratio (%)	-13.16%	61.33%	-74.49%
Cash flow adequacy ratio (%)	69.14%	97.65%	-28.51%
Cash flow reinvestment ratio (%)	-6.32%	3.97%	-10.29%

Analysis of increase or decrease in ratios:

(1) The decrease in cash flow ratio comparing with that in the prior period is the result of a minus of net cash flow from operating activities and an increase in current liabilities comparing with that in the prior period.

(2) The decrease in cash flow adequacy ratio comparing with that in the prior period is the result of a decrease in cash inflow from operating activities for the most recent five years comparing with that in the prior period.

(3) The decrease in cash reinvestment ratio comparing with that in the prior period is the result of an increase in cash dividends comparing with that in the prior period.

(2) Cash Flow Analysis in the next year

Unit: NT $thousands

Cash balance-beginning (1)	Net cash provided by operating activities (2)	Net cash used in investing and financing activities (3)	Cash balance (deficit) (1)+(2)-(3)	Remedy for insufficient cash	
				Investment plan	Financing plan
36,510,212	51,465,061	51,143,879	36,831,394	-	-

Analysis of changes in cash flow for the current fiscal year:

(1) Operating activities: Net cash inflow is estimated to be NT$51,465,061 thousand in 2023, mainly because company's stable profit earning, which generate net cash inflow from operating activities.

(2) Total cash outflow is estimated to be NT$51,143,879 in 2023. Of the amount:

1. Investment activities: The estimated cash outflow for 2023 is NT$20,926,205 thousand, mainly due to expenditures in investment such as project improvement and reinvestment expenses.
2. Financing activities: the estimated cash outflow in 2023 is NT$30,217,674 thousand, mainly due to the distribution of cash dividends and redemption of bonds.

4. The Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year:

The Company's primary capital expenditure is allocated to improve the Company's manufacturing processes. The main funding source is financial loans and the Company's own capital, and has no material impact on the Company's financial operations.

5. The Company's Reinvestment Policy for the Most Recent Fiscal year, and the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year:

The principle of the company’s reinvestment is always a long-term and strategical investment. The company will commit to binding the core business and sustainable development strategy, continuing to expand the markets.

The company reinvested 24 companies under the equity method and recognized profits of NT$502,143 thousand which less then previous year’s. Mainly due to the factors of soaring coal price and supply & demand of the product market. And caused losses to some of the reinvested companies. The company will keep monitoring and counseling with the reinvested companies to improve their financial structure and operating results.

All reinvested businesses information please refer to page 315 to 319.

6. Risks

6.1 The impact of Interest rate, exchange rate, and inflation rate changes on the company's revenue, as well as corresponding actions:

1. Interest Rate:
   In terms of long-term liabilities under floating interest rate basis (corporate bond included), the Company will carefully assess financial market conditions and consider the implementation of interest rate swap when the interest rate is relatively low to avoid interest rate fluctuation risks. The company strives to make sure the undertaking interest rate is below the estimated cost of capital of investment plans.
2. Exchange Rate Fluctuation:
   Insufficient foreign exchange funds in daily operations are addressed by making spot or forward foreign exchange purchases when the exchange rate is favorable. Long-term foreign exchange liabilities are addressed by implementing long-term forward foreign exchange contracts or exchange-for-exchange contracts when the exchange rate is relatively low to minimize the impact of exchange rates on profitability.
3. Inflation:
   According to Directorate of Budget, Accounting, and Statistics, Executive Yuan, the annual growth rate of consumer prices in 2022was 2.95%, and the annual growth rate of core consumer prices was 2.60%. The raise of raw materials and operation costs had significant influence on the Company's profitability. But we are expecting the inflation to be ease next year.

6.2 Policies on high risk, highly leveraged investments, loans to other parties, endorsements, and derivative trading policies, main reasons for profits or losses, and future response measures:

1. Investment under High Risks and Leverage:
   The company mainly invests in the petrochemical industry. The petrochemical industry is a mature and stable industry with low risks. The company has always maintained stable operations and a sound financial structure. It does not engage in any high leverage investment.
2. Lending of Capital:
   In principle, the company only issues loans to affiliated companies. The amount is in accordance with Article 15 of the Company Law and granted with the approval of the Board of Directors. Since the issuance of loans are mostly for short-term funding purposes, and the borrowers are subsidiaries and affiliated companies with strong financial operations, no bad debt loss has occurred.
3. Endorsement:
   The company only endorses and guarantees subsidiaries or affiliated companies. The endorsement is mostly for funding and import taxes. As affiliated companies have sound financial conditions and robust operations, there has never been a loss due to endorsement.
4. Derivative Product Transactions:
   The Company's various derivative commodity transactions are for the purpose of avoiding market risks caused by fluctuations in exchange rates and interest rates instead of arbitrage and speculation. Any of the implementation of derivative product transactions is based on not only relevant regulations and International Financial Reporting Standards (IFRS) promulgated by the competent authority, but also “Procedures for Derivatives Transaction Processing” and the “Foreign Exchange Trading and Risk Management Measures” defined by the Company.

6.3 Research and development projects to be carried out in the future and further expenditures expected for research and development work:

Unit: NT$ thousands

Item	Description	Schedule (Estimated date of completion)	Estimated Expenditure
The assessment of catalyst recipe for RCC LCO production rate that reaches 20wt%	In 2023, the demand for diesel transportation will increase. The production of LCO remains favorable. Therefore, in addition to the operation strategy, the feasibility of LCO production increase and optimization of catalyst recipe is assessed.	2023.7.31	1,500
The high level contoller performance improvement in OL-1 and OL-2 plant.	The Company collects long-term operational data of the cracking furnace and each tower, uses AI big data analysis technology to identify key variables for operational optimization, introduces Aspen's dynamic matrix control software (DMC3: Dynamic Matrix Control), and develops cracking furnace and tower operation optimization module combining with factory operation data, so as to achieve stable quality control, increase product recycling and reduce energy consumption.	2023.06.30 2025.12.31	56,231 59,640
Operation and quality optimization of the butadiene extractive distillation tower in OL-2 plant	In line with the Company’s policy of artificial intelligence application, AI technology will be used to establish a steady-state and dynamic physical model, achieve stable process control and reduce energy consumption, and provide the best operation guidelines, which is expected to save steam by 1.2 tons/hour.	2023.06.30	7,850

Item	Description	Schedule (Estimated date of completion)	Estimated Expenditure
Improving the internal extraction plate of BTX separation tower (C-730) in OL-2 plant.	The separation efficiency of the extraction plate in C-730 tower is not good, and the C8 content at the bottom of the tower is too high. After review and simulation, it is confirmed that the feed composition has greatly deviated from the original design, which makes the efficiency of the existing valve extraction plate insufficient to effectively separate the feed in the current feed composition. We have entrusted the manufacturer of the extraction plate to make an evaluation, which shows when the extraction plate in the tower is replaced with a high-efficiency extraction plate, or other components with the same efficiency, pyrolysis gasoline can increase by 3,200 tons/year by estimation.	2023.12.31	14,286
Add the smart control of first distillation tower in the isoprene plant	To be in line with the Company's policy of implementing AI application, the steady-state and dynamic physical models were established using big data analysis technology to optimize the operation and quality of the first distillation tower to ensure stable process control and increase isoprene yield to provide the best operation guidance. As a result, isoprene yield is estimated to increase by 230 tons/year.	2023.12.31	11,340

Item	Description	Schedule (Estimated date of completion)	Estimated Expenditure
Add E-130 Organic Rankine Cycle (ORC) generator in OL-2 plant.	After collecting the continuous discharged water by the cracking furnace steam drum to V-120, the discharged water is routed to super high pressure emitted water cooler E-130 and cooled down to 65°C for the use in C-340 water cleaning section. As the continuous discharged water system temperature is as high as 196°C and is still recyclable and reusable, the Company plans to add the ORC generator to recycle energy and reduce the heat load of cooling water. It is estimated to generate 222kw power.	2023.123.31	37,719

6.4 Risk Impact and Mitigation Efforts Associated with Changes in the Government Policies and Regulatory Environment:

The Company closely monitors all domestic and foreign governmental policies and regulations that might impact the Company's business and financial operations and arranges personnel to receive professional training as needed. During the period of 2022 to February 28th, 2023, the changes or developments in governmental policies and regulations are as below:

On October 21st, 2021, the Environmental Protection Administration of the Executive Yuan announced the amendment of the "Climate Change Response Law". And the law passed its third reading in the Legislative Yuan on January 10th, 2023. The key points of the amendment include the incorporation of the 2050 net zero emission target, strengthening emission control and incentive mechanisms to promote carbon reduction, levying special carbon fees, and build up carbon footprints management mechanisms and product labeling. The Company will continue to monitor the progress and cooperate accordingly.

6.5 Risks and the measure to respond associated with Changes in Technology and Industry: The Company is in a mature industry, and the change in technology and industry have no significant impact on the company's finance and business. The

Company will carefully monitor market trends and assesses the impact they may have on the company's operations. For the implemented measures and management of cyber security risks, please refer to “V. Operations Overview, 6. Cyber Security Management”.

6.6 Changes in Corporate Image and Impact On Company’s Crisis Management:

FPCC adheres to the business philosophy of "Diligence, Perseverance, Frugality and Trustworthiness, To Aim at the Sovereign Good, Perpetual Business Operation, and Dedication to the Society" and establishes a good corporate image. In the future, the Company will continue to implement the concept, strive for excellence, and make greater contributions to the society.

6.7 Expected benefit, possible risk and the measure to respond associated with Mergers and Acquisitions: None.

6.8 Expected benefit, possible risk and the measure to respond associated with expansion of the plant: None.

6.9 Expected benefit, possible risk and the measure to respond associated with Sales Concentration and Purchase Concentration:

(1) Purchase: The type of raw materials used in the Company's refining oil plants and light-oil crackers are mainly crude oil and naphtha oil procured from major oil-producing countries in the Middle East. The production of oil in the region is affected occasionally by turmoil, and this puts the Company at the risk of interrupted oil supply and cause the concern of unstable oil source and prices. Because of the Company's superior refining technologies and sufficiently flexible manufacturing processes, the Company can prevent unstable crude oil supply and control the procurement cost by taking measures to purchase crude oil from various oil production counties. There are also long-term purchase contracts signed in place with overseas oil or coal suppliers to minimize risks.

(2) Sales: The Company makes sales with a variety of business contacts and from a variety of areas. In 2022, domestic sales accounted for 53% of the total and overseas sales accounted for 47% of the total. Domestic sales are made mainly from signing contracts with customers, so the condition is stable. Overseas sales are made in areas such as South East Asia, Korea, Australia, Europe, and America and are dependent on the production and sales condition of regional refining plants as well as the international market status. The petrochemical products are mainly sold to companies located in the Sixth Naphtha Cracker Zone, so the risk is low. Unused electricity generated from utility plants is sold back to Taiwan Power Company in accordance with contract agreements, so the risk is also low.

6.10 Potential Impact and Risks Associated with Sales of Significant Numbers of

Shares by FPCC's Directors, Supervisors, and/or Major Shareholders Who Own 10% or More of FPCC's Total Outstanding Shares: None.

6.11 Risks Associated with Change in Management: None.

6.12 Major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any Director, Supervisor, the General Manager, the substantial person in charge, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still ongoing, where such a dispute could materially affect shareholders' equity or the prices of the company's securities, disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

After assessment, the Company's ongoing litigation cases will not cause significant impact on shareholders' equity or securities prices; however, the main litigation cases are disclosed here for the purpose of information disclosure as follows:

(1) Counterparty of litigation: Environmental Protection Bureau of Tainan City Government
Summary: The Company's by-product, lime, was illegally recognized as industrial waste by the Environmental Protection Bureau of Tainan City Government, a fine had been imposed and the company was required to improve within a time limits. The case is currently reviewed by the Supreme Administrative Court.
The amount at stake involved in the legal dispute: The total amount of penalty is NT$141,960 thousands.

(2) Counterparty of litigation: Shu-Fen Chang and other 74 residents of Taixi Township.
Summary: The counterparty sued against the Company for the cause that gas emission from the Sixth Naphtha Cracker plants was thought to lead to carcinogenic harm. The Taiwan Yunlin District Court ruled to suspend the case and currently is mediating by the County government for three times. The decision of the county government will be discussed after the judgment of the Yunlin District Court in this case.
The amount of money at stake in the dispute: NT$70,170 thousands.

(3)Counterparty of litigation: Lin Zhiming, Lin Juncheng.
Summary: The counterparty believed that gas emissions from Sixth Naphtha

Cracker Zone has caused illness and cancer. Yunlin District Court (court of first instance) ruled in favor of us, and the counterparty appealed against it. Currently, the appeal is being heard by Taiwan High Court Tainan Branch Court (court of second instance).

The amount of money at stake in the dispute: NT$ 6,660,000.

(4)Counterparty of litigation: Lin Baiying and others (20 people in total)

The counterparty believed that gas emission from the Sixth Naphtha Cracker plants lead to carcinogenic harm. The case is currently being heard by Taiwan High Court Tainan Branch Court.

The amount of money at stake in the dispute: NT$ 28,600,000.

(5)Counterparty of litigation: TIPC Port of Keelung

Summary: The company's East 15 Wharf collapsed, and the port company requested compensation for damages. The case is currently being heard by Keelung District Court (court of first instance).

The amount of money at stake in the dispute: NT$116,790,000.

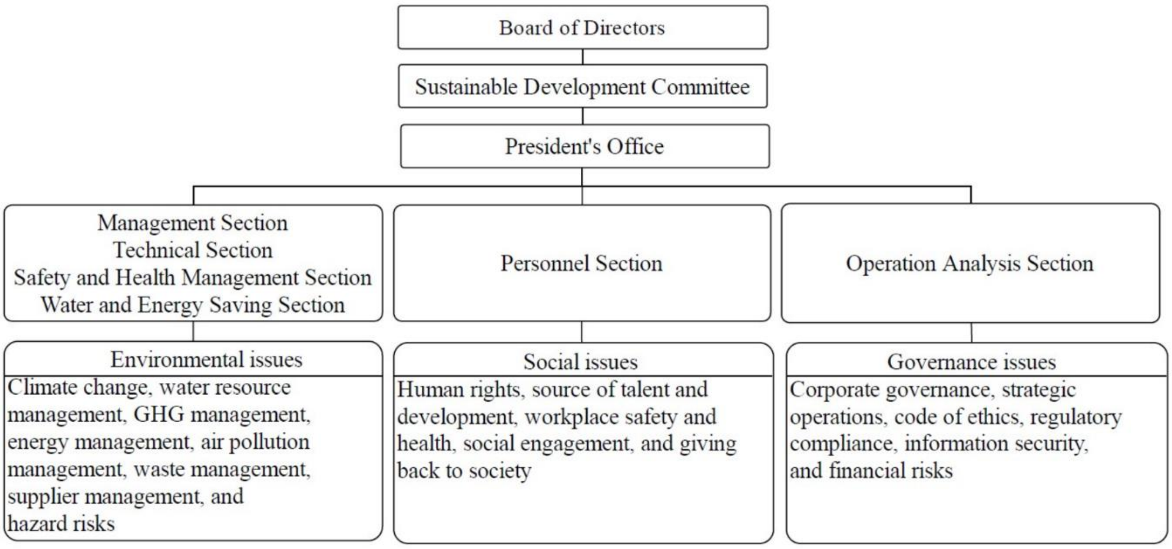
6.13 Risks and the measure to respond associated with climate changes:

In recent years, risk control related to climate change became has led the global trend. In Taiwan, amendments were made to policies and regulations for the promotion of energy transformation. Social responsibilities such as carbon emission reduction and pollution control have become the implementation targets of enterprises. The Company keeps abreast of global environmental protection trends and the government's policy development at all times. Currently, except for actively promoting the application of AI in production and introducing the latest pollution prevention equipment so as to reinforce our conduct of energy-saving, water conservation, and carbon emission reduction, we had also commenced the evaluation on the feasibility of renewable and natural gas power plant constructions.

6.14 Other Important Risks and the measure to response：Information Security Risk Assessment

1. The Company's risk management framework

According to the Company’s “Risk Management Measures”, the Company’s risk management, in which the Board of Directors is the highest decision-making and supervisory body, is responsible for approving the Company’s risk management policies and related measures and overseeing the implementation of various risk management systems and the effective operation of its mechanisms. In May 2022, the board of directors approved to establish the Sustainable Development Committee, and designated the President’s Office as the Staff Operations Department which is responsible for promoting and monitoring the implementation of various risk management activities, and the risk is divided into environmental (E), social (S) and corporate governance (G) issues, each divided functional team is responsible for formulating relevant risk management strategies.



2. The Company's implementation of risk management and information communication in 2022

   Weekly meetings are held every week to discuss and evaluate the Company's operating status, including various risk issues.
   The Board meets at least quarterly to review and evaluate the Company’s strategies, policies and procedures on sustainable development topics and include risk management issues in the agenda for discussion, such as the long-term strategic goals in response to climate change, energy saving and carbon reduction strategies, medium and long-term vision, annual energy saving and carbon reduction performance, green production and green product planning as disclosed in the Sustainability Report, and communicates with stakeholders annually.
   Report risk management operation status to the board of directors at least once a year. The latest report date is May 31, 2022.

7. Other Important Matters: None

VIII. Other Special Notes

1. Related Information of FPCC's Subsidiary

1.1 Summary of FPCC's Subsidiary:

1.1.1 Subsidiary Chart :(As of December 31st, 2022)

Formosa Petrochemical Corporation
The person in charge: Bao-Lang Chen

Formosa Oil (Asia Pacific) Corp.
P.I.C：Mihn Tsao
(Legal Rep. of FPCC)
Shareholding Ratio: 100%
Number of shares held：
100,000 thousand
Investment Cost：
NTD1,098 million

Formosa Petrochemical Transportation Corp.
P.I.C：Chen-Ching Huang
(Legal Rep. of FPCC)
Shareholding Ratio: 88%
Number of shares held：
19,378 thousand
Investment Cost：
NTD176 million

FG INC
Directors：Keh-Yen Lin, Wei-Keng Chien
Shareholding Ratio: 57%
Number of shares held: 11.4 thousand
Investment Cost: USD214,890 thousand

FPCC USA,INC.
P.I.C: Bao-Lang Chen
(Legal Rep. of FPCC)
Shareholding Ratio: 100%
Number of shares held: 10 thousand
Investment Cost: USD 53,510 thousand

FPCC DILIGENCE, INC.
Directors: Bao-Lang Chen, Te-Hsiung Hsu
Shareholding Ratio: 100%
Number of shares held: 1
Investment Cost: USD 29,734 thousand

FPCC MAJESTY, INC.
Directors: Bao-Lang Chen, Te-Hsiung Hsu
Shareholding Ratio: 100%
Number of shares held: 1
Investment Cost: USD 36,305 thousand

FPCC NATURE, INC.
Directors: Bao-Lang Chen, Te-Hsiung Hsu
Shareholding Ratio: 100%
Number of shares held: 1
Investment Cost: USD 37,450 thousand

53.80% 15.69%

Whale Home International Corp.
P.I.C: Chun-Te Li
Shareholding Ratio: 69.49%
Number of shares held:
21,263 thousand
Investment Cost：NTD 216 million

FG LA LLC
Director: Keh-Yen Lin
(Legal Rep. of FPCC)
Shareholding Ratio: 100%
Number of shares held: -
Investment Cost:
USD 369,146 thousand

Note 1: Prepared in accordance with the provisions of Article 369-2 of the Company Law.

Note 2: If the currency is not noted, the unit is NTD.

1.1.2 Subsidiary Information:

Unit: NT$ thousands, USD thousands

Subsidiaries	Date of Incorporation	Address	Capital Stock	Main Business
Formosa Oil (Asia Pacific) Corporation	1999.04.01	5F., No. 201-34, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 1,000,000	Retail of oil products
Formosa Petrochemical Transportation Corporation	1999.02.05	No. 42, Biaofu Rd., Mailiao Township, Yunlin County 638, Taiwan (R.O.C.)	NTD 220,200	Transportation
Whale Home International Corporation	1997.12.08	No. 294, Xinshu Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	NTD 306,000	Retail of oil products
FPCC USA, INC.	2006.03.31	1235 North Loop West, Suite 930, Houston, Texas 77008	USD 53,510	Oil drilling
FG INC	2017.04.17	Corporation Trust Center,1209 Orange Street, Wilmington, New Castle County, Delaware 19801	USD 377,000	Investing
FG LA LLC	2017.04.17	301 Main Street Suite 2000 Baton Rouge, LA 70825	USD 369,146	Petrochemical products manufacturing & selling
FPCC DILIGENCE Corp.	2020.03.20	80 Broad Street, Monrovia, Liberia.	USD 44,405	Ship chartering
FPCC MAJESTY Corp.	2020.03.20	80 Broad Street, Monrovia, Liberia.	USD 54,219	Ship chartering
FPCC NATURE Corp.	2020.03.20	80 Broad Street, Monrovia, Liberia.	USD 55,929	Ship chartering

1.1.3 Shareholders in Common of FPCC and Its Subsidiary with Deemed Control and Subordination: None.

1.1.4 Business Scope of FPCC's Subsidiary

The subsidiary overall is engaged in petrochemical, retail of oil products, transportation, drilling and vessel rental. Formosa Oil (Asia Pacific) Corporation and Whale Home International Corporation sales the production of various oil products from FPCC; Formosa Petrochemical Transportation Corporation carries the production of oil and petrochemical products from FPCC such as gasoline, diesel, LPG, butadiene; FPCC USA, INC. engages the investment in the drilling of crude oil.

1.1.5 Directors, Supervisors and Presidents of NTC's Subsidiaries (As of March 31st, 2023)

Unit: shares；%

Name of Subsidiary	Title	Name or Representative	Shareholding	
			Shares	%
Formosa Oil (Asia Pacific) Corporation	Chairman	FPCC(Mihn Tsao)	100,000,000	100
	Director	FPCC (Welfred Wang)	100,000,000	100
	Director	FPCC (Ruey-Yu Wang)	100,000,000	100
	Director	FPCC (Keh-Yen Lin)	100,000,000	100
	Director	FPCC (Te-Hsiung Hsu)	100,000,000	100
	Supervisor	FPCC (Fu-Jen Ho)	100,000,000	100
Formosa Petrochemical Transportation Corporation	Chairman	FPCC (Chen-Ching Huang)	19,377,600	88
	Director	FPCC (Keh-Yen Lin)	19,377,600	88
	Director	FPCC (Ho-Chi Chen)	19,377,600	88
	Director	FPCC (Te-Hsiung Hsu)	19,377,600	88
	Director	FPCC (Ying-Han Wu)	19,377,600	88
	Supervisor	FPC (Fu-Jen Ho)	2,642,400	12

(Continued)

Name of Subsidiary	Title	Name or Representative	Shareholding	
			Shares	%
Whale Home International Corporation	Chairman	Chun-Te Li	2,255,220	7.37
	Director	Hui-Chen Ho	1,033,260	3.38
	Director	Chin-Hui Chen	850,680	2.78
	Director	Formosa Oil Corp. (Keh-Yen Lin)	16,462,820	53.80
	Director	Formosa Oil Corp. (Te-Hsiung Hsu)	16,462,820	53.80
	Director	Formosa Oil Corp. (He-Chi Chen)	16,462,820	53.80
	Director	Formosa Oil Corp. (Wen-Hsien Hsu)	16,462,820	53.80
	Director	Formosa Oil Corp. (Joe Chujuan)	16,462,820	53.80
	Director	Formosa Oil Corp. (Yun-Wen Liao)	16,462,820	53.80
	Director	Formosa Oil Corp. (Ying-Han Wu)	16,462,820	53.80
	Supervisor	Chia-Cheng Chien	2,067,540	6.76
	Supervisor	Chien-Tang Tsai	0	0
	President	He-Chi Chen	0	0
FPCC USA, INC.	Director	FPCC (Bao-Lang Chen)	10,000	100
FG INC	Director	Keh-Yen Lin	0	0
	Director	Wei-Keng Chien	0	0
FG LA LLC	Director	FG INC (Keh-Yen Lin)	0	100

(Continued)

Name of Subsidiary	Title	Name or Representative	Shareholding	
			Shares	%
FPCC DILIGENCE Corp.	Director	FPCC (Te-Hsiung Hsu)	1	100
	Director	FPCC (Chien-Tang Tsai)	1	100
FPCC MAJESTY Corp.	Director	FPCC (Te-Hsiung Hsu)	1	100
	Director	FPCC (Chien-Tang Tsai)	1	100
FPCC NATURE Corp.	Director	FPCC (Te-Hsiung Hsu)	1	100
	Director	FPCC (Chien-Tang Tsai)	1	100

1.1.6 Operations overview (As of December 31st, 2022)

Unit: NT$ thousands

Name of Subsidiary	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	Earnings per share (NT$)
Formosa Oil (Asia Pacific) Corp.	1,000,000	6,622,394	4,756,513	1,865,881	17,178,441	237,876	332,155	3.32
Formosa Petrochemical Transportation Corp.	220,200	507,760	145,775	361,985	428,329	54,862	48,116	2.19
Whale Home International Corp.	306,000	357,216	27,447	329,769	14,913	10,997	8,517	0.28
FPCC USA, Inc.	1,643,178	2,118,768	75,561	2,043,207	565,244	323,250	720,480	72,048.03

Name of Subsidiary	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	Earnings per share (NT$)
FG INC	11,576,916	11,054,634	0	11,054,634	0	-28,972	-64,352	-3,217.70
FG LA LLC	11,335,735	10,771,064	3,283	10,767,781	0	-54,653	-54,857	-
FPCC DILIGENCE Corp.	1,363,600	3,542,502	3,667,432	-124,930	608,699	33,027	36,881	36,880,526.39
FPCC MAJESTY Corp.	1,664,971	1,820,551	0	1,820,551	0	0	53,770	53,769,769.11
FPCC NATURE Corp.	1,717,453	1,879,649	0	1,879,649	0	0	56,123	56,123,726.29

Note : Foreign exchange rate for financial statement of foreign affiliates is calculated as follows: For balance sheet - based on the exchange rate on December 31st, 2022, US$1 = NT$30.708; for income statement - based on the average exchange rate of 2022, US$1 = NT$29.8516.

1.2 Consolidated financial statements of affiliated companies: The same as the consolidated financial statements.

1.3 Affiliation Report: Not applicable.

2. Where the Company Has Carried Out a Private Placement of Securities during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report, Disclose the Date on Which the Placement Was Approved by the Board of Directors or by a Shareholders' Meeting, the Amount Thus Approved, the Basis for and Reasonableness of the Pricing, the Manner in Which the Specified Persons Were Selected, the Reasons Why the Private Placement Method Was Necessary, the Targets of the Private Placement, Their Qualifications, Subscription Amounts, Subscription Price, Relationship with the Company, Participation in the Operations of the Company, Actual Subscription (or Conversion) Price, the Difference between the Actual Subscription (or Conversion) Price and the Reference Price, the Effect of the Private Placement on Shareholders'

Equity, and, for the Period from Receipt of Payment in Full to the Completion of the Related Capital Allocation Plan, the Status of Use of the Capital Raised through the Private Placement of Securities, the Implementation Progress of the Plan, and the Realization of the Benefits of the Plan: Not applicable.

3. Holding or Disposal of the Company's Shares by Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

4. Other Matters that Require Additional Description: None.

5. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, and Has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
For The Years Ended
December 31, 2022 And 2021
Report of Independent Auditors

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Representation letter

The entities that are required to be included in the combined financial statements of Formosa Petrochemical Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Formosa Petrochemical Corporation and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Formosa Petrochemical Corporation
Chairman: Chen, Bao Lang
Date: February 24, 2023

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Stockholders of
Formosa Petrochemical Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Formosa Petrochemical Corporation (the "Company") and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue is primarily driven by refining and sales of petroleum. The Company recognized operating revenues of NT$848,048,496 thousand during 2022, which was a significant and material amount in terms of financial performance and earning distribution. Therefore, revenue recognition is determined as a key audit matter.

The audit procedures we performed regarding revenue recognition included but not limited to: evaluate the appropriateness of the accouting policies for revenue recognition; understand the transaction process and perform tests of control on the effectiveness of control points; inspect the terms of transaction to ensure obligation of customers contract and the appropriate timing of revenue recognition; obtain confirmation letter on revenue from the Company's and its subsidiaries' top 10 customers that are related parities; understand nature and rationality of transactions with the Company's and its subsidiaries' newly added top 10 customers, inspect the source document and proof of the accounts receivable collection, and confirm that the remitters match the customers; for a period before and after the balance sheet date, select significant sales and sales return transactions and inspect the supporting document to ensure proper cut off.

We also consider the appropriateness of the revenue disclosure included in note 4 and note 6.15 of the notes to the consolidated financial statements.

Valuation of inventories

As of December 31, 2022, the inventories amounted to NT$86,407,870 thousand, representing 20% of total assets, which was significant to the financial statements. Inventories consists of raw materials, finished goods and work in process which were measured at the lower of cost or net realizable value. As the fluctuation of material prices such as crude oil, could lead to value fluctuation of inventories, resulting in complex calculation of measurement of the lower of cost or net realizable value, therefore, valuation of inventories is identified as a key audit matter.

The audit procedures we performed regarding inventories valuation included but not limited to: evaluate the appropriateness of the accouting policies for inventories valuation; understand the transaction process and perform tests of control on the effectiveness of control points; inspect year-end inventory counting plan and observe the physical inventory count to verify the accuracy of inventory volume; test that inventory pricing correctly used weighted average method; perform tests on the net realizable value used by the management to verify its accuracy.

We also consider the appropriateness of inventories disclosure included in note 4 and note 6.6 of the notes to the consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$5,482,223 thousand and NT$4,343,656 thousand, both representing 1% of consolidated total assets as of December 31, 2022 and 2021. The related shares of profit or loss of the associates and joint ventures under the equity method amounted to NT$178,728 thousand and NT$27,329 thousand, representing 1% and 0% of the consolidated net income before tax for the years ended December 31, 2022 and 2021, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to NT$104,800 thousand and NT$(32,538) thousand, representing (0)% and (1)% of the consolidated other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries 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 financial reporting process of the Company and its subsidiaries.

Auditor’s 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 auditor’s 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 auditing standards 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 auditing standards, we exercise professional judgment and maintain 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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 auditor’s report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries 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 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Lin, Li Huang
Fuh, Wen Fun
Ernst & Young, Taiwan
February 24, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND DECEMBER 31, 2021

(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2022 NTD	December 31, 2021 NTD
CURRENT ASSETS			
Cash and cash equivalents	4 & 6.1 & 12	$36,510,212	$64,471,884
Financial assets at fair value through profit or loss－ current	4 & 6.2 & 12	1,562,720	3,793,036
Financial assets at fair value through other comprehensive income － current	4 & 6.3 & 12	49,399,806	64,063,441
Financial assets for hedging － current	4 & 6.4 & 12	829	39,957
Notes receivable, net	4 & 6.5 & 12	387	2,559
Notes receivable due from related parties, net	4 & 6.5 & 7 & 12	1,745,581	1,657,301
Accounts receivable, net	4 & 6.5 & 12	26,202,846	19,779,444
Accounts receivable due from related parties, net	4 & 6.5 & 7 & 12	27,022,831	29,416,464
Finance lease receivables, net	4 & 6.17 & 7 & 12	337,638	293,244
Other receivables (including from related parties)	7 & 12 & 13	15,875,104	11,179,455
Inventories	4 & 6.6	86,407,870	72,713,154
Prepayments	6.7	21,557,153	21,583,004
Other current assets	8	579,866	592,666
Total current assets		267,202,843	289,585,609
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income － non-current	4 & 6.3 & 12	10,566,574	19,690,133
Investments accounted for using the equity method	4 & 6.8	28,678,842	29,961,163
Property, plant and equipment	4 & 6.9 & 7	92,779,585	97,933,173
Mineral resources	4	1,073,031	973,536
Right-of-use assets	4 & 6.17 & 7	4,863,787	5,427,176
Investment property	4 & 6.10	395,343	392,331
Deferred tax assets	4 & 6.21	3,817,736	3,060,937
Long-term finance lease receivable, net	4 & 6.17 & 7 & 12	2,340,191	2,429,423
Other non-current assets, others	4 & 6.10	10,063,536	9,303,627
Total non-current assets		154,578,625	169,171,499
TOTAL ASSETS		$421,781,468	$458,757,108

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND DECEMBER 31, 2021

(Expressed in Thousands of Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022 NTD	December 31, 2021 NTD
CURRENT LIABILITIES			
Short-term loans	6.11 & 12	$6,582,392	$174,865
Short-term notes and bills payable	6.11 & 12	16,400,000	-
Contract liabilities — current	4 & 6.15	72,304	67,184
Notes payable	12	6,613	6,693
Accounts payable	12	15,878,056	23,052,980
Accounts payable to related parties	7 & 12	3,721,264	3,615,713
Other payables	12	18,444,087	18,173,493
Other payables to related parties	7 & 12	144,497	227,154
Current tax liabilities	4 & 6.21	3,348,403	11,073,904
Current lease liabilities	4 & 6.17 & 7 & 12	1,153,656	1,114,710
Current portion of long-term liabilities	6.12 & 12	3,350,000	-
Other current liabilities, others	9	683,260	415,776
Total current liabilities		69,784,532	57,922,472
NONCURRENT LIABILITIES			
Bonds payable	6.12 & 12	25,850,000	29,200,000
Deferred tax liabilities	4 & 6.21	68,198	22,834
Non-current lease liabilities	4 & 6.17 & 7 & 12	3,930,099	4,517,538
Defined benefit pension liability	4 & 6.13	4,643,424	5,090,444
Other non-current liabilities, others		219,850	236,732
Total non-current liabilities		34,711,571	39,067,548
TOTAL LIABILITIES		104,496,103	96,990,020
EQUITY			
Capital stock			
Common stock	4 & 6.14	95,259,597	95,259,597
Capital surplus		31,421,269	31,420,682
Retained earnings			
Legal reserve		77,839,238	72,937,151
Special reserve		3,033,784	3,033,784
Unappropriated earnings		92,173,931	118,495,617
Total retained earnings		173,046,953	194,466,552
Other equity		12,760,615	36,267,637
Non-controlling interests	6.14	4,796,931	4,352,620
TOTAL EQUITY		317,285,365	361,767,088
TOTAL LIABILITIES AND EQUITY		$421,781,468	$458,757,108

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars, Except for Earnings per Share)

	Notes	For the Year Ended December 31, 2022 NTD	For the Year Ended December 31, 2021 NTD
OPERATING REVENUES	4 & 6.15 & 7	$848,048,496	$620,062,326
OPERATING COSTS	4 & 6.6 & 6.18 & 7	831,832,945	554,282,477
GROSS PROFIT		16,215,551	65,779,849
OPERATING EXPENSES	4 & 6.13 & 6.16 & 6.18 & 7		
Selling and marketing		5,918,811	5,379,248
General and administrative		4,431,371	4,739,947
Research and development		406,561	310,509
Expected credit losses (gains)		38,671	172,760
Total operating expenses		10,795,414	10,602,464
OPERATING INCOME		5,420,137	55,177,385
NON-OPERATING INCOME AND EXPENSES			
Interest income	6.19 & 7	471,265	343,796
Other income	6.19 & 7	6,577,703	3,636,029
Other gains and losses	6.19 & 7	5,744,415	1,210,774
Financial costs	6.19 & 7	(556,891)	(376,204)
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 & 6.8	(688,233)	493,195
Total non-operating income and expenses		11,548,259	5,307,590
INCOME BEFORE INCOME TAX		16,968,396	60,484,975
INCOME TAX EXPENSE	4 & 6.21	2,568,734	11,121,093
NET INCOME		14,399,662	49,363,882
OTHER COMPREHENSIVE INCOME (LOSS)	6.8 & 6.20		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		424,581	(484,089)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(23,727,924)	5,592,639
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		(2,012,498)	1,055,736
Income tax (benefit) expense relating to items that will not be reclassified		84,917	(96,818)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		1,579,937	(417,323)
Gains (losses) on hedging instrument		(39,128)	(125,284)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		1,179,116	(339,013)
Income tax (benefit) expense relating to items that may be reclassified		(7,826)	(24,234)
Total other comprehensive income (loss) for the period, net of income tax		(22,673,007)	5,403,718
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$(8,273,345)	$54,767,600
NET INCOME ATTRIBUTABLE TO:			
Shareholders of the parent		$14,421,560	$49,401,403
Non-controlling interests		(21,898)	(37,521)
		$14,399,662	$49,363,882
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the parent		$(8,721,556)	$54,933,674
Non-controlling interests		448,211	(166,074)
		$(8,273,345)	$54,767,600
EARNINGS PER SHARE (NTD)			
Earnings per share — basic/diluted	4 & 6.22		
Continuing operating income before tax		$1.76	$6.35
Net Income		$1.51	$5.19

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars)

	Equity Attributable to Shareholders of the Parent										
			Retained Earnings			Other Component of Equity					
New Taiwan Dollars	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized gains (losses) from Equity Instruments Investments measured at Fair Value through Other Comprehensive Income	Gains (losses) on Hedging Instruments	Total Parent Equity	Non-controlling Interests	Total Equity
Balance as of January 1, 2021	$95,259,597	$31,418,849	$72,190,485	$3,033,784	$75,841,731	$(1,159,494)	$31,383,392	$133,015	$308,101,359	$4,525,709	$312,627,068
Appropriation of 2020 earnings:											
Legal reserve	-	-	746,666	-	(746,666)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,620,316)	-	-	-	(5,620,316)	-	(5,620,316)
Other change in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	1,496	-	-	-	-	-	-	1,496	-	1,496
Other changes in capital surplus	-	337	-	-	-	-	-	-	337	-	337
Net income (loss) for the year ended December 31, 2021	-	-	-	-	49,401,403	-	-	-	49,401,403	(37,521)	49,363,882
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(391,156)	(628,169)	6,646,228	(94,632)	5,532,271	(128,553)	5,403,718
Total comprehensive income (loss)	-	-	-	-	49,010,247	(628,169)	6,646,228	(94,632)	54,933,674	(166,074)	54,767,600
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,015)	(7,015)
Disposal of equity instruments investments designated at fair value through other comprehensive income	-	-	-	-	10,621	-	(12,703)	-	(2,082)	-	(2,082)
Balance as of December 31, 2021	$95,259,597	$31,420,682	$72,937,151	$3,033,784	$118,495,617	$(1,787,663)	$38,016,917	$38,383	$357,414,468	$4,352,620	$361,767,088
Balance as of January 1, 2022	$95,259,597	$31,420,682	$72,937,151	$3,033,784	$118,495,617	$(1,787,663)	$38,016,917	$38,383	$357,414,468	$4,352,620	$361,767,088
Appropriation of 2021 earnings:											
Legal reserve	-	-	4,902,087	-	(4,902,087)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(36,198,647)	-	-	-	(36,198,647)	-	(36,198,647)
Other change in capital surplus:											
Other changes in capital surplus	-	587	-	-	-	-	-	-	587	-	587
Net income (loss) for the year ended December 31, 2022	-	-	-	-	14,421,560	-	-	-	14,421,560	(21,898)	14,399,662
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	347,435	2,289,875	(25,749,124)	(31,302)	(23,143,116)	470,109	(22,673,007)
Total comprehensive income (loss)	-	-	-	-	14,768,995	2,289,875	(25,749,124)	(31,302)	(8,721,556)	448,211	(8,273,345)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	(3,900)	(3,900)
Disposal of equity instruments investments designated at fair value through other comprehensive income	-	-	-	-	10,053	-	(10,053)	-	-	-	-
Removal of share of cash flow hedging reserves for associates	-	-	-	-	-	-	-	(6,418)	(6,418)	-	(6,418)
Balance as of December 31, 2022	$95,259,597	$31,421,269	$77,839,238	$3,033,784	$92,173,931	$502,212	$12,257,740	$663	$312,488,434	$4,796,931	$317,285,365

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	NTD	NTD
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$16,968,396	$60,484,975
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and depletion	15,018,168	12,987,372
Amortization	1,227,768	1,512,337
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(192,014)	95,475
Interest expense	556,891	376,204
Interest income	(471,265)	(343,796)
Dividends income	(4,170,524)	(1,478,861)
Share of loss (profit) of associates and joint ventures accounted for using equity method	688,233	(493,195)
(Gain) loss on disposal of property, plant and equipment	1,073	16,324
(Gain) loss on disposal of investment property	636	-
(Gain) loss on disposal of other assets	(584,021)	-
Impairment loss on non-financial assets	99,517	-
Reversal of impairment loss on non-financial assets	(4,224)	(26,767)
Other adjustments — (gain) loss on lease modifications	(1,304)	3,763
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable (including related parties)	(86,108)	(191,914)
Decrease (increase) in accounts receivable (including related parties)	(4,029,769)	(15,245,194)
Decrease (increase) in other receivables (including related parties)	(2,904,787)	(3,599,413)
Decrease (increase) in inventories	(13,694,716)	(25,675,748)
Decrease (increase) in prepayments	25,851	(11,212,546)
Decrease (increase) in other current assets	17,202	(17,594)
Increase (decrease) in contract liabilities	5,120	6,783
Increase (decrease) in notes payable	(80)	(1,342)
Increase (decrease) in accounts payable (including related parties)	(7,069,373)	15,985,475
Increase (decrease) in other payables	253,916	2,692,701
Increase (decrease) in other current liabilities	267,484	226,145
Increase (decrease) in defined benefit pension liability, net	(22,439)	(46,681)
Cash from operating activities	1,899,631	36,054,503
Income taxes received (paid)	(11,082,761)	(528,114)
Net cash provided by (used in) operating activities	(9,183,130)	35,526,389

The accompanying notes are an integral part of the financial statements.

(Forward)

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	NTD	NTD
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(12,000)	(1,472,648)
Proceeds from disposal of financial assets at fair value through other comprehensive income	70,400	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	-
Proceeds from disposal of financial assets at fair value through profit or loss	2,422,330	-
Acquisition of investments accounted for using the equity method	(1,000,002)	(897,820)
Acquisition of property, plant and equipment:		
Cost paid	(7,633,752)	(10,546,061)
Interest paid	(13,559)	(4,118)
Proceeds from disposal of property, plant and equipment	16,386	23,737
Increase in other receivables — due from affiliates	(1,769,039)	-
Decrease in other receivables — due from affiliates	-	3,752,427
Proceeds from disposal of investment property	576	-
Decrease in long-term lease receivables	315,266	365,065
Increase in other financial assets	(4,402)	(2,561)
Increase in other non-current assets	(1,987,677)	(168,961)
Interests received	449,442	353,135
Dividends received	4,924,813	2,092,569
Other investing activities	352,706	(204,319)
Net cash provided by (used in) investing activities	(3,864,262)	(6,709,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	6,407,527	-
Decrease in short-term loans	-	(96,916)
Increase (decrease) in short-term notes and bills payable	16,400,000	-
Decrease in other payables to related parties	(82,657)	(14,434)
Payments of lease liabilities	(1,166,342)	(1,116,639)
Increase in other non-current liabilities	-	57,239
Decrease in other non-current liabilities	(16,295)	-
Cash dividends paid	(36,197,781)	(5,620,656)
Interest paid	(541,079)	(368,251)
Change in non-controlling interests	(3,900)	(7,015)
Net cash provided by (used in) financing activities	(15,200,527)	(7,166,672)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	286,247	(144,081)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(27,961,672)	21,506,081
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	64,471,884	42,965,803
CASH AND CASH EQUIVALENTS, END OF PERIOD	$36,510,212	$64,471,884

The accompanying notes are an integral part of the financial statements.

Formosa Petrochemical Corporation
Notes To Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Audited)

1. HISTORY AND ORGANIZATION

Formosa Petrochemical Corporation (the "Company") had prepared for incorporation since March 1992 and was incorporated on April 6, 1992. The Company is located in the No.6 Naphtha Cracker Complex in Mailiao of Yunlin County. The Company's shares were approved to be listed on the Taiwan Stock Exchange on November 12, 2003 and were traded publicly starting from December 26, 2003. The major shareholders of the Company are Formosa Plastics Corporation, Formosa Chemicals & Fibre Corporation and Nan Ya Plastics Corporation with equity interests of 28.55%, 24.15% and 23.10%, respectively, as of December 31, 2022.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors on February 24, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. As the Group has determined the potential impact of the standards and interpretations, there is no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group has determined the potential impact of the standards and interpretations, there is no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC ("TIFRS").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings according to IFRS.

B. The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiaries	Main business	December 31, 2022	December 31, 2021
The Company	Formosa Oil (Asia Pacific) Corp.	Sales Retailer	100%	100%
The Company	Formosa Petrochemical Transportation Corp.	Transportation Service	88%	88%
The Company	FPCC USA, INC.	Oil exploration & production	100%	100%
The Company	FPCC DILIGENCE Corp.	Leasing on ships	100%	100%
The Company	FPCC MAJESTY Corp.	Leasing on ships	100%	100%
The Company	FPCC NATURE Corp.	Leasing on ships	100%	100%
The Company	FG INC.	Investing	57%	57%
FG INC.	FG LA LLC	Petrochemical products manufacturing and selling	100%	100%

C. Subsidiaries are excluded from the consolidated financial statements and the reason are as follows:

(a)

Investor	Subsidiaries	Main business	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
Formosa Oil (Asia Pacific) Corp.	Whalehome International Corp., Ltd.	Sales Retailer	53.80%	53.80%
Formosa Petrochemical Transportation Corp.	Whalehome International Corp., Ltd.	Sales Retailer	15.69%	15.69%

Note: The total percentages of ownership of Formosa Oil (Asia Pacific) Corporation and Formosa Petrochemical Transportation Corporation in Whalehome International Corp., Ltd. both were 69.49% as of December 31, 2022 and 2021. Whalehome International Corp., Ltd.'s assets, liabilities and net income only representing 0.08%, 0.03%, (0.10)% and 0.08%, 0.03%, 0.02% of the Group's corresponding accounts as of December 31, 2022 and 2021. Whalehome International Corp., Ltd was not significant for the Group, so it was not included in the consolidated financial statement.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with maturing of less than 12 months, repurchase bonds and commercial papers).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable (including financing lease receivables), financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.
    (i) For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.

(ii) For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from issuing price.

<u>Financial liabilities</u>

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable and interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivatives instrument and hedge accounting

The Group uses derivative instruments to hedge its price risk of products. A derivative is classified in the balance sheet as financial asset or financial liability at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

The Group's purpose of using hedge accounting is to hedge the risk of cash flows. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or foreign exchange rate risk arising from an unrecognized commitment.

Hedges that meet the hedge accounting requirement should be treated as follows:

Cash flow hedge

Gains or losses arising from the effective portion of cash flow hedges are recognized in equity and gains or losses arising from the ineffective portion are recognized in profit or loss.

When the hedged transaction affected profit or loss, the gains or losses recognized in equity are transferred to profit or loss. When the hedged item is non-financial assets or non-financial liabilities, the gains or losses recognized in equity should be transferred to the book value of the hedged non-financial assets or non-financial liabilities.

When the expected transaction or commitment is not expected to happen, the gains or losses recognized in equity previously should be transferred to profit or loss. If the hedge instrument has expired, terminated or executed and not replaced or extended, or has cancelled the original designated hedge, then the gains or losses recognized in equity previously should remain in equity before the expected transaction or commitment affected profit or loss.

(10) Fair value measurement

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

A. in the principal market for the asset or liability; or
B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or the most advantageous market must enter by the group to conduct transaction.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Raw materials – Purchase cost on weighted average cost basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. The fix manufacturing cost is allocated based on normal operating capacity. If the actual capacity exceeds the normal capacity, then the fix manufacturing cost is allocated based on the actual capacity. Finished goods and work in progress are based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings: 25~55 years
Machinery and equipment: 5~40 years
Transportation equipment: 3~15 years
Other equipment: 3~25 years
Leasehold improvements: The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company changed the depreciation method from the straight-line method to the fixed-percentage-on-declining-base method on January 1, 2008 with respect to the related machines, transportation and other equipment of the Refinery and Oil Products Division (excluding the utilities factory and oil factory), Petrochemical Olefins Division and Maintenance Center in Mailiao plant. PP&E still in use after its service life are further depreciated over the newly estimated remaining useful lives.

(14) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the lessee; and

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

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) Exploration and evaluation assets

Mineral resources means acquired mineral interests and the oil and gas wells and related facilities arising from oil and gas development activities. Necessary cost for the acquisition of mineral interest including acquisition, exploration, development and removal or restoration costs are capitalized as mineral resource assets.

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Revenue recognition

The Group's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follows:

Sales of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer (meaning that the customer has control over the use of the product and claims almost all of the remaining benefit) and the goods are delivered to the customers. The main product of the Group is petrochemical products and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Group has not provided any warranty to its products.

The credit period of the Group's sale of goods is from 30 to 60 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The service provided by the Group is mainly terminal operations which have fixed price or negotiated price based on the number of times the service is provided. The performance obligation is fulfilled at a certain point so the revenue should be recognized when the performance obligation is fulfilled.

Most of the contractual consideration of the Group are claimed after services have been rendered. When services have been performed but the Group does not have the right to the consideration unconditionally, contract assets should be recognized. For part of the contracts where consideration is claimed upon signing the contract, then the Group has the obligation to provide the services subsequently and contract liabilities should be recognized.

The period between the transfers of contract liabilities to revenue is usually within one year, and thus, no significant financing component is arised.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Finance lease commitment－Group as the lessor/ lessee

The Group has entered into commercial property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as finance leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, and changes of the future salary etc. Please refer to Note 6 for more details.

C. Revenue recognition － sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. The aforementioned sales returns and allowance is estimated based on the assumption that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

E. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

F. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Cash on hand and petty cash	$4,962	$4,891
Checking accounts	1,063,637	54,474
Demand deposits	26,380,736	43,520,564
Time deposits	1,281,025	13,667,048
Commercial paper	6,078,852	4,961,287
Repurchase bonds	1,701,000	2,263,620
Total	$36,510,212	$64,471,884

A. The Group's cash and cash equivalents were not pledged as collateral or restricted for uses in December 31, 2022 and 2021.

B. Commercial paper and Repurchase bonds were short-term and highly liquid investments maturing within 12 months since the date of investment.

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

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Mandatorily measured at fair value through profit or loss:		
Funds	$1,562,720	$3,793,036

The profit (loss) arising from financial assets at fair value through profit or loss were NT$192,014 thousand and NT$(95,475) thousand for the years ended December 31, 2022 and 2021, respectively.

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income － current and non-current

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Equity instruments investments measured at fair value through other comprehensive income:		
Listed companies stocks	$49,399,806	$64,063,441
Unlisted companies stocks	10,566,574	19,690,133
Total	$59,966,380	$83,753,574
Current	$49,399,806	$64,063,441
Non-current	10,566,574	19,690,133
Total	$59,966,380	$83,753,574

The Group's financial assets at fair value through other comprehensive income were not pledge.

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 are as follow:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Related to investments held at the end of the reporting period	$4,170,524	$1,478,861

In consideration of the Group's investment strategy, the Group derecognized partial equity instrument investments measured at fair value through other comprehensive income, details on derecognition of the investments for the years ended December 31, 2022 and 2021 are as follow:

	For the year ended December 31, 2022	For the year ended December 31, 2021
The fair value of the investments at the date of derecognition	$70,400	$-
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	10,053	-

(4) Financial assets for hedging － current and non-current

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Financial assets for hedging		
Financial Derivatives		
Energy commodity swap contracts	$829	$39,957
Current	$829	$39,957
Non-current	-	-
Total	$829	$39,957

Note: The Group applied hedge accounting according to IAS 39.

A. As of December 31, 2022 and 2021 there were 6 and 12 energy commodity swap contracts outstanding. The Group used these contracts to hedge the fluctuations of international crude oil and petroleum product prices. The swap contracts entered into by the Group are highly correlated with the price movement of the hedged items and periodic reviews are conducted on the swap contracts undertaken. All energy commodity swap contracts currently held by the Group are held for purpose of hedging and hedge effective. Please refer to Note 12 for details of the company's financial risk management objectives and policies, hedging strategies and activities.

B. For hedging fluctuations of international crude oil and petroleum product prices, the outstanding energy commodity swap contracts were as follows:

		December 31, 2022		
			Book Value	
		Notional	Asset	Liability
Type of Transaction	Pricing Period	Quantity	NTD	NTD
Singapore diesel oil / Dubai Crack Swap	Apr.1, 2023~ Sep.30, 2023	150 (1,000 bbls)	$829	$-
Total			829	-
Less: Financial assets (liabilities) for hedging － current			829	-
Financial assets (liabilities) for hedging － non-current			$-	$-

		December 31, 2021		
			Book Value	
		Notional	Asset	Liability
Type of Transaction	Pricing Period	Quantity	NTD	NTD
Singapore gasoline / Dubai Crack Swap	Jan.1, 2022~ Dec.31, 2022	300 (1,000 bbls)	$39,957	$-
Total			39,957	-
Less: Financial assets (liabilities) for hedging — current			39,957	-
Financial assets (liabilities) for hedging — non-current			$-	$-

(5) Notes and accounts receivable

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
A. Notes receivable	$387	$2,559
Less: Loss allowance	-	-
Notes receivable, net	$387	$2,559
B. Notes receivable – related parties	$1,745,581	$1,657,301
Less: Loss allowance	-	-
Notes receivable – related parties, net	$1,745,581	$1,657,301
C. Accounts receivable	$26,779,642	$20,317,569
Less: Loss allowance	(576,796)	(538,125)
Accounts receivable, net	$26,202,846	$19,779,444
D. Accounts receivable – related parties	$27,022,831	$29,416,464
Less: Loss allowance	-	-
Accounts receivable – related parties, net	$27,022,831	$29,416,464

Notes receivable and accounts receivable were from operations and were not held as collateral by any financial institution.

Accounts receivable are generally on 30~60 day terms. As of December 31, 2022 and 2021, the book value were NT$55,548,441 thousand and NT$51,393,893 thousand, respectively. Please refer to Note 6.16 for more details on loss allowance of accounts receivables for the years ended December 31, 2022 and 2021. Please refer to Note. 12 for more details on credit risk management.

(6) Inventories

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Raw materials	$38,488,927	$30,953,263
Supplies	5,383,727	5,051,870
Work in process	13,516,886	11,811,215
Finished goods	26,283,394	23,787,111
Goods in transit	2,731,778	1,106,521
By-product	3,158	3,174
Total	$86,407,870	$72,713,154

The cost of inventories (operating cost) recognized in expenses amounted to NT$831,832,945 thousand and NT$554,282,477 thousand for the years ended December 31, 2022 and 2021, including the expense (benefit) from inventory diluted to its respective net realizable value of NT$3,677,793 thousand and NT$304,782 thousand for the years ended December 31, 2022 and 2021, respectively.

No inventories were pledged as of December 31, 2022 and 2021.

(7) Prepaid expense

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Prepaid expense － Maintenance	$8,863,970	$8,750,574
Prepaid expense － Material	8,816,910	11,113,915
Prepaid taxes － Input VAT	1,939,500	350
Prepaid expense －Port handling and others	1,936,773	1,718,165
Total	$21,557,153	$21,583,004

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of			
	December 31, 2022		December 31, 2021	
Investee	NTD	Percentage of Ownership (%)	NTD	Percentage of Ownership (%)
Investments in associates				
Mai-Liao Power Corporation	$9,769,304	24.94	$12,821,215	24.94
Yi-Chi Construction Corporation	27,772	40.55	27,793	40.55
Mailiao Harbor Administration Corporation	2,561,350	44.96	2,476,726	44.96
Formosa Development Corporation	776,263	45.99	846,625	45.99
Formosa Marine Corporation	648,243	20.00	455,025	20.00
Simosa Oil Corporation	651,599	20.00	603,701	20.00
Formosa Environmental Technology Corporation	231,885	24.34	228,831	24.34
Formosa Plastics Synthetic Rubber (HK)	1,846,899	33.33	1,982,067	33.33
Nan Ya Photonics, Incorporation	286,168	22.83	435,242	22.83
Whalehome International Corp., Ltd	229,150	69.49	228,570	69.49
TMS Corp.	56,005	49.00	55,016	49.00
Formolight Technologies, Inc.	46,776	39.43	53,865	39.43
Formosa Engineering Technologies, INC.	5,528	20.00	7,681	20.00
Formosa Resources Corporation	7,703,818	25.00	6,860,325	25.00
Formosa Group (Cayman) Limited	766,964	25.00	662,099	25.00
Formosa Smart Energy Corporation	1,000,818	25.00	-	-
Subtotal	26,608,542		27,744,781	
Investments in jointly controlled entities				
Caltex Taiwan Corporation	61,857	50.00	57,461	50.00
Formosa Kraton Chemical Co., Ltd.	1,551,880	50.00	1,387,850	50.00
Idemitsu Formosa Specialty Chemicals Corp.	60,630	50.00	186,105	50.00
NKFG	395,933	45.00	584,966	45.00
Subtotal	2,070,300		2,216,382	
Total	$28,678,842		$29,961,163	

A. Investments in associates

(a) The associates of the Group was not significant. The summary financial information of associates was listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	$(690,317)	$656,658
Other comprehensive income (loss), net	(833,382)	716,723
Comprehensive income (loss) for the period	$(1,523,699)	$1,373,381

(b) The associates of the Group have no publicly quoted prices.

B. Investments in joint ventures

The joint ventures of the Group was not significant. The summary financial information of joint ventures was listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	$2,084	$(163,463)
Other comprehensive income (loss), net	-	-
Comprehensive income (loss) for the period	$2,084	$(163,463)

C. The associates and joint ventures had no contingent liability, committed capital or provided guarantee on December 31, 2022 and 2021. The joint venture could not distribute profits before obtaining all partners' consent.

The carrying amount of investments accounted for under the equity method in investees whose financial statements were audited by other auditors amounted to NT$5,482,223 thousand and NT$4,343,656 thousand, both representing 1% of the consolidated total assets as of December 31, 2022 and 2021. The share of profit or loss of these associates and joint ventures under the equity method amounted to NT$178,728 thousand and NT$27,329 thousand, representing 1% and 0% of the consolidated income before tax for the years ended December 31, 2022 and 2021, respectively. The share of other comprehensive income of these associates and joint ventures under the equity method amounted to NT$104,800 thousand and NT$(32,538) thousand, representing (0)% and (1)% of the consolidated other comprehensive income (loss) for the years ended December 31, 2022 and 2021, respectively. The financial statements of Yi-Chi Construction Corporation, Formosa Environmental Technology Corporation, Formosa Plastics Synthetic Rubber(HK), TMS Corp., Formosa Group (Cayman) Limited, Formosa Smart Energy Corporation, and Formosa Kraton Chemical Co., Ltd. were audited by other auditors.

D. Whalehome International Corp., Ltd. was not included in the consolidated financial statements. Please refer to Note 4.(3).C。

E. The Group and other companies established Formosa Smart Energy Corporation on May 5, 2022. The Group already injected NT$1 billion into Formosa Smart Energy Corporation and acquired 100,000 thousand common stocks. The Group's shareholding percentage is 25%

F. Long-term equity investments are not pledged as collaterals for bank loans as of December 31, 2022 and 2021

(9) Property, plant and equipment

As of December 31, 2022, the property, plant and equipment for operating leases, representing 0% of total property, plant and equipment. Therefore, it is not intended to separately list Statement of changes in property, plant and equipment for operating leases.

	Land and land improvements	Buildings	Machinery and equipment	Other equipment	Transportation equipment	Leasehold Improvement	Construction in progress	Total
Cost								
2022.1.1	$26,490,700	$44,896,564	$369,375,519	$4,547,978	$850,802	$375,785	$16,966,472	$463,503,820
Additions	-	99,793	107,776	154,872	47,269	-	7,237,601	7,647,311
Transfer	-	278,694	3,484,327	13,104	382	-	(3,776,507)	-
Disposals	-	-	(223,656)	(41,156)	(21,816)	(17,499)	-	(304,127)
Exchange differences	352,618	-	-	2,418	-	-	581,712	936,748
2022.12.31	$26,843,318	$45,275,051	$372,743,966	$4,677,216	$876,637	$358,286	$21,009,278	$471,783,752
2021.1.1	$26,515,601	$44,883,212	$365,488,419	$4,443,292	$889,513	$368,891	$11,034,328	$453,623,256
Additions	70,504	-	52,191	164,711	13,996	-	10,248,777	10,550,179
Transfer	123	13,352	4,108,675	33,160	1,166	6,894	(4,163,370)	-
Disposals	-	-	(273,766)	(92,593)	(53,873)	-	-	(420,232)
Exchange differences	(95,528)	-	-	(592)	-	-	(153,263)	(249,383)
2021.12.31	$26,490,700	$44,896,564	$369,375,519	$4,547,978	$850,802	$375,785	$16,966,472	$463,503,820
Depreciation and impairment:								
2022.1.1	$-	$31,940,654	$329,023,602	$3,729,385	$603,153	$273,853	$-	$365,570,647
Depreciation	-	1,989,468	11,428,525	229,561	56,556	14,028	-	13,718,138
Disposals	-	-	(208,107)	(41,091)	(19,971)	(17,499)	-	(286,668)
Transfer	-	-	(20)	20	-	-	-	-
Exchange differences	-	-	-	2,050	-	-	-	2,050
2022.12.31	$-	$33,930,122	$340,244,000	$3,919,925	$639,738	$270,382	$-	$379,004,167
2021.1.1	$-	$30,044,303	$319,817,165	$3,570,648	$600,112	$261,480	$-	$354,293,708
Depreciation	-	1,893,876	9,444,307	251,024	55,962	12,373	-	11,657,542
Disposals	-	-	(234,986)	(92,037)	(53,148)	-	-	(380,171)
Transfer	-	2,475	(2,884)	182	227	-	-	-
Exchange differences	-	-	-	(432)	-	-	-	(432)
2021.12.31	$-	$31,940,654	$329,023,602	$3,729,385	$603,153	$273,853	$-	$365,570,647
Net carrying amount as of:								
2022.12.31	$26,843,318	$11,344,929	$32,499,966	$757,291	$236,899	$87,904	$21,009,278	$92,779,585
2021.12.31	$26,490,700	$12,955,910	$40,351,917	$818,593	$247,649	$101,932	$16,966,472	$97,933,173

Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the year ended December 31, 2021	For the year ended December 31, 2021
Construction in progress	$13,559	$4,118
Capitalization rate of borrowing costs	0.78%~1.56%	0.82%~0.96%

A. The Group's property, plant and equipment was not pledged as collaterals.

B. Interest expenses before capitalization were NT$570,450 thousand and NT$380,322 thousand for the years ended December 31, 2022 and 2021, respectively.

(10) Investment property and other non-current assets

A. Investment property :

	2022.1.1	Additions	Disposals	2022.12.31
Land:				
Cost	$946,818	$-	$(1,212)	$945,606

	2022.1.1	Impairment	Reversal of impairment loss	2022.12.31
Land:				
Accumulated impairment	$554,487	$-	$(4,224)	$550,263

	2022.1.1	2022.12.31
Land:		
Net carrying amount as of	$392,331	$395,343

	2021.1.1	Additions	Disposals	2021.12.31
Land:				
Cost	$946,818	$-	$-	$946,818

	2021.1.1	Impairment	Reversal of impairment loss	2021.12.31
Land:				
Accumulated impairment	$581,254	$-	$(26,767)	$554,487

	2021.1.1	2021.12.31
Land:		
Net carrying amount as of	$365,564	$392,331

(a) The Group's investment property was not pledged as collaterals.

(b) The Group measures its investment property not by the fair value, however it discloses its information by the fair value, and it is belong to level 3. The fair value of the investment property held by the Group amounted to NT$395,343 thousand and NT$392,331 thousand as of December 31, 2022 and 2021, respectively. The fair value of investment property was valued by an independent external appraisal expert - CCIS Real Estate Joint Appraisers Firm and Euro-Asia Real Estate Appraisers Firm. The fair value was determined based on the market evidence, and the evaluation method was the comparison method, which input is estimated by the price of square meters.

B. Other non-current assets :

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Refundable deposits	$458,820	$403,530
Prepaid expense － land and equipment	4,133,105	4,089,818
Advance	187,025	137,518
Unamortized expense	1,107,494	1,299,168
Other assets － land	16,357	9,823
Prepaid expense － Maintenance	2,816,230	2,203,619
Other assets － Others	1,344,505	1,160,151
Total	$10,063,536	$9,303,627

As of December 31, 2022 and 2021, the above land was temporarily registered under a third party's name, at cost amounting to NT16,357 thousand and NT$9,823 thousand. A lien has been created on the land through the land administration authority of the government, and the registered amounts of the lien were NT$100,160 thousand and NT$90,360 thousand in order to protect the interest of the Company. The land was accounted for as the other non-current asset.

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

	As of		
		December 31, 2022	December 31, 2021
	Interest Rate	NTD	NTD
Purchase loans	Floating interest rate	$1,010,317	$141,298
Credit loans	1.400%~1.650%	5,500,000	-
Others	0.790%	72,075	33,567
Total		$6,582,392	$174,865
Short-term notes and bills payable	1.477%~1.580%	$16,400,000	$-

The Group's unused short-term lines of credits amounted to NT$21,977,029 thousand and NT$17,648,702 thousand as of December 31, 2022 and 2021, respectively.

(12) Bonds payable

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Domestic unsecured unconvertible bonds	$29,200,000	$29,200,000
Less: current portion	(3,350,000)	-
Long-term bonds payable	$25,850,000	$29,200,000

As of December 31, 2022, the terms of the domestic bonds were as follows:

Domestic unsecured unconvertible bonds

Item	Unsecured Bonds No.35		Unsecured Bonds No.36			Unsecured Bonds No.37		
Type of bonds	Bond B	Bond C	Bond A	Bond B	Bond C	Bond A	Bond B	Bond C
Issue date	2014.9.12	2014.9.12	2019.7.24	2019.7.24	2019.7.24	2020.8.6	2020.8.6	2020.8.6
Principal amount	2,200,000	1,400,000	4,500,000	4,500,000	2,100,000	4,600,000	7,800,000	2,100,000
Ending balance	2,200,000	1,400,000	4,500,000	4,500,000	2,100,000	4,600,000	7,800,000	2,100,000
Face value	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Issue price	Par value	Par value	Par value	Par value	Par value	Par value	Par value	Par value
Maturity	10 years	12 years	5 years	7 years	10 years	5 years	7 years	10 years
Coupon rate	Fixed rate 1.90%	Fixed rate 1.99%	Fixed rate 0.72%	Fixed rate 0.78%	Fixed rate 0.87%	Fixed rate 0.55%	Fixed rate 0.64%	Fixed rate 0.68%
Interest payment	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually
Repayment	Repay 50% of the principal at the end of the 9th and 10th year	Repay 50% of the principal at the end of the 11th and 12th year	Repay 50% of the principal at the end of the 4th and 5th year	Repay 50% of the principal at the end of the 6th and 7th year	Repay 50% of the principal at the end of the 9th and 10th year	Repay 50% of the principal at the end of the 4th and 5th year	Repay 50% of the principal at the end of the 6th and 7th year	Repay 50% of the principal at the end of the 9th and 10th year
Conversion exchange or stock warrants	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Securities and Futures Bureau approved document number	Financial Supervisory Commission approved document No. 1030029158, July 31, 2014	Financial Supervisory Commission approved document No. 1030029158, July 31, 2014	Taipei Exchange approved document No.10800082232, July 22, 2019	Taipei Exchange approved document No.10800082232, July 22, 2019	Taipei Exchange approved document No.10800082232, July 22, 2019	Taipei Exchange approved document No.10900087591, July 28, 2020	Taipei Exchange approved document No.10900087591, July 28, 2020	Taipei Exchange approved document No.10900087591, July 28, 2020

(13) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2022 and 2021, the expenses related to defined contribution plan amounted to NT$284,544 thousand and NT$275,481 thousand respectively.

B. Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference in 1 appropriation before the end of March in the following year.

Safeguard and Utilization of the Labor Retirement Fund is regulated by the Ministry of Labor. Investment of the fund is made by outsourcing and self-management. A long-term investment strategy is adopted with both initiative and passive approach. Considering market risk, creditability and liquidity etc., the Ministry of labor has set limit for fund risk and risk management plan so that the target rate of return can be reached without excess exposure to risk. Because the Company is not authorized to manage the Fund, it cannot disclose the classification of the fair value of the plan asset according to IAS 19. As of December 31, 2022, the amount of contribution expected to be made in the following accounting year is NT$66,170 thousand.

As at December 31, 2022 and 2021, both the defined benefit plan of the Group was expected to be expired in 2034.

Amounts to be recognized in profit or loss for the years ended December 31, 2022 and 2021 are summarized as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current period service cost	$46,582	$44,382
Net interest on the net defined benefit liability (asset)	25,323	46,201
Total	$71,905	$90,583

Reconciliation of the present value of the defined benefit obligation and fair value of plan assets of the defined benefit plan is as follows:

	As of	
	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$5,706,611	$6,072,070
Fair value of plan assets	(1,063,187)	(981,626)
Other non-current liabilities －Accrued pension liabilities recognized on the balance sheets	$4,643,424	$5,090,444

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2021.1.1	$5,601,063	$(948,025)	$4,653,038
Current service cost	44,382	-	44,382
Interest expense (income)	56,010	(9,809)	46,201
Subtotal	5,701,455	(957,834)	4,743,621
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	339,268	-	339,268
Experience adjustment	147,394	-	147,394
Return on plan assets	-	(2,573)	(2,573)
Subtotal	486,662	(2,573)	484,089
Payments from the plan	(126,712)	41,460	(85,252)
Contributions by employer	-	(62,679)	(62,679)
Net liabilities (assets) transferred from associates	10,665	-	10,665
2021.12.31	6,072,070	(981,626)	5,090,444
Current service cost	46,582	-	46,582
Interest expense (income)	30,360	(5,037)	25,323
Subtotal	6,149,012	(986,663)	5,162,349
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	(436,712)	-	(436,712)
Experience adjustment	88,594	-	88,594
Return on plan assets	-	(76,463)	(76,463)
Subtotal	(348,118)	(76,463)	(424,581)
Payments from the plan	(108,455)	66,109	(42,346)
Contributions by employer	-	(66,170)	(66,170)
Net liabilities (assets) transferred from associates	14,172	-	14,172
2022.12.31	$5,706,611	$(1,063,187)	$4,643,424

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.50%
Expected rate of salary increases	2.85%	2.85%

A sensitivity analysis for significant assumption as at December 31, 2022 and 2021 is shown below:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(135,754)	$-	$(164,121)
Discount rate decrease by 0.25%	140,615	-	170,570	-
Future salary increase by 1.0%	582,327	-	701,995	-
Future salary decrease by 1.0%	-	(516,739)	-	(615,449)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equities

A. Common stock

The Company's authorized and issued capital was both amounted to NT$95,259,597 thousand and consisted of 9,525,960 thousand shares at $10 par value each as of December 31, 2022 and 2021, respectively. Each share has one vote and the right to receive dividends.

B. Capital surplus

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Additional paid-in capital – premium in excess of the par value of shares issued	$24,864,000	$24,864,000
Additional paid-in capital – bond conversion	6,379,284	6,379,284
Joint venture and associates change in equity under equity method	173,482	173,482
Subsidiary change in equity	2,994	2,994
Others	1,509	922
Total	$31,421,269	$31,420,682

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Also, the capital reserve arisen from equity investment cannot be use for any purpose.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

(a) Payments of all taxes, if any
(b) To offset prior year's deficit, if any
(c) To set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b)
(d) To set aside special reserve, if required
(e) To set aside an amount for dividends
(f) The remaining amount (the "appropriable after-dividend earnings"), if any, the appropriation of shareholders' bonuses plan is drafted by the board of directors combination with prior year's accumulated unappropriated earnings. For the resolution of cash dividends distribution should be adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and should be reported to the shareholders' meeting. For the resolution of stock dividends distribution should be adopted by shareholders' meeting.

The above special reserve includes:

(a) Reserve recorded for special purposes
(b) Investment income recognized under equity method
(c) Net assessment income arising from financial transactions, however, when the cumulative decreases, the special reserve should be reduced accordingly to the extent that has been set aside;
(d) The special reserve required by other laws and regulations.

The Company’s business is in its maturity stage. As a result, the dividends can be distributed in a combination of cash and capital increase out of earnings and paid-in capital. The total amount distributed should be at least 50% of the earnings available after setting aside legal reserve and special reserve, provided that cash dividends take precedence and capital increase out of earnings and paid-in capital do not exceed 50% of the total distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

For the years ended December 31, 2022 and 2021, the details of earnings distribution and dividends per share as proposed by the board meeting on February 24, 2023 and resolved by the shareholder's meeting on May 31, 2022, were as follows:

	Appropriation of earnings		Dividend per share	
	2022	2021	2022	2021
Legal reserve	$1,477,905	$4,902,087		
Common stock － cash dividend	10,478,556	36,198,647	$1.10	$3.80
Total	$11,956,461	$41,100,734		

Please refer to Note 6.18 for details on employee's compensation.

D. Non-controlling interests

	For the year ended December 31,2022	For the year ended December 31,2021
	NTD	NTD
Beginning balance	$4,352,620	$4,525,709
Cash dividends from subsidiaries	(3,900)	(7,015)
Net loss attributed to the non-controlling interest	(21,898)	(37,521)
Other comprehensive income attributed to the non-controlling interest:		
Remeasurements of defined benefit plans	1,163	(480)
Exchange differences resulting from translating the financial statements of a foreign operation	469,179	(128,169)
Income tax (expense) benefit relating to items that will not be reclassified	(233)	96
Ending balance	$4,796,931	$4,352,620

(15) Operating revenues

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Revenue from contracts with customer		
Sales of goods		
Gasoline	$118,908,802	$91,221,419
Petrochemical products (ethylene and propylene, etc.)	182,041,218	201,705,407
Diesel oil	251,448,615	127,295,152
Jet fuel	49,434,976	19,392,492
Electricity	35,552,326	27,644,093
Steam	17,361,440	11,740,899
Others	192,340,150	140,099,004
Subtotal	847,087,527	619,098,466
Service revenues	960,969	963,860
Total	$848,048,496	$620,062,326

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

(1) Disaggregation of revenue

For the year ended December 31, 2022

	Petrochemical Division	Utility Division	Others	Total
Sale of goods				
Gasoline	$106,731,511	$-	$12,177,291	$118,908,802
Petrochemical products (ethylene and propylene, etc.)	182,041,218	-	-	182,041,218
Diesel oil	246,691,253	-	4,757,362	251,448,615
Jet fuel	49,434,976	-	-	49,434,976
Electricity	-	35,552,326	-	35,552,326
Steam	-	17,361,440	-	17,361,440
Others	190,275,175	1,344,539	720,436	192,340,150
Subtotal	775,174,133	54,258,305	17,655,089	847,087,527
Service revenues	-	-	960,969	960,969
Total	$775,174,133	$54,258,305	$18,616,058	$848,048,496
Revenue recognition point:				
At a point in time	$775,174,133	$54,258,305	$18,616,058	$848,048,496

For the year ended December 31, 2021

	Petrochemical Division	Utility Division	Others	Total
Sales of goods				
Gasoline	$80,186,204	$-	$11,035,215	$91,221,419
Petrochemical products (ethylene and propylene, etc.)	201,705,407	-	-	201,705,407
Diesel oil	123,008,326	-	4,286,826	127,295,152
Jet fuel	19,392,492	-	-	19,392,492
Electricity	-	27,644,093	-	27,644,093
Steam	-	11,740,899	-	11,740,899
Others	137,950,963	1,311,366	836,675	140,099,004
Subtotal	562,243,392	40,696,358	16,158,716	619,098,466
Service revenues	-	-	963,860	963,860
Total	$562,243,392	$40,696,358	$17,122,576	$620,062,326
Revenue recongnition point:				
At a point in time	$562,243,392	$40,696,358	$17,122,576	$620,062,326

(2) Contract balances

Contract liabilities － current

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	$72,304	$67,184	$60,401

The significant changes in the Group’s balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Revenue recognized during the year that was included in the balance at the beginning of the year	$67,184	$60,401

(3) Transaction price allocated to unsatisfied performance obligations

The Group's contracts are all shorter than one year, there is no need to provide information on outstanding performance obligations.

(4) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses/ (gains)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating expenses－Expected credit losses/ (gains)		
Accounts receivable	$38,671	$172,760

The Group does not expect that any significant losses will incur because the counterparty fail to fulfill the agreement. Please refer to Note 12 for information of credit risks.

The Group measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The explanation of the loss allowance measured for the years ended December 31, 2022 and 2021 are as follows:

A. By expected credit losses approximately 1% (including historical and forward-looking information, which refers to chemical material, petroleum and coal product price index) as of December 31, 2022 and 2021.

B. The Group needs to consider the grouping of receivables by past experiences and its loss allowance is measured by using a provision matrix, details as follows:

As at December 31, 2022		Past due				
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	Total
Gross carrying amount	$52,663,905	$2,884,536	$-	$-	$-	$55,548,441
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	547,951	28,845	-	-	-	576,796
Total	$52,115,954	$2,855,691	$-	$-	$-	$54,971,645

As at December 31, 2021		Past due				
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	Total
Gross carrying amount	$49,409,407	$1,984,486	$-	$-	$-	$51,393,893
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	518,280	19,845	-	-	-	538,125
Total	$48,891,127	$1,964,641	$-	$-	$-	$50,855,768

For the years ended December 31, 2022 and 2021, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Receivables
Balance as at January 1, 2022	$538,125
Addition/(reversal) for the current period	38,671
Balance as at December 31, 2022	$576,796
Balance as at January 1, 2021	$372,067
Addition/(reversal) for the current period	172,760
Write off	(6,702)
Balance as at December 31, 2021	$538,125

(17) Lease

(1) Group as lessee

The Group has entered into commercial leases on land and buildings. These leases have an average life of more than one to twenty years with no restrictions placed upon the Group in the contracts.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Land	$55,600	$78,006
Buildings	31,990	58,288
Machinery and equipment	61,116	159,788
Transportation equipment	1,985,026	2,207,695
Gas station	2,730,055	2,923,399
Total	$4,863,787	$5,427,176

For the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Group amounting to NT$459,260 thousand and NT$633,374 thousand, respectively.

(b) Lease liability

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Lease liability	$5,083,755	$5,632,248
Current	$1,153,656	$1,114,710
Non-current	$3,930,099	$4,517,538

Please refer to Note 6 (19)D. for the interest on lease liability recognized for the years ended December 31, 2022 and 2021, and besides, refer to Note 12 (5) for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the year ended December 31, 2022	For the year ended December 31, 2021
Land	$30,853	$27,356
Buildings	26,992	26,349
Machinery and equipment	41,566	48,904
Transportation equipment	450,756	422,627
Gas station	611,636	596,787
Total	$1,161,803	$1,122,023

C. Income and costs relating to leasing activities

	For the year ended December 31, 2022	For the year ended December 31, 2021
The expense relating to short-term leases	$98,088	$117,384

As at December 31, 2022 and 2021, the Group has no committed short-term lease portfolio.

D. Cash outflow relating to leasing activities

For the year ended December 31, 2022, the Group’s total cash outflow for lease liabilities amounting to NT$1,166,342 thousand, interest charge on lease liabilities NT$101,550 thousand and short-term leases NT$98,088 thousand.

For the year ended December 31, 2021, the Group’s total cash outflow for lease liabilities amounting to NT$1,116,639 thousand, interest charge on lease liabilities NT$115,157 thousand and short-term leases NT$117,384 thousand.

E. Other information relating to leasing activities

None.

(2) Group as lessor

The Group has entered into leases on certain equipment of vessel equipment and automated storage and retrieval systems. These leases have terms of between ten years and fifteen years, respectively. These leases are classified as finance leases as they do transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31, 2022	For the year ended December 31, 2021
Lease income for operating leases		
Income relating to fixed lease payments	$1,192,871	$1,187,576
Lease income for finance leases		
Finance income on the net investment in the lease	113,827	119,023
Total	$1,306,698	$1,306,599

For finance leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2022 and 2021 are as follow:

	As of	
	December 31, 2022	December 31, 2021
Not later than one year	$440,971	$399,111
Later than one year but not later than two years	442,138	399,111
Later than two years but not later than three years	1,905,895	400,163
Later than three years but not later than four years	15,051	1,720,062
Later than four years but not later than five years	15,051	15,051
Later than five years	97,827	112,879
Total undiscounted lease payments	2,916,933	3,046,377
Less: Unearned finance income to finance leases	(239,104)	(323,710)
Net investment in the lease (Finance lease receivables)	$2,677,829	$2,722,667
Current	$337,638	$293,244
Non-current	$2,340,191	$2,429,423

(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Description	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)
Employee benefits expense	$5,595,296	$3,725,069	$9,320,365	$5,857,077	$3,830,184	$9,687,261
Salaries and wages	4,872,294	3,294,517	8,166,811	5,132,336	3,390,090	8,522,426
Labor and health insurance	364,153	233,507	597,660	363,285	236,841	600,126
Pension	228,277	128,172	356,449	231,862	134,202	366,064
Other employee benefits expense	130,572	68,873	199,445	129,594	69,051	198,645
Depreciation and depletion	13,901,047	1,117,121	15,018,168	11,885,768	1,101,604	12,987,372
Amortization	1,220,594	673	1,221,267	1,505,194	642	1,505,836

The amortization recognized as non-operating income and expenses are both NT$6,501 thousand for the years ended December 31, 2022 and 2021.

According to the Company's Articles of Incorporation, 0.02% to 0.1% of the profit of the period should be distributed as employee's compensation. However, if there is accumulated deficit, the deficit should be covered first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employee compensation was NT$3,363 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the year ended December 31, 2022. According to resolution of the board on February 24, 2023, the compensation will be granted in cash.

The Company resolved to distribute NT$12,094 thousand of employee compensation in cash on the board of director's meeting on March 8, 2022, and announced the resolution on the shareholder's meeting on May 31, 2022. There is no difference between the employee bonus 2021 paid and the employee bonus recognized as expense on the financial report of 2021.

(19) Non-operating income and expenses

A. Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Bank interest income	$248,431	$127,388
Interest income — due from affiliates	91,080	87,139
Interest income — financial leasing	113,827	119,023
Other interest income	17,927	10,246
Total	$471,265	$343,796

B. Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Rental income	$1,192,871	$1,187,576
Others	1,214,308	969,592
Dividends income	4,170,524	1,478,861
Total	$6,577,703	$3,636,029

C. Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Gains (losses) on disposal and abandon of property, plant and equipment	$(1,073)	$(16,324)
Gains (losses) on disposal of investment property	(636)	-
Gains (losses) on disposal of other assets	584,021	-
Foreign exchange gains (losses), net	5,152,726	1,415,043
Impairment loss/Reversal of impairment loss		
Investment property	4,224	26,767
Exploration and evaluation assets	(99,517)	-
Other gains (losses) － others	(87,344)	(119,237)
Gains (losses) on financial assets at fair value through profit or loss (Note)	192,014	(95,475)
Total	$5,744,415	$1,210,774

Note: Balance in current period arose from financial assets mandatorily measured at fair value through profit or loss.

D. Financial costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Interest on borrowings from bank	$64,634	$200
Interest on bonds payable	244,930	244,930
Interbank loans with interest	1,576	-
Interest for lease liabilities	101,550	115,157
Other interest expenses	144,201	15,917
Total financial costs	$556,891	$376,204

(20) Components of other comprehensive income (loss)

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$424,581	$-	$424,581	$84,917	$339,664
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(23,727,924)	-	(23,727,924)	-	(23,727,924)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2,012,498)	-	(2,012,498)	-	(2,012,498)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	1,579,937	-	1,579,937	-	1,579,937
Gains (losses) on hedging instrument	45,327	(84,455)	(39,128)	(7,826)	(31,302)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,179,116	-	1,179,116	-	1,179,116
Total	$(22,511,461)	$(84,455)	$(22,595,916)	$77,091	$(22,673,007)

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$(484,089)	$-	$(484,089)	$(96,818)	$(387,271)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	5,592,639	-	5,592,639	-	5,592,639
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,055,736	-	1,055,736	-	1,055,736
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	(417,323)	-	(417,323)	-	(417,323)
Gains (losses) on hedging instrument	115,508	(240,792)	(125,284)	(24,234)	(101,050)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(339,013)	-	(339,013)	-	(339,013)
Total	$5,523,458	$(240,792)	$5,282,666	$(121,052)	$5,403,718

(21) Income taxes

The major components of income tax expense (income) for the years ended December 31, 2022 and 2021 were as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Current income tax expense (income):		
Current income tax charge	$3,436,648	$11,090,953
Adjustments in respect of current income tax of prior periods	(90,296)	(431,589)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(760,148)	532,619
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(17,470)	(25,543)
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	(45,347)
Total income tax expense (income)	$2,568,734	$11,121,093

Income tax relating to components of other comprehensive income

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Deferred tax expense (income):		
Gains (losses) on hedging instruments	$(7,826)	$(24,234)
Remeasurements of defined benefit plans	84,917	(96,818)
Total	$77,091	$(121,052)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Accounting profit (loss) before tax from continuing operations	$16,968,396	$60,484,975
Tax at the parent company statutory income tax rate	3,393,679	12,096,995
Tax rate difference of foreign jurisdiction	57,392	(45)
Dividend Income	(831,623)	(294,207)
Income (loss) from equity investments	140,318	(95,974)
Income (loss) from securities and futures exchanges	34,381	-
Tax effect of revenues exempt from taxation	(78,233)	9,512
Tax effect of non-deductible expense	1,155	1,288
Estimated according to IFRIC 23	-	(148,953)
Others	174	416
Tax effect of deferred tax assets/liabilities	(144,661)	(71,333)
Surtax on undistributed retain earnings	86,448	54,983
Adjustments in respect of current income tax of prior periods	(90,296)	(431,589)
Total income tax expense (income) recognized in profit or loss	$2,568,734	$11,121,093

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as at January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange rate change	Ending balance as at December 31, 2022
Temporary differences					
Depreciation difference for tax purpose	$900,408	$66,806	$-	$-	$967,214
Foreign currency assets / liabilities losses (gains)	(14,842)	(4,403)	-	-	(19,245)
Non-current － defined benefit liability, net	930,347	(6,341)	(84,917)	-	839,089
Inventory evaluation	289,523	735,552	-	-	1,025,075
Hedging derivative financial instruments sharing the same period(gains)	(7,992)	-	7,826	-	(166)
Others	834,812	(31,466)	-	(1,130)	802,216
Unused tax credits	105,847	17,470	-	12,038	135,355
Deferred tax income (expense)		$777,618	$(77,091)	$10,908	
Net deferred tax assets (liabilities)	$3,038,103				$3,749,538
Reflected in balance sheet as follows:					
Deferred tax assets	$3,060,937				$3,817,736
Deferred tax liabilities	$(22,834)				$(68,198)

For the year ended December 31, 2021

	Beginning balance as at January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange rate change	Ending balance as at December 31, 2021
Temporary differences					
Depreciation difference for tax purpose	$1,627,346	$(726,938)	$-	$-	$900,408
Useful life difference of automated equipment	(131,213)	131,213	-	-	-
Foreign currency assets / liabilities losses (gains)	(25,580)	10,738	-	-	(14,842)
Non-current － defined benefit liability, net	844,094	(10,565)	96,818	-	930,347
Inventory evaluation	228,566	60,957	-	-	289,523
Hedging derivative financial instruments sharing the same period(gains)	(32,226)	-	24,234	-	(7,992)
Others	788,003	46,880	-	(71)	834,812
Unused tax credits	82,528	25,986	-	(2,667)	105,847
Deferred tax income (expense)		$(461,729)	$121,052	$(2,738)	
Net deferred tax assets (liabilities)	$3,381,518				$3,038,103
Reflected in balance sheet as follows:					
Deferred tax assets	$3,570,537				$3,060,937
Deferred tax liabilities	$(189,019)				$(22,834)

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31, 2022 NTD	Unused tax losses as of December 31, 2021 NTD	Expiration year
FPCC USA, INC.				
2007	$7,336	$-	$7,336	2027
2008	62,886	-	62,886	2028
2009	157,166	-	157,166	2029
2010	85,587	62,397	85,587	2030
2011	44,409	44,409	44,409	2031
2012	99,250	99,250	99,250	2032
2014	20,301	20,301	20,301	2034
2015	66,355	66,355	66,355	2035
2016	133,535	133,535	133,535	2036
2017	42,553	42,553	42,553	2037
2018	36,595	36,595	36,595	indefinite
2019	260,140	260,140	260,140	indefinite
2020	113,518	113,518	113,518	indefinite
FG INC.				
2018	68,406	68,406	68,406	indefinite
2019	154,371	154,371	154,371	indefinite
2020	177,665	177,665	177,665	indefinite
2021	132,785	132,785	-	indefinite
		$1,412,280	$1,530,073	

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2022 and 2021, the Group didn't have the taxable temporary differences associated with unrecognized deferred tax liabilities relating to the investment in subsidiaries.

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company and its subsidiaries was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiary- Formosa Oil (Asia Pacific) Corporation	Assessed and approved up to 2020
Subsidiary- Formosa Petrochemical Transportation Corporation	Assessed and approved up to 2020

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Basic/Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$14,421,560	$49,401,403
Weighted average number of ordinary shares outstanding for basic/diluted earnings per share (in thousands)	9,525,960	9,525,960
Basic/Diluted earnings per share	$1.51	$5.19

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(23) Subsidiaries that have material non-controlling interests

The Group does not have subsidiaries that have material non-controlling interests.

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Formosa Plastics Corporation	Significant influence over the Company
Formosa Chemicals & Fibre Corporation	Significant influence over the Company
Nan Ya Plastics Corporation	Significant influence over the Company
Whalehome International Corp., Ltd.	Associate
Mai-Liao Power Corporation	Associate
Mailiao Harbor Administration Corporation	Associate
Formosa Marine Corporation	Associate
Simosa Oil Corporation	Associate
Formosa Environmental Technology Corporation	Associate
TMS Corp.	Associate
Formosa Group (Cayman) Limited	Associate

Name of the related parties	Nature of relationship of the related parties
Nan Ya Photonics Incorporation	Associate
NKFG	Joint venture
Caltex Taiwan Corporation	Joint venture
Formosa Kraton Chemical Co., Ltd.	Joint venture
Idemitsu Formosa Specialty Chemicals Corp.,	Joint venture
Formosa FCFC Carpet Corporation	Other
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Other
Formosa Biomedical Technology Corp.	Other
Formosa BP Chemicals Corporation	Other
Formosa Taffeta Co., Ltd	Other
Formosa Ha tinh (Cayman) Limited	Other
Hong Jing Resource Co., Ltd	Other
Nan Ya Printed Circuit Board Corporation	Other
Nan Chung Petrochemical Corp.	Other
Formosa Heavy Industries Corporation	Other
Hwa Ya Power Corporation	Other
National Petroleum Co., Ltd.	Other
Formosa Plastics Maritime Corporation	Other
Chang Gung Medical Foundation	Other
Simosa Shipping Co., Ltd.	Other
Formosa Waters Technology Co., Ltd.	Other

Significant transactions with the related parties

(1) Sales

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$167,506,909	$141,866,388
Formosa Plastics Corporation	96,109,625	96,074,629
Nan Ya Plastics Corporation	34,652,202	43,955,512
Subtotal	298,268,736	281,896,529
Associate	8,181,171	5,431,513
Joint venture	6,437,442	3,756,327
Others	40,962,228	38,869,606
Total	$353,849,577	$329,953,975

The terms and conditions of sales (including prices) to related parties are similar to those with non-related parties. The credit term is 30 days from the day the related party confirms the sale.

(2) Purchase

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$46,198,498	$37,445,000
Associate	72,199	72,847
Joint venture	61,852	39,413
Others	977,354	791,146
Total	$47,309,903	$38,348,406

The Company and subsidiaries did not receive special discounts when purchasing from the related parties. Payment term is 30 days after receiving the goods.

(3) Notes receivable – related parties

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Others		
National Petroleum Co., Ltd.	$1,745,581	$1,657,301
Total	1,745,581	1,657,301
Less: loss allowance	-	-
Net	$1,745,581	$1,657,301

(4) Accounts receivable – related parties

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$13,087,244	$13,877,906
Formosa Plastics Corporation	7,383,800	8,492,672
Nan Ya Plastics Corporation	1,820,446	2,390,415
Subtotal	22,291,490	24,760,993
Associate	467,909	502,785
Joint venture	622,589	344,910
Others	3,640,843	3,807,776
Total	27,022,831	29,416,464
Less: loss allowance	-	-
Net	$27,022,831	$29,416,464

(5) Accounts payable – related parties

	As of December 31, 2022	As of December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$2,902,296	$2,704,029
Others	728,266	809,161
Subtotal	3,630,562	3,513,190
Associate	25,109	9,976
Joint venture	11,605	10,572
Others	53,988	81,975
Total	$3,721,264	$3,615,713

(6) Transaction of property, plant and equipment

Commissioned construction

The Company commissioned the following related parties to construct items of property, plant and equipment:

	Items	For the year ended December 31, 2022	For the year ended December 31, 2021
		NTD	NTD
Entity with joint control or significant influence over the Company	Maintenance	$180,871	$145,616
Entity with joint control or significant influence over the Company	Expansion of facilities	129,244	178,349
Associate	Expansion of facilities	55,360	-
Others	Maintenance	526,802	324,279
Others	Expansion of facilities	837,727	386,652
Total		$1,730,004	$1,034,896

The Company followed the general procedures to commission Formosa Heavy Industries Corporation, Nan Ya Plastics Corporation and Nan Ya Photonics Incorporation to expand its facilities and the maintenance of them. The payment period is one month after the acceptance of the construction work.

(7) Financing

Other receivables – due from affiliates

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Others		
Formosa Heavy Industries Corporation	$4,100,000	$2,188,000

The lending of funds condition to the associates was charged in accordance with the contract schedule after loan received. For the years ended December 31, 2022 and 2021, interest income from related parties were NT$41,750 thousand and NT$31,658 thousand, respectively. And interest charged at the rate of 0.98%~1.79% and 0.98%~1.23%, respectively.

(8) Other receivables, other payables

Receivables from/payables to related parties (bear no interest) are as follows:

A. Other receivables – sale of raw materials, etc.

	As of			
	December 31, 2022		December 31, 2021	
	Amount NTD	%	Amount NTD	%
Entity with joint control or significant influence over the Company	$7,564	0.05	$46,856	0.42
Associate	34,799	0.22	11,499	0.10
Joint venture	4,914	0.03	5,552	0.05
Others	9,164	0.06	35,234	0.32
Total	$56,441	0.36	$99,141	0.89

They are payments received from selling raw material. The payment term is within 30 days following confirmation with the counterparty.

B. Other payables

	As of			
	December 31, 2022		December 31, 2021	
	Amount NTD	%	Amount NTD	%
Associate	$13,178	0.07	$12,612	0.07
Others	131,319	0.71	214,542	1.17
Total	$144,497	0.78	$227,154	1.24

Other payables are purchases of raw material for construction. The payment term is within 30 days after inspection and approval of accepting the materials.

(9) Lease

A. Group as a lessee

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$-	$3,078
Associate	100,491	144,161
Others	1,985,026	2,207,695
Total	$2,085,517	$2,354,934

(b) Lease liabilities

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$-	$3,092
Associate	104,242	148,177
Others	2,181,928	2,402,924
Total	$2,286,170	$2,554,193
Current	$538,089	$482,465
Non-current	$1,748,081	$2,071,728

(c) Interest for lease liabilities

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$8	$23
Associate	2,389	3,200
Others	50,846	57,028
Total	$53,243	$60,251

(d) The expense relating to short-term leases

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$54,350	$54,350

B. Group as a lessor

(a) The revenue relating to short-term leases

The Group derived the following rental income from leasing oil storage facilities and land to related parties:

	As of	
	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$171,225	$163,342
Associate	17,053	17,112
Joint venture	32,485	32,485
Others	24,163	32,123
Total	$244,926	$245,062

(b) The income relating to finance leases

The Group derived the following rental income from leasing automated storage and retrieval systems to related parties:

	As of	
	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Joint venture	$3,905	$4,180

(10) Other related party transactions

A. Use of labor

The details of use of the related parties' labor force are as follows:

	Items	For the year ended December 31, 2022	For the year ended December 31, 2021
		NTD	NTD
Associates	Harbor labor force	$1,525,109	$1,437,168
Joint venture	Refuel, labor force	43,269	46,125
Others	Labor force	1,822	1,779
Total		$1,570,200	$1,485,072

The payments include harbor usage, towage, and fuel delivery. The payment is mutually agreed to be made one month after the monthly closing.

B. Notes endorsements and guarantees

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Associates	$7,677,000	$6,922,500
Joint venture	-	247,000
Others	-	6,568,456
Total	$7,677,000	$13,737,956

(11) Key management personnel compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Short-term employee benefits	$133,246	$113,099

8. PLEDGED ASSETS

The following assets were pledged to banks as collaterals for bank loans:

		As of	
		December 31, 2022	December 31, 2021
Pledged Assets	Contents	NTD	NTD
Other current assets	Certificates of time deposit	$203,818	$207,217

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, the Company and subsidiaries' commitments and contingent liabilities were as follows:

(1) Finance lease commitments: Simosa Shipping Co. Ltd. leased vessel and equipment to the Group. The lease term is from January 2012 to December 2026 at US$33,500 per day. When the lease expires, the ownership of the shipping equipment will transfer to the Group.

(2) Guarantee notes received from counterparties as collateral for payment, construction completion commitment and others for operational needs were NT$222,586 thousand.

(3) Guarantee notes issued for borrowings (financing) were NT$137,871,540 thousand.

(4) The unutilized portion of letters of credit issued by banks for importing raw materials was NT$6,412,990 thousand.

(5) Due to the funding demand of the investments in Formosa Ha Tinh Steel Corporation, Formosa Group (Cayman) limited, an investee of the Group, issues US$1 billion 10 years corporate bonds on April 14, 2015. The Group provides a guarantee of payment obligation with 25% of the bonds.

(6) Idemitsu Formosa Specialty Chemicals Corp., a joint venture of the Group, borrowed NT$3.3 billion from CA Corporation & Investment Bank and KGI Bank. To secure the rights of its shareholders, the Company is required to issue a letter of support to ensure the borrower has fulfilled its obligation for repayment.

(7) Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation, the investee of the Group, borrowed credit line of US$3,647.5 million and credit line of US$2,552.5 million from different banks. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.

(8) Formosa Resources Corp., the investee of the Group, and Formosa Steel IB Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed credit line of US$300 million from Bank for operational needs. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.

10. SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

In order to expand the sales channels of oil products and increase the flexibility of production and sales scheduling, the Group plans to invest NT$1.8 billion to subscribe for 180 million new issuing shares of Tai Shun Trading Co., Ltd., and will acquire a total of 60% equity.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As of December 31, 2022	As of December 31, 2021
	NTD	NTD
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$1,562,720	$3,793,036
Financial assets at fair value through other comprehensive income	59,966,380	83,753,574
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	36,505,250	64,466,993
Notes and accounts receivable, net (including related party)	54,971,645	50,855,768
Finance lease receivables	2,677,829	2,722,667
Other receivables	15,875,104	11,179,455
Subtotal	110,029,828	129,224,883
Financial assets for hedging	829	39,957
Total	$171,559,757	$216,811,450

Financial Liabilities	As of December 31, 2022	As of December 31, 2021
	NTD	NTD
Financial liabilities at amortized cost:		
Short-term borrowings	$6,582,392	$174,865
Short-term notes and bills payable	16,400,000	-
Notes and accounts payables (including related party)	19,605,933	26,675,386
Other payables (including related party)	18,588,584	18,400,647
Bonds payable (including current portion)	29,200,000	29,200,000
Lease liabilities	5,083,755	5,632,248
Total	$95,460,664	$80,083,146

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the above mentioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market risk. Market risk comprises currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, and there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

To avoid the risk of foreign currency assets impairment and future cash flow changes, the Company uses forward contracts and foreign currency loans to hedge the foreign currency risk. However, the abovementioned method can reduce the risk arise from changes of foreign currency exchange rate, it cannot completely eliminate the risk.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. When NTD appreciate/depreciate against US dollars by US$1, the profit decreases/ increases by NT$389,911 thousand and NT$109,689 thousand for the years ended December 31, 2022 and 2021, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments with variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT$57,278 thousand and NT$355 thousand for the years ended December 31, 2022 and 2021, respectively.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

The Group did not hold any listed and OTC equity securities classified under fair value through profit or loss.

When the price of the listed equity securities at fair value through other comprehensive income increases/ decreases 1%, it could have impacts of NT$493,998 thousand and NT$640,634 thousand for the years ended December 31, 2022 and 2021, on the equity attributable to the Group.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022 and 2021, accounts receivable from top ten customers represented 74.35% and 83.83% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Group did not hold any debt instrument investments which were measured at fair value through profit or loss for the year ended December 31, 2022.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
December 31, 2022							
Borrowings	$6,665,988	$-	$-	$-	$-	$-	$6,665,988
Short-term notes							
and bills payable	16,400,000	-	-	-	-	-	16,400,000
Accounts payable	19,605,933	-	-	-	-	-	19,605,933
Other payables	18,588,584	-	-	-	-	-	18,588,584
Bonds payable	3,378,100	5,697,392	5,294,037	6,907,458	3,932,713	4,235,230	29,444,930
Lease liabilities	1,243,067	1,113,538	999,802	840,152	399,758	874,870	5,471,187
December 31, 2021							
Borrowings	$176,246	$-	$-	$-	$-	$-	$176,246
Accounts payable	26,675,386	-	-	-	-	-	26,675,386
Other payables	18,400,647	-	-	-	-	-	18,400,647
Bonds payable	-	3,378,100	5,697,392	5,294,037	6,907,458	8,167,943	29,444,930

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Lease liabilities	1,219,982	1,164,211	1,038,983	905,010	745,365	1,006,312	6,079,863

Derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2022					
Inflows	$829	$-	$-	$-	$829
Outflows	-	-	-	-	-
Net	$829	$-	$-	$-	$829
December 31, 2021					
Inflows	$39,957	$-	$-	$-	$39,957
Outflows	-	-	-	-	-
Net	$39,957	$-	$-	$-	$39,957

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliations of the liabilities from financing activities

Reconciliations of the liabilities for the year ended December 31, 2022:

	Short-term loans	Short-term notes payable	Other payable to related parties	Bonds payable (including current portion)	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2022.1.1	$174,865	$-	$227,154	$29,200,000	$5,632,248	$236,732	$35,470,999
Cash flows	6,407,527	16,400,000	(82,657)	-	(1,166,342)	(16,295)	21,542,233
Non-cash changes	-	-	-	-	368,716	(587)	368,129
Exchange rate changes	-	-	-	-	249,133	-	249,133
2022.12.31	$6,582,392	$16,400,000	$144,497	$29,200,000	$5,083,755	$219,850	$57,630,494

Reconciliations of the liabilities for the year ended December 31, 2021:

	Short-term loans	Other payable to related parties	Bonds payable (including current portion)	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2021.1.1	$271,781	$241,588	$29,200,000	$6,192,868	$179,830	$36,086,067
Cash flows	(96,916)	(14,434)	-	(1,116,639)	57,239	(1,170,750)
Non-cash changes	-	-	-	634,863	(337)	634,526
Exchange rate changes	-	-	-	(78,844)	-	(78,844)

2021.12.31	$174,865	$227,154	$29,200,000	$5,632,248	$236,732	$35,470,999

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(a) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value because of its shorter maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities and unquoted public company) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) The fair value of bank loans, corporate bonds and lease liabilities is determined by the counterparty's quotation or valuation technique. The valuation technique is discounted cash flow analysis with interest and discount rate selected with reference to those of similar financial instruments (E.g. the yield curve reference of Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivative financial instrument is based on market quotations.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets (including held-to-maturity financial assets, loans and receivables) and liabilities (including loan, bonds payable and lease payable) measured at amortized cost approximate their fair value.

C. Information about financial instrument fair value hierarchy

For the information of fair value hierarchy please refer to related Note 12(9).

(8) Derivatives financial instruments the Group holds for trading are mainly energy commodity contracts. Please refer to Note 6(4) for related information.

(9) Fair value hierarchy

A. Definition

For the assets and liabilities measured and disclosed under fair value, the fair value hierarchy is categorized on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The inputs of each level are as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liabilities.

At the end of each reporting period, the fair value hierarchy for each financial instrument is revaluated to decide if there is any transfer into or out of any hierarchy.

B. The fair value at each fair value hierarchy for financial instruments of the Group is as follows:

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$1,562,720	$-	$1,562,720
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through	49,399,806	-	10,566,574	59,966,380

other comprehensive income				
Financial assets for hedging				
Energy commodity swap contracts	829	-	-	829

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$3,793,036	$-	$3,793,036
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	64,063,441	-	19,690,133	83,753,574
Financial assets for hedging				
Energy commodity swap contracts	39,957	-	-	39,957

Fair value hierarchy transfer between level 1input and level 2 input

The Group had no recurring assets and liabilities transfer between level 1 input and level 2 input for the years ended December 31, 2022 and 2021.

Movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset
	At fair value through other comprehensive income
	Stocks
2022.1.1	$19,690,133
Acquisition	12,000
Proceeds from capital reduction	(4,250)
Disposal	(70,400)

Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(9,064,290)
Effects of exchange rates	3,381
2022.12.31	$10,566,574

	Asset
	At fair value through other comprehensive income
	Stocks
2021.1.1	$14,692,966
Acquisition	8,054
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	4,990,653
Effects of exchange rates	(1,540)
2021.12.31	$19,690,133

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at December 31, 2022 :

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets：					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	20%~26.60%	The higher the discount for lack of marketability, the	10% increase (decrease) in the discount for lack of marketability would result in decrease/

				lower the fair value of the stocks	increase in the Group's equity by NT$1,377,067 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT$39,259 thousand

As at December 31, 2021:

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets：					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	19.20%~ 20.90%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT$2,393,030 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT$59,445 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Not measure by the fair value but have to disclose by the fair value hierarchy information

December 31, 2022

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property	$-	$-	$395,343	$395,343

(please refer to Note 6(10))

December 31, 2021

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to Note 6(10))	$-	$-	$392,331	$392,331

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$850,089	30.708	$26,104,533	$915,057	27.690	$25,337,928
EUR	227	32.703	7,424	1,032	31.361	32,365
YEN	68,345	0.231	15,788	24,536	0.240	5,889
Long-term equity Investments － equity method						
USD	$85,120	30.708	$2,613,863	$95,492	27.690	$2,644,166
Financial liabilities						
Monetary items:						
USD	$460,178	30.708	$14,131,146	$805,368	27.690	$22,300,640
EUR	537	32.703	17,562	791	31.361	24,807
YEN	59,711	0.231	13,793	85,432	0.240	20,504

The above information is disclosed based on book value transferred to functional currency.

The foreign exchange gains (losses) that was material and recognized are NT$5,152,726 thousand and NT$1,415,043 thousand for the years ended December 31, 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Significant transaction information

A. Financings provided to others

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Approved by the Board) (Note 3)	Ending Balance (Approved by the Board) (Note 8)	Amount Actually Drawn	Interest Rate%	Nature of Financing (Note 4)	Reason for Financing (Note 6)	Loss allowance	Collateral Item	Collateral Value	Limit of Financing Amount for Individual Counterparty (Note 7)	Limit of Total Financial Amount for Financing Company (Note 7)
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	Yes	$7,500,000	$4,500,000	$-	-	(2)	Need for operating	N/A	N/A	N/A	Financing to individual entity is limited to 10% of the Company's net asset 31,248,843thousand; financing to related party and party with business transaction is limited to 25% of the Company's net asset 78,122,109 thousand; financing to others is limited to 20% of the Company's net asset 62,497,687 thousand.	Financing to others is limited to 50% of the Company's net asset 156,244,217 thousand; financing to nonbusiness but in need for capital is limited to 40% of the Company's net asset 124,995,374 thousand.
0	The Company	Nan Ya Plastics Corporation	Other receivables from related parties	Yes	7,500,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Chemicals & Fibre Corporation	Other receivables from related parties	Yes	7,500,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	No	4,062,055	2,678,136	2,438,136	0.98 ~1.79	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Group Ocean Investment Corporation	Other receivables from related parties	No	1,598,413	1,362,497	1,062,497	0.98 ~1.79	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	10,200,000	9,200,000	4,100,000	0.98 ~1.79	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Oil (Asia Pacific) Corporation (Note 9)	Other receivables from related parties	Yes	500,000	500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Petrochemical Transportation Corporation (Note 9)	Other receivables from related parties	Yes	250,000	-	-	-	(2)	Need for operating	N/A	N/A	N/A		
					Total	$27,240,633	$7,600,633								

Note 1: The Company and its subsidiaries are coded as follows:
(1)The Company is coded "0".
(2)The subsidiaries are coded starting from "1" in the order.
Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.
Note 3: Maximum financing balance provided to others for the period.
Note 4: Nature of financing is coded as follows:
(1)The financing occurred due to business transactions is coded "1" .
(2)The financing occurred due to short-term financing is coded "2".
Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.
Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.
Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.
Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repay the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repay the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.
Note 9: All transactions listed above are eliminated in the consolidated financial statements.

B. Endorsement/guarantee provided to others

No. (Note1)	Endorser/ Guarantor	Receiving Party		Limit of the Endorsement / Guarantee Amount for Receiving Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Actual Amount Borrowed (Note6)	Amount of Collateral	Percentage	Limit on the Endorsement/Guarantee Amount (Note3)	Parent Company Endorsed / Guaranteed for the Subsidiaries (Note7)	Subsidiaries Endorsed /Guaranteed for the Parent Company (Note7)	Endorsement or Guarantee for Entities in China (Note7)
		Company Name	Relationship (Note2)										
0	The Company	FPCC USA, INC.	(2)	$203,117,482	$322,100	$307,080	$307,080	N/A	0.10	The Company may provide endorsement/guarantee to others but shall not exceed 130% of its net assets. The limit is 406,234,964 thousand. For endorsement/ guarantee to individual entity, the amount is limited to 50% of the limit.	Y	N	N
0	The Company	Formosa Group (Cayman) Limited	(6)	203,117,482	8,052,500	7,677,000	7,677,000	N/A	2.46	〃	N	N	N

No. (Note1)	Endorser/ Guarantor	Receiving Party		Limit of the Endorsement / Guarantee Amount for Receiving Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Actual Amount Borrowed (Note6)	Amount of Collateral	Percentage	Limit on the Endorsement/Guarantee Amount (Note3)	Parent Company Endorsed / Guaranteed for the Subsidiaries (Note7)	Subsidiaries Endorsed /Guaranteed for the Parent Company (Note7)	Endorsement or Guarantee for Entities in China (Note7)
		Company Name	Relationship (Note2)										
0	The Company	Formosa Ha Tinh (Cayman) Limited	(6)	203,117,482	6,601,191	-	-	N/A	-	〃	N	N	N

Note1: The Company and its subsidiaries are coded as follows:
(1) The Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed guaranteed company in proportion to its ownership.
(7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note3: The limits and the calculation methods of ndorsement/guarantee amount for individual counterparty and maximum balance are disclosed in accordance with company’s operating procedure of endorsement/guarantee.

Note4: Maximum balance of endorsement/guarantee provided to others for the period.

Note5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note6: It shoud be filled in the amount which is actual utilized by the endorsed/guaranteed company within the limit of endoresement/guarantee amount.

Note7: It should be filled in “Y”, if it is the public parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the public parent company, or endorsement or guarantee for entities in china.

C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures)

Shares: In thousand

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of December 31, 2022 Shares	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	Note
The Company	Stock －Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income–current	131,460	$11,410,760	2.07%	$86.80	
The Company	Stock －Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income–current	179,214	12,724,224	2.26%	71.00	
The Company	Stock －Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income–current	48,568	3,424,014	0.83%	70.50	
The Company	Stock －National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–current	60,082	3,094,216	19.44%	51.50	
The Company	Stock －Nan Ya Technology Corporation	-	Financial assets at fair value through other comprehensive income–current	334,815	17,142,549	10.81%	51.20	
The Company	Stock －TSRC Corporation	-	Financial assets at fair value through other comprehensive income–current	41,201	1,114,487	4.99%	27.05	
The Company	Fund－Mega USD Fend-Shou Private Market Fund	-	Financial assets at fair value through profit or loss–current	4,554	1,562,720	-	343.13	
The Company	Stock －Formosa Ha Tinh (Cayman) Limited	Others	Financial assets at fair value through other comprehensive income–non-current	621,178	6,104,045	11.43%	9.83	
The Company	Stock －Asia Pacific Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	8,950	298,035	2.11%	33.30	
The Company	Stock －Formosa Network Technology Corporation	-	Financial assets at fair value through other comprehensive income–non-current	2,925	180,789	12.50%	61.81	
The Company	Stock －Formosa Heavy Industries Corporation	Others	Financial assets at fair value through other comprehensive income–non-current	25,350	109,894	1.26%	4.34	
The Company	Stock －Formosa Ocean Group Marine Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3	3,787,973	19.00%	1,444,688	
The Company	Stock －Amtrust Capital Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3,750	20,264	3.91%	5.40	
The Company	Stock －Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	2,075	16,040	1.97%	7.73	

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

Note 2: If the securities listed above are issued by related parties, the column is specified with further information.

Note 3: For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note 4: Fill in the fair value in the following ways:

(1) For securities with quoted prices in active markets, fair value is the closing price at the balance sheet date. However, for open-end funds, fair value is the net asset value of the fund.

(2) For securities without quoted prices in an active market, doesn’t have be filled unless the security is stock. Fill in the book value column with book value per share if it is stock.

D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock:

Company	Securities Category (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	As January 1, 2022		Purchase (Note 3)		Sell (Note 3)				As December 31, 2022	
					Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Price	Book Cost	Gain / Loss	Shares (In thousand)	Amount
The Company	Fund	Financial assets at fair value through profit or loss–current	Mega USD Fend-Shou Private Market Fund	-	12,478	$4,085,299 (Note6)	-	$-	7,924	$2,422,330	$2,594,236	$(171,906) (Note6)	4,554	$1,491,063 (Note5)
The Company	Stock	Investments accounted for using the equity method	Formosa Smart Energy Corporation	Associate	-	-	100,000	1,000,000	-	-	-	-	100,000	1,000,000 (Note5)

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

Note 2: If the securities listed above are investments accounted for using the equity method, fill in the second column.

Note 3: The accumulated consideration of acquisition or sale should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: The Company's paid-in capital means the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 5: Beginning balance and ending balance herein is disclosed in original cost.

Note 6: The book value has been measured at fair value before disposal. Gain (loss) on disposal was accouted for as the gains (losses) on financial assets at fair value through profit or loss.

E. Acquisition of property with the amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

F. Disposal of property with amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more:

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	$96,109,625 8,180,194	11.33 1.03	30 days after receiving the goods	N/A	N/A	$7,383,800 573,642	13.87 2.93	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	34,652,202 1,294,405	4.09 0.16	30 days after receiving the goods	N/A	N/A	1,820,446 154,624	3.42 0.79	
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	167,506,909 36,723,899	19.75 4.62	30 days after receiving the goods	N/A	N/A	13,087,244 2,902,296	24.59 14.81	
The Company	National Petroleum Co., Ltd.	Others	Sales Purchases	21,434,286 -	2.53 -	60 days after receiving the goods	N/A	N/A	2,306,225 1,745,581 (Note Receivable) -	4.33 99.98 -	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	Sales Purchases	15,056,904 -	1.78 -	30 days after receiving the goods	N/A	N/A	1,438,331 -	2.70 -	(Note)
The Company	Formosa Taffeta Co., Ltd	Others	Sales Purchases	10,484,941 3,501	1.24 0.00	30 days after receiving the goods	N/A	N/A	546,996 -	1.03 -	
The Company	Nan Chung Petrochemical Corp.	Others	Sales Purchases	3,559,421 -	0.42 -	30 days after receiving the goods	N/A	N/A	578,012 -	1.09 -	
The Company	Caltex Taiwan Corporation	Joint venture	Sales Purchases	5,025,197 -	0.59 -	30 days after receiving the goods	N/A	N/A	521,136 4,954	0.98 0.03	
The Company	Simosa Oil Corporation	Associate	Sales Purchases	5,185,733 -	0.61 -	30 days after receiving the goods	N/A	N/A	402,181 -	0.76 -	
The Company	Formosa BP Chemicals Corporation	Others	Sales Purchases	2,904,498 834,301	0.34 0.10	30 days after receiving the goods	N/A	N/A	197,162 44,384	0.37 0.23	
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Others	Sales Purchases	2,455,157 -	0.29 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	TMS Corp.	Associate	Sales Purchases	2,320,207 -	0.27 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	Formosa Kraton Chemical Co., Ltd.	Joint venture	Sales Purchases	1,086,215 -	0.13 -	30 days after receiving the goods	N/A	N/A	69,253 -	0.13 -	
The Company	Mai-Liao Power Corporation	Associate	Sales Purchases	221,229 -	0.03 -	30 days after receiving the goods	N/A	N/A	3,411 -	0.01 -	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	Sales Purchases	326,030 56,252	0.04 0.01	30 days after receiving the goods	N/A	N/A	32,200 5,773	0.06 0.03	

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Mailiao Harbor Administration Corp	Associate	Sales Purchases	163,401 -	0.02 -	30 days after receiving the goods	N/A	N/A	45,816 2,631	0.09 0.01	
The Company	Formosa Plastics Marine Corporation	Associate	Sales Purchases	290,598 -	0.03 -	30 days after receiving the goods	N/A	N/A	16,500 18,063	0.03 0.09	

Note: All transactions are eliminated in the consolidated financial statements.

H. Receivables from related parties with amounts exceeding NT$100 million or 20 percent of capital stock

Creditor	Counterparty	Relationship with the counterparty	Balance	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Loss Allowance	Note
					Amount	Action taken			
	Accounts receivable								
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	$13,087,244	11.56	-	-	$13,087,244	N/A	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	7,383,800	10.96	-	-	7,383,800	N/A	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	1,820,446	10.73	-	-	1,820,446	N/A	
The Company	National Petroleum Co., Ltd.	Others	4,051,806	4.83	-	-	1,998,247	N/A	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	1,438,331	11.09	-	-	1,438,331	N/A	(Note)
The Company	Formosa Taffeta Co., Ltd	Others	546,996	21.92	-	-	546,996	N/A	
The Company	Formosa BP Chemicals Corporation	Others	197,162	11.53	-	-	197,162	N/A	
The Company	Simosa Oil Corporation	Associate	402,181	11.69	-	-	402,181	N/A	
The Company	Caltex Taiwan Corporation	Joint venture	521,136	10.97	-	-	521,136	N/A	
The Company	Nan Chung Petrochemical Corp.	Others	578,012	11.75	-	-	578,012	N/A	
	Other receivables from related parties								
The Company	Formosa Heavy Industries Corporation	Others	4,100,000	-	-	-	300,000	N/A	

Note : All transactions are eliminated in the consolidated financial Statements.

I. Derivative financial instruments undertaken: Please refer to Notes 6(4) and 12.

J. Significant intercompany transactions between consolidated entities

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	The Company	Formosa Oil (Asia Pacific) Corporation	1	Sales revenue	$15,056,904	Prices similar to those with non-related parties	1.78%
				Accounts receivable	1,438,331	Receive in the following month	0.34%
1	Formosa Oil (Asia Pacific) Corporation	The Company	2	Labor force revenue	88,596	Receive in the following month	0.01%
					381,667		0.09%
2	Formosa Petrochemical Transportation Corporation	The Company	2	Labor force revenue	438,329	Receive in the following month	0.05%
				Accounts receivable	14,757	-	0.00%
3	FPCC DILIGENCE Corp.	The Company	2	Labor force revenue	608,699	Receive in the following month	0.07%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company
(3) Subsidiary to subsidiary.

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

Note 4: Whether the Company discloses the significant transaction in this sheet is according to materiality principle.

(2) Investee information

A. Names, locations and related information of investee companies as of December 31, 2022 (excluding Mainland China)

Investor	Investee (Note1、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares (in thousand)	Percentage	Amount			
The Company	Formosa Oil (Asia Pacific) Corporation	ROC	Retail of petrochemical	$1,097,992	$1,097,992	100,000	100.00	$1,865,881	$332,155	$332,155	(Note3)
The Company	Formosa Petrochemical Transportation Corporation	ROC	Transportation	176,019	176,019	19,378	88.00	318,547	48,116	42,342	(Note3)
The Company	FPCC USA, INC.	US	Oil drilling	1,637,968	1,637,968	10	100.00	2,043,207	720,480	720,480	(Note3)
The Company	FPCC DILIGENCE Corp.	Liberia	Ship chartering	894,723	894,723	-	100.00	(124,930)	36,881	36,881	(Note3)
The Company	FPCC MAJESTY Corp.	Liberia	Ship chartering	1,092,467	1,092,467	-	100.00	1,820,551	53,770	53,770	(Note3)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Investor	Investee (Note1、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares (in thousand)	Percentage	Amount			
The Company	FPCC NATURE Corp.	Liberia	Ship chartering	1,126,902	1,126,902	-	100.00	1,879,649	56,123	56,123	(Note3)
The Company	FG INC.	US	Investing	6,506,856	6,506,856	11	57.00	6,301,141	(64,352)	(36,681)	(Note3)
The Company	Mai-Liao Power Corporation	ROC	Electricity generation	5,985,983	5,985,981	764,257	24.94	9,769,304	(4,514,707)	(1,126,143)	
The Company	Yi-Chi Construction Corporation	ROC	Construction	18,508	18,508	1,695	40.55	27,772	(51)	(21)	
The Company	Mailiao Harbor Administration Corporation	ROC	Harbor manage	1,348,137	1,348,137	98,907	44.96	2,561,350	846,080	380,378	
The Company	Formosa Development Corporation	ROC	Development of land	229,970	229,970	50,509	45.99	776,263	43,367	19,944	
The Company	Formosa Marine Corporation	ROC	Transportation	20,000	20,000	3,238	20.00	648,243	1,025,456	205,091	
The Company	Simosa Oil Corporation	ROC	Retail of other oil products and manufacturing	54,000	54,000	41,748	20.00	651,599	679,153	135,831	
The Company	Caltex Taiwan Corporation	ROC	Retail of petrochemical products and airport refueling	21,501	21,501	2,400	50.00	61,857	35,081	17,541	
The Company	Formosa Environmental Technology Corporation	ROC	Crop cultivating, Disposals of waste and sewage	417,145	417,145	41,714	24.34	231,885	10,626	2,586	
The Company	Formosa Plastics Synthetic Rubber(HK)	HK	Investing	4,244,064	4,244,064	138,333	33.33	1,846,899	(499,322)	(166,424)	
The Company	Formosa Kraton Chemical Co., Ltd.	ROC	Synthetic Rubber Manufacturing	1,237,500	1,237,500	-	50.00	1,551,880	598,103	299,051	
The Company	Formolight Technologies, Inc.	ROC	LED	80,361	80,361	8,036	39.43	46,776	(21,137)	(8,334)	
The Company	Formosa Resources Corporation	ROC	Mining	8,300,471	8,300,471	830,047	25.00	7,703,818	(854,448)	(213,612)	
The Company	Formosa Group (Cayman) Limited	Cayman	Investing	377	377	13	25.00	766,964	127,156	31,789	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	ROC	Retail of petrochemical products	750,000	750,000	75,000	50.00	60,630	(250,951)	(125,475)	
The Company	NKFG	ROC	Electronic components manufacturing & selling	997,200	997,200	99,720	45.00	395,933	(420,073)	(189,033)	
The Company	Nan Ya Photonics Incorporation	ROC	Lighting equipment manufacting	270,584	270,584	10,522	22.83	286,168	144,930	33,086	
The Company	Formosa Smart Energy Corporation	ROC	Manufacture of power generation, transmission and distribution machinery	1,000,000	-	100,000	25.00	1,000,818	3,271	818	
Formosa Oil (Asia Pacific) Corporation	TMS Corp.	ROC	Vehicle and parts export and import	40,000	40,000	3,430	49.00	56,005	22,304	10,929	
Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd	ROC	Retail of petrochemical	167,323	167,323	16,463	53.80	177,415	8,517	4,583	
Formosa Oil (Asia Pacific) Corporation	Formosa Engineering Technologies, INC.	ROC	Electrical and mechanical, telecommunications and circuits Equipment maintenance	10,000	10,000	1,000	20.00	5,528	(10,768)	(2,154)	
Formosa Petrochemical	Whalehome International Corp., Ltd	ROC	Retail of petrochemical	48,209	48,209	4,801	15.69	51,735	8,517	1,336	

Investor	Investee (Note1、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares (in thousand)	Percentage	Amount			
Transportation Corporation											
FG INC.	FG LA LLC	US	Petrochemical products manufacturing & selling	11,029,430	10,793,894	-	100.00	10,767,781	(54,857)	(54,857)	(Note3)

Note 1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investees could disclosed their holding company's relevant information.

Note 2: If not belong to Note 1, filled in by the following rules

(1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.

(2) In "Investees company net income" column should fill in each investee net income.

(3) In "Share of Profits/Losses" column only need to fill in the Company recognized profit or loss of each subsidiary and the company under equity method. Regarding to the profit or loss of each subsidiary should contain the share of profit or loss of its investee.

Note3: All transactions listed above are eliminated in the consolidated financial Statements.

B. The company has controlling power over Formosa Petrochemical Transportation Corporation, Formosa Oil (Asia Pacific) Corporation, FPCC USA, INC., FG INC., FG LA LLC, FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp.. Although the total assets and total operating revenue has not reached 10% of the company's account, but the significant transaction should be disclosed.

(a) Financing provided to others

No (Note1)	Creditor	Borrower	General Leger account (Note2)	Related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022 (Credits approved by the Boards) (Note 8)	Actual amount	Interest rate%	Nature for Financing (Note 4)	Reason for Financing (Note 6)	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company (Note 7)	Financing Company's Total Financing Amount Limits (Note 7)
												Item	Value		
1	Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd	Other receivables from related parties	yes	$50,000	$-	$-	-	(2)	Need for operating	N/A	N/A	N/A	$932,940	$1,865,881

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:

(1) The financing occurred due to business transactions is coded "1" .

(2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company’s operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company’s risk, even if the fund doesn’t be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company’s risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

Note 9: All transactions listed above are eliminated in the consolidated financial statements.

(b) Endorsement/guarantee provided to others for the year ended December 31, 2022: None.

(c) Securities held as of December 31, 2022

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of December 31, 2022			
				Shares (In thousand)	Carrying Value	Percentage of Ownership (%)	Market Value
Formosa Oil (Asia Pacific) Corporation	Stock－National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income－current	717	$36,916	0.23%	$51.50

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of December 31, 2022			
				Shares (In thousand)	Carrying Value	Percentage of Ownership (%)	Market Value
Formosa Oil (Asia Pacific) Corporation	Stock－North-Star Petroleum Co., Ltd.	-	Financial assets at fair value through other comprehensive income－current	12,538	452,640	4.56%	36.10
Formosa Oil (Asia Pacific) Corporation	Stock－Tai Yi Feng Corporation	-	Financial assets at fair value through other comprehensive income－non-current	2,500	49,534	5.00%	19.81

(d) Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock: None

(e) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

(f) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(h) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(I) Derivative financial instruments undertaken: None.

(j) Significant inter-company transactions: None.

C. Investment in Mainland China as of December 31, 2022

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investees company net income (Note2)	Percentage of Ownership	Share of Profits/Losses (Note2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Formosa Plastics Synthetic Rubber (Ningbo)	Synthetic Rubber Manufacturing	US$415,000 NT$12,743,820	(2)	US$138,333 NT$4,244,059	- -	- -	US$138,333 NT$4,244,059	NT$(499,322)	33.33%	NT$(166,424)	NT$1,846,899	$-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note3)
US$138,333 NT$4,244,059	US$138,333 NT$4,244,059	NT$190,371,219

Note1: The methods for engaging in investment in Mainland China include the following:
(1) Directly invested in China
(2) Investment in Mainland China companies through a company invested and established in a third region (The third region company is Formosa Plastics Synthetic Rubber (HK))
(3) Other method

Note2: Recognized based on valuation in financial statements audited by investee companies' independent accountants.

Note3: According to MOEA's regulation, the company set its upper limit on investment is based on 60% of consolidated equity.

D. Information on major shareholders

Major shareholders \ Shares	Shares	Percentage of Ownership
Formosa Plastics Corporation	2,720,549,010	28.55%
Formosa Chemicals & Fibre Corporation	2,300,799,801	24.15%
Nan Ya Plastics Corporation	2,201,306,014	23.10%
Chang Gung Medical Foundation	551,360,791	5.78%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

14. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

A. Petrochemical segment: Producing and selling petroleum, and petrochemical products.

B. Public utility segment: Producing and selling water, electricity and steam.

For information regarding the segment reporting and operating activities, please refer to "Other" section of the Note.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group finance costs, finance income and income taxes are managed on a group basis and are not allocated to operating segments.

The transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

Information for the years ended December 31, 2022

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	$775,174,133	$54,258,305	$18,616,058	$-	$848,048,496
Inter-segment	15,056,904	17,479,960	2,731,044	(35,267,908)	-
Total revenue	$790,231,037	$71,738,265	$21,347,102	$(35,267,908)	$848,048,496
Interest revenue	-	-	471,265	-	471,265
Rent revenue	1,059,289	-	133,582	-	1,192,871
Interest expense	351,739	70,129	135,023	-	556,891
Depreciation and depletion	9,071,696	4,057,319	1,889,153	-	15,018,168
Amortization	1,221,267	-	6,501	-	1,227,768
Other material non-cash items:					
Impairment of assets	-	-	95,293	-	95,293
Segment profit	$21,534,356	$(11,657,838)	$1,608,781	$5,483,097	$16,968,396
Assets					
Investments accounted for using the equity method	-	-	28,678,842	-	28,678,842
Segment assets	$203,031,395	$33,214,775	$202,771,659	$(17,236,361)	$421,781,468
Segment liabilities	$34,861,958	$10,170,807	$62,594,653	$(3,131,315)	$104,496,103

Information for the years ended December 31, 2021

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	$562,243,392	$40,696,358	$17,122,576	$-	$620,062,326
Inter－segment	13,535,419	10,979,856	2,627,061	(27,142,336)	-
Total revenue	$575,778,811	$51,676,214	$19,749,637	$(27,142,336)	$620,062,326
Interest revenue	-	-	343,796	-	343,796
Rent revenue	1,049,381	-	138,195	-	1,187,576
Interest expense	216,524	39,279	120,401	-	376,204
Depreciation and depletion	7,272,873	3,776,491	1,938,008	-	12,987,372
Amortization	1,505,194	-	7,143	-	1,512,337

Other material non－cash items:					
Reversal of impairment loss	-	-	(26,767)	-	(26,767)
Segment profit	$50,380,268	$5,719,744	$1,189,171	$3,195,792	$60,484,975
Assets					
Investments accounted for using the equity method	-	-	42,124,417	(12,163,254)	29,961,163
Segment assets	$205,900,512	$40,466,996	$226,976,885	$(14,587,285)	$458,757,108
Segment liabilities	$47,790,393	$7,175,157	$44,595,362	$(2,570,892)	$96,990,020

Note1: Revenues were from segments below the quantitative thresholds, such as load and unload process, transportation services and sales of petroleum products. None of those segments has ever met the quantitative thresholds for determining reportable segments assets.

Note2: Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' section. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Note3: Profit or loss of each reportable segment does not include the share of profits of associates and joint venture and the foreign currency exchange gains and losses.

(2) Information on reconciliations of revenue, profit or loss, assets, liabilities and other material items of reportable segments:

A. Revenue:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Total revenue from reportable segments	$861,969,302	$627,455,025
Other revenue	21,347,102	19,749,637
Elimination of inter－segment revenue	(35,267,908)	(27,142,336)
Total revenue	$848,048,496	$620,062,326

B. Profit or loss:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Net income from reportable segments	$9,876,518	$56,100,012
Net income from other segments	1,608,781	1,189,171
Adjustment	5,483,097	3,195,792
Net income from continuing operations	$16,968,396	$60,484,975

C. Assets:

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Total assets of reportable segments	$236,246,170	$246,367,508
Total assets of other segments	202,771,659	226,976,885
Adjustment	(17,236,361)	(14,587,285)
Segment assets	$421,781,468	$458,757,108

D. Liabilities:

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Total liabilities of reportable segments	$45,032,765	$54,965,550
Total liabilities of other segments	62,594,653	44,595,362
Adjustment	(3,131,315)	(2,570,892)
Segment liabilities	$104,496,103	$96,990,020

E. Other material items:

For the year ended December 31, 2022

	Reportable segments	Adjustments	Consolidated
Interest revenue	$-	$471,265	$471,265
Rent revenue	1,059,289	133,582	1,192,871
Interest expense	421,868	135,023	556,891
Depreciation and depletion	13,129,015	1,889,153	15,018,168
Amortization	1,221,267	6,501	1,227,768
Impairment of assets	-	95,293	95,293
Equity accounted investments	-	28,678,842	28,678,842

For the year ended December 31, 2021

	Reportable segments	Adjustments	Consolidated
Interest revenue	$-	$343,796	$343,796
Rent revenue	1,049,381	138,195	1,187,576
Interest expense	255,803	120,401	376,204
Depreciation and depletion	11,049,364	1,938,008	12,987,372
Amortization	1,505,194	7,143	1,512,337
Reversal of impairment loss	-	(26,767)	(26,767)
Equity accounted investments	-	29,961,163	29,961,163

The reconciling item to adjust other material items are mainly generated by non-operating segment.

(3) Geographical information

Revenue from external customers

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Taiwan	$449,980,009	$416,925,856
Australia	84,167,607	20,905,347
Korea	16,542,725	27,813,921
Philippines	28,815,439	11,356,036
Singapore	61,163,393	33,795,867
Malaysia	43,600,183	33,616,975
Mainland China	16,988,016	15,268,370
Other countries	146,791,124	60,379,954
Total	$848,048,496	$620,062,326

The revenue information above is based on the location of the customer.

Non-current assets

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Taiwan	$92,472,979	$98,157,411
Other countries	11,838,516	10,445,256
Total	$104,311,495	$108,602,667

The non-current assets are including property, plant and equipment, mineral resources, investments property and other assets, but financial instruments and deferred tax assets are excluded.

(4) Information about major customers

For the year ended December 31, 2022

Customer	Sales Amount	Division
Formosa Chemicals & Fibre Corporation	$167,506,909	Petrochemical and utility divisions
Formosa Plastics Corporation	96,109,625	Petrochemical and utility divisions
	$263,616,534	

For the year ended December 31, 2021

Customer	Sales Amount	Division

Formosa Chemicals & Fibre Corporation	$141,866,388	Petrochemical and utility divisions
Formosa Plastics Corporation	96,074,629	Petrochemical and utility divisions
	$237,941,017	

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL FINANCIAL STATEMENTS

For The Years Ended

December 31, 2022 And 2021

Report of Independent Auditors

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Stockholders of
Formosa Petrochemical Corporation

Opinion

We have audited the accompanying individual balance sheets of Formosa Petrochemical Corporation (the "Company") as of December 31, 2022 and 2021, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the individual financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the individual financial statements referred to above present fairly, in all material respects, the individual financial position of the Company as of December 31, 2022 and 2021, and their individual financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Individual 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2022 individual financial statements. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue is primarily driven by refining and sales of petroleum. The Company recognized operating revenues of NT$845,450,311 thousand during 2022, which was a significant and material amount in terms of financial performance and earning distribution. Therefore, revenue recognition is determined as a key audit matter.

The audit procedures we performed regarding revenue recognition included but not limited to: evaluate the appropriateness of the accounting policies for revenue recognition; understand the transaction process and perform tests of control on the effectiveness of control points; inspect the terms of transaction to ensure obligation of customers contract and the appropriate timing of revenue recognition; obtain confirmation letter on revenue from the Company's top 10 customers that are related parities; understand nature and rationality of transactions with the Company's newly added top 10 customers, inspect the source document and proof of the accounts receivable collection, and confirm that the remitters match the customers; for a period before and after the balance sheet date, select significant sales and sales return transactions and inspect the supporting document to ensure proper cut off.

We also consider the appropriateness of the revenue disclosure included in note 4 and note 6.15 of the notes to the individual financial statements.

Valuation of inventories

As of December 31, 2022, the inventories amounted to NT$86,102,878 thousand, representing 21% of total assets, which was significant to the financial statements. Inventories consists of raw materials, finished goods and work in process which were measured at the lower of cost or net realizable value. As the fluctuation of material prices such as crude oil could lead to value fluctuation of inventories, resulting in complex calculation of measurement of the lower of cost or net realizable value, therefore, valuation of inventories is identified as a key audit matter.

The audit procedures we performed regarding inventories valuation included but not limited to: evaluate the appropriateness of the accounting policies for inventories valuation; understand the transaction process and perform tests of control on the effectiveness of control points; inspect year-end inventory counting plan and observe the physical inventory count to verify the accuracy of inventory volume; test that inventory pricing correctly used weighted average method; perform tests on the net realizable value used by the management to verify its accuracy.

We also consider the appropriateness of inventories disclosure included in note 4 and note 6.6 of the notes to the individual financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$5,426,218 thousand and NT$4,288,640 thousand, both representing 1% of individual total assets as of December 31, 2022 and 2021. The related shares of profit or loss of subsidiaries, associates and joint ventures under the equity method amounted to NT$167,799 thousand and NT$16,284 thousand, representing 1% and 0% of the individual income before tax for the years ended December 31, 2022 and 2021, respectively, and the related shares of other comprehensive income of subsidiaries, associates and joint ventures under the equity method amounted to NT$104,800 thousand and NT$(32,897) thousand, representing (0)% and (1)% of the individual other comprehensive income for the years ended December 31, 2022 and 2021.

Responsibilities of Management and Those Charged with Governance for the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the requirements of 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 committe, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards 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 individual financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the individual 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the individual financial statements, including the accompanying notes, and whether the individual 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 individual 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 2022 individual financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Li Huang
Fuh, Wen Fun
Ernst & Young, Taiwan
February 24, 2023

<u>Notice to Readers</u>

The accompanying individual financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such individual financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL BALANCE SHEETS

DECEMBER 31, 2022 AND DECEMBER 31, 2021

(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2022 NTD	December 31, 2021 NTD
CURRENT ASSETS			
Cash and cash equivalents	4 & 6.1 & 12	$32,393,643	$61,880,122
Financial assets at fair value through profit or loss — current	4 & 6.2 & 12	1,562,720	3,793,036
Financial assets at fair value through other comprehensive income — current	4 & 6.3 & 12	48,910,250	63,658,665
Financial assets for hedging — current	4 & 6.4 & 12	829	39,957
Notes receivable, net	4 & 6.5 & 12	155	2,559
Notes receivable due from related parties, net	4 & 6.5 & 7 & 12	1,745,581	1,657,301
Accounts receivable, net	4 & 6.5 & 12	25,986,142	19,525,354
Accounts receivable due from related parties, net	4 & 6.5 & 7 & 12	28,461,162	30,754,764
Finance lease receivables, net	4 & 6.17 & 7 & 12	11,427	11,145
Other receivables (including from related parties)	7 & 12 & 13	15,840,480	11,165,727
Inventories	4 & 6.6	86,102,878	72,415,050
Prepayments	6.7	21,391,842	21,458,985
Other current assets	8	350,614	343,979
Total current assets		262,757,723	286,706,644
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income — non-current	4 & 6.3 & 12	10,517,040	19,600,386
Investments accounted for using equity method	4 & 6.8	42,617,135	41,833,151
Property, plant and equipment	4 & 6.9 & 7	82,693,958	88,830,811
Right-of-use assets	4 & 6.17 & 7	144,804	288,597
Investment property, net	4 & 6.10	395,343	392,331
Deferred tax assets	4 & 6.21	3,665,366	2,935,063
Long-term finance lease receivables, net	4 & 6.17 & 7 & 12	138,883	150,310
Other non-current assets, others	4 & 6.10	8,538,036	8,068,521
Total non-current assets		148,710,565	162,099,170
TOTAL ASSETS		$411,468,288	$448,805,814

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL BALANCE SHEETS

DECEMBER 31, 2022 AND DECEMBER 31, 2021

(Expressed in Thousands of Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022 NTD	December 31, 2021 NTD
CURRENT LIABILITIES			
Short-term loans	6.11 & 12	$6,580,576	$173,933
Short-term notes and bills payable	6.11 & 12	16,400,000	-
Contract liabilities — current	4 & 6.15	7,887	8,742
Notes payable	12	6,613	6,693
Accounts payable	12	15,865,402	23,045,524
Accounts payable to related parties	7 & 12	3,721,264	3,615,713
Other payables	12	18,417,956	18,112,791
Other payables to related parties	7 & 12	144,497	227,154
Current tax liabilities	4 & 6.21	3,260,269	10,983,749
Current lease liabilities	4 & 6.17 & 7 & 12	87,492	110,746
Current portion of long-term debts	6.12 & 12	3,350,000	-
Other current liabilities, others		332,287	354,752
Total current liabilities		68,174,243	56,639,797
NONCURRENT LIABILITIES			
Bonds payable	6.12 & 12	25,850,000	29,200,000
Deferred tax liabilities	4 & 6.21	19,411	22,834
Non-current lease liabilities	4 & 6.17 & 7 & 12	59,345	180,309
Defined benefit pension liability	4 & 6.13	4,551,324	4,982,445
Other non-current liabilities, others	4 & 6.8	325,531	365,961
Total non-current liabilities		30,805,611	34,751,549
TOTAL LIABILITIES		98,979,854	91,391,346
EQUITY			
Capital stock			
Common stock	4 & 6.14	95,259,597	95,259,597
Capital surplus		31,421,269	31,420,682
Retained earnings			
Legal reserve		77,839,238	72,937,151
Special reserve		3,033,784	3,033,784
Unappropriated earnings		92,173,931	118,495,617
Total retained earnings		173,046,953	194,466,552
Other equity		12,760,615	36,267,637
TOTAL EQUITY		312,488,434	357,414,468
TOTAL LIABILITIES AND EQUITY		$411,468,288	$448,805,814

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars, Except for Earnings per Share)

	Notes	For the Year Ended December 31, 2022 NTD	For the Year Ended December 31, 2021 NTD
OPERATING REVENUES	4 & 6.15 & 7	$845,450,311	$617,439,029
OPERATING COSTS	4 & 6.6 & 6.18 & 7	831,182,253	553,571,524
GROSS PROFIT		14,268,058	63,867,505
OPERATING EXPENSES	4 & 6.13 & 6.16 & 6.18 & 7		
Selling and marketing		4,780,095	4,345,398
General and administrative		4,187,464	4,443,988
Research and development		406,561	310,509
Expected credit losses (gains)		39,194	164,352
Total operating expenses		9,413,314	9,264,247
OPERATING INCOME		4,854,744	54,603,258
NON-OPERATING INCOME AND EXPENSES			
Interest income	6.19 & 7	335,508	224,316
Other income	6.19 & 7	6,311,069	3,490,747
Other gains and losses	6.19 & 7	5,264,180	1,247,495
Financial costs	6.19 & 7	(456,159)	(262,926)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	4 & 6.8	502,143	1,155,113
Total non-operating income and expenses		11,956,741	5,854,745
INCOME BEFORE INCOME TAX		16,811,485	60,458,003
INCOME TAX EXPENSE	4 & 6.21	2,389,925	11,056,600
NET INCOME		14,421,560	49,401,403
OTHER COMPREHENSIVE INCOME (LOSS)	6.8 & 6.20		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		410,368	(477,010)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(23,827,511)	5,447,432
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		(1,902,473)	1,195,665
Income tax (benefit) expense relating to items that will not be reclassified		82,073	(95,403)
Items that may be reclassified subsequently to profit or loss			
Gains (losses) on hedging instrument		(39,128)	(121,171)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		2,289,875	(632,282)
Income tax (benefit) expense relating to items that may be reclassified		(7,826)	(24,234)
Total other comprehensive income (loss) for the period, net of income tax		(23,143,116)	5,532,271
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$(8,721,556)	$54,933,674
EARNINGS PER SHARE (NTD)	4 & 6.22		
Earnings per share — basic/diluted			
Continuing operating income before tax		$1.76	$6.35
Net Income		$1.51	$5.19

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars)

			Retained Earnings			Other Components of Equity			
New Taiwan Dollars	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized gains (losses) from Equity Instruments Investments measured at Fair Value through Other Comprehensive Income	Gains (losses) on Hedging Instruments	Total Equity
Balance as of January 1, 2021	$95,259,597	$31,418,849	$72,190,485	$3,033,784	$75,841,731	$(1,159,494)	$31,383,392	$133,015	$308,101,359
Appropriation of 2020 earnings:									
Legal reserve	-	-	746,666	-	(746,666)	-	-	-	-
Cash dividends	-	-	-	-	(5,620,316)	-	-	-	(5,620,316)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	1,496	-	-	-	-	-	-	1,496
Other changes in capital surplus	-	337	-	-	-	-	-	-	337
Net income for the year ended December 31, 2021	-	-	-	-	49,401,403	-	-	-	49,401,403
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(391,156)	(628,169)	6,646,228	(94,632)	5,532,271
Total comprehensive income (loss)	-	-	-	-	49,010,247	(628,169)	6,646,228	(94,632)	54,933,674
Disposal of equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,621	-	(12,703)	-	(2,082)
Balance as of December 31, 2021	$95,259,597	$31,420,682	$72,937,151	$3,033,784	$118,495,617	$(1,787,663)	$38,016,917	$38,383	$357,414,468
Balance as of January 1, 2022	$95,259,597	$31,420,682	$72,937,151	$3,033,784	$118,495,617	$(1,787,663)	$38,016,917	$38,383	$357,414,468
Appropriation of 2021 earnings:									
Legal reserve	-	-	4,902,087	-	(4,902,087)	-	-	-	-
Cash dividends	-	-	-	-	(36,198,647)	-	-	-	(36,198,647)
Other changes in capital surplus:									
Other changes in capital surplus	-	587	-	-	-	-	-	-	587
Net income for the year ended December 31, 2022	-	-	-	-	14,421,560	-	-	-	14,421,560
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	347,435	2,289,875	(25,749,124)	(31,302)	(23,143,116)
Total comprehensive income (loss)	-	-	-	-	14,768,995	2,289,875	(25,749,124)	(31,302)	(8,721,556)
Disposal of equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,053	-	(10,053)	-	-
Removal of share of cash flow hedging reserve for associates	-	-	-	-	-	-	-	(6,418)	(6,418)
Balance as of December 31, 2022	$95,259,597	$31,421,269	$77,839,238	$3,033,784	$92,173,931	$502,212	$12,257,740	$663	$312,488,434

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	NTD	NTD
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$16,811,485	$60,458,003
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and depletion	13,725,699	11,650,878
Amortization	1,227,768	1,512,337
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(192,014)	95,475
Interest expense	456,159	262,926
Interest income	(335,508)	(224,316)
Dividends income	(4,158,116)	(1,471,037)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(502,143)	(1,155,113)
Loss (gain) on disposal of property, plant and equipment	2,492	22,954
Loss (gain) on disposal of investment property	636	-
Reversal of impairment loss on non-financial assets	(4,224)	(26,767)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable (including related parties)	(85,876)	(192,118)
Decrease (increase) in accounts receivable (including related parties)	(4,167,186)	(15,390,829)
Decrease (increase) in other receivables (including related parties)	(2,899,522)	(3,592,802)
Decrease (increase) in inventories	(13,687,828)	(25,652,359)
Decrease (increase) in prepayments	67,143	(11,229,792)
Decrease (increase) in other current assets	(6,807)	(17,402)
Increase (decrease) in contract liabilities	(855)	(22)
Increase (decrease) in notes payable	(80)	(1,342)
Increase (decrease) in accounts payable (including related parties)	(7,074,571)	16,001,683
Increase (decrease) in other payables	288,487	2,641,578
Increase (decrease) in other current liabilities	(22,465)	215,502
Increase (decrease) in defined benefit pension liability, net	(20,753)	(45,146)
Cash from operating activities	(578,079)	33,862,291
Income taxes received (paid)	(10,921,378)	(436,549)
Net cash provided by (used in) operating activities	(11,499,457)	33,425,742

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	NTD	NTD
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,425,804)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	-
Proceeds from disposal of financial assets at fair value through profit or loss	2,422,330	-
Acquisition of investments accounted for using the equity method	(1,000,002)	(887,820)
Acquisition of property, plant and equipment:		
Cost paid	(7,495,729)	(10,218,034)
Interest paid	(13,559)	(4,118)
Proceeds from disposal of property, plant and equipment	13,084	15,942
Increase in other receivables — due from affiliates	(1,769,039)	-
Decrease in other receivables — due from affiliates	-	3,752,326
Proceeds from disposal of investment property	576	-
Decrease in long-term lease receivables	11,145	10,871
Increase in other financial assets	-	(35)
Decrease in other financial assets	172	-
Increase in other non-current assets	(1,697,283)	-
Decrease in other non-current assets	-	56,665
Interests received	329,316	233,381
Dividends received	5,235,329	2,438,820
Net cash provided by (used in) investing activities	(3,959,410)	(6,027,806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	6,406,643	-
Decrease in short-term loans	-	(91,815)
Increase in short-term notes and bills payable	16,400,000	-
Decrease in other payables to related parties	(82,657)	(14,434)
Payments of lease liabilities	(95,559)	(98,427)
Increase in other non-current liabilities	-	56,481
Decrease in other non-current liabilities	(17,911)	-
Cash dividends paid	(36,197,781)	(5,620,656)
Interest paid	(440,347)	(262,926)
Net cash provided by (used in) financing activities	(14,027,612)	(6,031,777)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(29,486,479)	21,366,159
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	61,880,122	40,513,963
CASH AND CASH EQUIVALENTS, END OF PERIOD	$32,393,643	$61,880,122

The accompanying notes are an integral part of the financial statements.

Formosa Petrochemical Corporation

Notes To Financial Statements

For The Years Ended December 31, 2022 and 2021

(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(Audited)

1. HISTORY AND ORGANIZATION

(1) Formosa Petrochemical Corporation (the "Company") had prepared for incorporation since March 1992 and was incorporated on April 6, 1992. The Company is located in the No.6 Naphtha Cracker Complex in Mailiao of Yunlin County. The Company's shares were approved to be listed on the Taiwan Stock Exchange on November 12, 2003 and were traded publicly starting from December 26, 2003. The major shareholders of the Company are Formosa Plastics Corporation, Formosa Chemicals & Fibre Corporation and Nan Ya Plastics Corporation with equity interests of 28.55%, 24.15% and 23.10%, respectively, as of December 31, 2022.

(2) The principal activities of the Company include the following:

A. Operation of refinery of petroleum and integrated manufacture of hydrocarbon.
B. Involvement in export/import, marketing, storage and pipeline transport of crude oil, natural gasoline, naphtha, propane, other feed stocks and intermediate products for naphtha cracking and refinery.
C. Operation of export/import, marketing, and storage and pipeline transport of petrochemical products - ethylene, propylene, other pyrolysis and petroleum products.
D. Construction of co-generation plants to provide steam and electricity in industrial site.
E. Production and sales of nitrogen, oxygen, compressed air, industrial water, ultra-pure water, etc. in industrial site.
F. Export/import of liquefied petroleum gas and petroleum products.
G. Export/import of coal.
H. Governmental commissioned development of industrial site and administration of related lease and business activities (other than construction and building).
I. Quarrying of soil, sand and gravel.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors on February 24, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments have no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements..

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. As the Company has determined the potential impact of the standards and interpretations, there is no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company has determined the potential impact of the standards and interpretations, there is no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The financial statements of the Company have been prepared in accordance with Article 21 of the Regulations. According to Article 21, the profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the Bank accounted for its investments in subsidiaries using equity method and made necessary adjustment.

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's financial statements are presented in NT$.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by The Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Company holds the asset primarily for the purpose of trading
C. The Company expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the time deposits with maturing of less than 12 months, repurchase bonds and commercial papers).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) The Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable (including financing lease receivables) , financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.

(i) For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.

(ii) For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

These financial assets should be measured at fair value and the gain or loss resulted from the measurement should be recognized in profit or loss. The profit or loss recognized include dividends and interests received from the financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For impairment of lease receivable, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from issuing price.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable, interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivatives instrument and hedge accounting

The Company uses derivative instruments to hedge its price risk of products. A derivative is classified in the balance sheet as financial asset or financial liability at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

The Company's purpose of using hedge accounting is to hedge the risk of cash flows. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or foreign exchange rate risk arising from an unrecognized commitment.

Hedges that meet the hedge accounting requirement should be treated as follows:

<u>Cash flow hedge</u>

Gains or losses arising from the effective portion of cash flow hedges are recognized in equity and gains or losses arising from the ineffective portion are recognized in profit or loss.

When the hedged transaction affected profit or loss, the gains or losses recognized in equity are transferred to profit or loss. When the hedged item is non-financial assets or non-financial liabilities, the gains or losses recognized in equity should be transferred to the book value of the hedged non-financial assets or non-financial liabilities.

When the expected transaction or commitment is not expected to happen, the gains or losses recognized in equity previously should be transferred to profit or loss. If the hedge instrument has expired, terminated or executed and not replaced or extended, or has cancelled the original designated hedge, then the gains or losses recognized in equity previously should remain in equity before the expected transaction or commitment affected profit or loss.

(9) Fair value measurement

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

A. in the principal market for the asset or liability; or
B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or the most advantageous market must enter by the Company to conduct transaction.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials – Purchase cost on weighted average cost basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. The fix manufacturing cost is allocated based on normal operating capacity. If the actual capacity exceeds the normal capacity, then the fix manufacturing cost is allocated based on the actual capacity. Finished goods and work in progress are based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Investments accounted for using the equity method

According to Art. 21 of Regulation Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as Investments accounted for using equity method with necessary adjustments so that the net income and other comprehensive income of individual financial report equal the net income and other comprehensive income attributed to the parent of consolidated financial report, and that the shareholder's equity of individual financial report equals the shareholder's equity attributed to the parent of consolidated financial report. Considering the accounting treatment for investment in subsidiaries specified in IFRS 10 "Consolidated Financial Statements", and the different accounting treatments for different level of investees, necessary adjustments are made by debiting or crediting "Investments accounted for using equity method," "Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method," and "Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method."

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

When the associate issues new stock and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorate basis when the Company disposes of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate become an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	25~55 years
Machinery and equipment	5~40 years
Transportation equipment	3~15 years
Other equipment	3~25 years
Leasehold improvements	The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are audited at each financial year end and adjusted prospectively, if appropriate.

The Company changed the depreciation method from the straight-line method to the fixed-percentage-on-declining-base method on January 1, 2008 with respect to the related machines, transportation and other equipment of the Refinery and Oil Products Division (excluding the utilities factory and oil factory), Petrochemical Olefins Division and Maintenance Center in Mailiao plant. PP&E still in use after its service life are further depreciated over the newly estimated remaining useful lives.

(13) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal company that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the lessee; and

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

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

Sales of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer (meaning that the customer has control over the use of the product and claims almost all of the remaining benefit) and the goods are delivered to the customers. The main product of the Company is petrochemical products and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Company has not provided any warranty to its products.

The credit period of the Company's sale of goods is from 30 to 60 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The service provided by the Company is mainly terminal operations which have fixed price or negotiated price based on the number of quantities the service is provided. The performance obligation is fulfilled at a certain point, so the revenue should be recognized when the performance obligation is fulfilled.

Most of the contractual consideration of the Company are claimed after services have been rendered. When services have been performed but the Company does not have the right to the consideration unconditionally, contract assets should be recognized. For part of the contracts where consideration is claimed upon signing the contract, then the Company has the obligation to provide the services subsequently and contract liabilities should be recognized.

The period between the transfers of contract liabilities to revenue is usually within one year, and thus, no significant financing component is arised.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

<u>Deferred tax</u>

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made no judgements, which have the most significant effect on the amounts recognized in the financial statements.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

C. Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. The aforementioned sales returns and allowance is estimated based on the assumption that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. Judgement the amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

E. Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

F. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Cash on hand and petty cash	$51	$28
Checking accounts	1,042,653	48,272
Demand deposits	24,655,231	42,437,466
Time deposits	-	13,084,269
Commercial paper	4,994,708	4,060,087
Repurchase bonds	1,701,000	2,250,000
Total	$32,393,643	$61,880,122

(a) Cash and cash equivalents were not pledged as collateral or restricted for uses in December 31, 2022 and 2021.

(b) Commercial paper and Repurchase bonds were short-term and highly liquid investments maturing within 12 months since the date of investment.

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

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Mandatorily measured at fair value through profit or loss:		
Funds	$1,562,720	$3,793,036

The profit (loss) arising from financial assets at fair value through profit or loss were NT$192,014 thousand and NT$(95,475) thousand for the years ended December 31, 2022 and 2021, respectively.

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income − current and non-current

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Equity instruments investments measured at fair value through other comprehensive income:		
Listed companies stocks	$48,910,250	$63,658,665
Unlisted companies stocks	10,517,040	19,600,386
Total	$59,427,290	$83,259,051
Current	$48,910,250	$63,658,665
Non-current	10,517,040	19,600,386
Total	$59,427,290	$83,259,051

The Company's financial assets at fair value through other comprehensive income were not pledged.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 are as follow:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Related to investments held at the end of the reporting period	$4,158,116	$1,471,037

(4) Financial assets for hedging － current and non-current

	As of December 31, 2022	As of December 31, 2021
	NTD	NTD
Financial assets for hedging		
Financial Derivatives		
Energy commodity swap contracts	$829	$39,957
Current	$829	$39,957
Non-current	-	-
Total	$829	$39,957

Note: The Company applied hedge accounting according to IAS 39.

A. As of December 31, 2022 and 2021, there were 6 and 12 energy commodity swap contracts outstanding, respectively. The Company used these contracts to hedge the fluctuations of international crude oil and petroleum product prices. The swap contracts entered into by the Company are highly correlated with the price movement of the hedged items and periodic reviews are conducted on the swap contracts undertaken. All energy commodity swap contracts currently held by the Company are held for purpose of hedging and hedge effective. Please refer to Note 12 for details of the Company's financial risk management objectives and policies, hedging strategies and activities.

B. For hedging fluctuations of international crude oil and petroleum product prices, the outstanding energy commodity swap contracts were as follows:

		December 31, 2022		
		Notional	Book Value Asset	Book Value Liability
Type of Transaction	Pricing Period	Quantity	NTD	NTD
Singapore diesel oil / Dubai Crack Swap	Apr.1, 2023~ Sep.30, 2023	150 (1,000 bbls)	$829	$-
Total			829	-
Less: Financial assets (liabilities) for hedging － current			829	-
Financial assets (liabilities) for hedging － non-current			$-	$-

		December 31, 2021		
		Notional	Book Value Asset	Book Value Liability
Type of Transaction	Pricing Period	Quantity	NTD	NTD
Singapore gasoline/ Dubai Crack Swap	Jan.1, 2022~ Dec.31, 2022	300 (1,000 bbls)	$39,957	$-
Total			39,957	-
Less: Financial assets (liabilities) for hedging － current			39,957	-
Financial assets (liabilities) for hedging － non-current			$-	$-

(5) Notes and accounts receivable

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
A. Notes receivable	$155	$2,559
Less: Loss allowance	-	-
Notes receivable, net	$155	$2,559
B. Notes receivable – related parties	$1,745,581	$1,657,301
Less: Loss allowance	-	-
Notes receivable – related parties, net	$1,745,581	$1,657,301
C. Accounts receivable	$26,556,931	$20,056,949
Less: Loss allowance	(570,789)	(531,595)
Accounts receivable, net	$25,986,142	$19,525,354
D. Accounts receivable — related parties	$28,461,162	$30,754,764
Less: Loss allowance	-	-
Accounts receivable — related parties, net	$28,461,162	$30,754,764

Notes receivable and accounts receivable were from operations and were not held as collateral by any financial institution.

Accounts receivable are generally on 30~60 day terms. As of December 31, 2022 and 2021, the total carrying value were NT$56,763,829 thousand and NT$52,471,573 thousand, respectively. Please refer to Note 6.16 for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Raw materials	$38,488,927	$30,953,263
Supplies	5,363,104	5,040,860
Work in process	13,516,886	11,811,215
Finished goods	26,002,183	23,503,191
Goods in transit	2,731,778	1,106,521
Total	$86,102,878	$72,415,050

The cost of inventories (operating cost) recognized in expenses amounted to NT$831,182,253 thousand and NT$553,571,524 thousand for the year ended December 31, 2022 and 2021, including the expense (benefit) from inventory diluted to its respective net realizable value of NT$3,677,762 thousand and NT$304,782 thousand, respectively.

No inventories were pledged as of December 31, 2022 and 2021.

(7) Prepaid expense

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Prepaid expense — Maintenance	$8,798,606	$8,675,667
Prepaid expense — Material	8,816,910	11,113,915
Prepaid taxes — Input VAT	1,939,500	350
Prepaid expense — Port handling and others	1,836,826	1,669,053
Total	$21,391,842	$21,458,985

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the company:

	As of			
	December 31, 2022		December 31, 2021	
Investee	NTD	Percentage of Ownership (%)	NTD	Percentage of Ownership (%)
Subsidiary company				
Formosa Oil (Asia Pacific) Corporation	$1,865,881	100.00	$1,750,177	100.00
Formosa Petrochemical Transportation Corporation	318,547	88.00	297,983	88.00
FPCC USA, INC.	2,043,207	100.00	1,164,601	100.00
FPCC MAJESTY Corp.	1,820,551	100.00	1,591,749	100.00
FPCC NATURE Corp.	1,879,649	100.00	1,642,857	100.00
FG INC.	6,301,141	57.00	5,715,888	57.00
Subtotal	14,228,976		12,163,255	

Investee	As of December 31, 2022 NTD	December 31, 2022 Percentage of Ownership (%)	December 31, 2021 NTD	December 31, 2021 Percentage of Ownership (%)
Investments in associates				
Mai-Liao Power Corporation	9,769,304	24.94	12,821,215	24.94
Yi-Chi Construction Corporation	27,772	40.55	27,793	40.55
Mailiao Harbor Administration Corporation	2,561,350	44.96	2,476,726	44.96
Formosa Development Corporation	776,263	45.99	846,625	45.99
Formosa Marine Corporation	648,243	20.00	455,025	20.00
Simosa Oil Corporation	651,599	20.00	603,701	20.00
Formosa Environmental Technology Corporation	231,885	24.34	228,831	24.34
Formosa Plastics Synthetic Rubber (HK)	1,846,899	33.33	1,982,067	33.33
Formolight Technologies, Inc.	46,776	39.43	53,865	39.43
Formosa Resources Corporation	7,703,818	25.00	6,860,325	25.00
Formosa Group (Cayman) Limited	766,964	25.00	662,099	25.00
Nan Ya Photonics Incorporation	286,168	22.83	435,242	22.83
Formosa Smart Energy Corporation	1,000,818	25.00	-	-
Subtotal	26,317,859		27,453,514	
Investments in jointly controlled entities				
Caltex Taiwan Corporation	61,857	50.00	57,461	50.00
Formosa Kraton Chemical Co., Ltd.	1,551,880	50.00	1,387,850	50.00
Idemitsu Formosa Specialty Chemicals Corp.	60,630	50.00	186,105	50.00
NKFG	395,933	45.00	584,966	45.00
Subtotal	2,070,300		2,216,382	
Total	$42,617,135		$41,833,151	
Subsidiary company				
FPCC DILIGENCE Corp.(Note 1)	$(124,930)	100.00	$(146,862)	100.00

Note 1 : As of December 31, 2022, FPCC DILIGENCE Corp. was accounted for as other non-current liability.

A. Subsidiaries

(a) Investments in subsidiaries are presented based on the equity method in the individual financial statements with necessary evaluation adjustments.

(b) The subsidiaries of the Company was not significant. The summary financial information of subsidiaries was listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	$1,205,070	$676,584
Other comprehensive income (loss), net	1,220,784	(152,981)
Comprehensive income (loss) for the period	$2,425,854	$523,603

B. Investments in associates

(a) The associates of the Company was not significant. The summary financial information of associates was listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	$(705,011)	$641,992
Other comprehensive income (loss), net	(833,382)	716,364
Comprehensive income (loss) for the period	$(1,538,393)	$1,358,356

(b) The associates of the Company have no publicly quoted prices.

C. Investments in joint venture

(a) The joint venture of the Company was not significant. The summary financial information of joint venture was listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income (loss)	$2,084	$(163,463)
Other comprehensive income (loss), net	-	-
Comprehensive income (loss) for the period	$2,084	$(163,463)

D. The associates and joint venture had no contingent liability, committed capital or provided guarantee on December 31, 2022 and 2021. The joint venture could not distribute profits before obtaining all partners' consent.

The carrying amount of investments accounted for under the equity method in investees whose financial statements were audited by other auditors amounted to NT$5,426,218 thousand and NT$4,288,640 thousand, both representing 1% of the individual total assets as of December 31, 2022 and 2021. The share of profit or loss of these associates and joint ventures under the equity method amounted to NT$167,799 thousand and NT$16,284 thousand, representing 1% and 0% of the individual income before tax for the years ended December 31, 2022 and 2021, respectively. The share of other comprehensive income of these associates and joint ventures under the equity method amounted to NT$104,800 thousand and NT$(32,897) thousand, representing (0)% and (1)% of the individual other comprehensive income for the years ended December 31, 2022 and 2021, respectively. The financial statements of Yi-Chi Construction Corporation, Formosa Environmental Technology Corporation, Formosa Plastics Synthetic Rubber(HK), Formosa Group (Cayman) Limited, Formosa Smart Energy Corporation and Formosa Kraton Chemical Co., Ltd. were audited by other auditors.

E. The Company and other companies established Formosa Smart Energy Corporation on May 5, 2023. The Company already injected NT$1 billion into Formosa Smart Energy Corporation and acquired 100,000 thousand common stocks. The Company's shareholding percentage is 25%.

F. Long-term equity investments are not pledged as collaterals for bank loans as of December 31, 2022 and 2021.

(9) Property, plant and equipment

As of December 31, 2022, the property, plant and equipment for operating leases, representing 0% of total property, plant and equipment. Therefore, it is not intended to separately list Statement of changes in property, plant and equipment for operating leases.

	Land and land improvements	Buildings	Machinery and equipment	Other equipment	Transportation equipment	Construction in progress	Total
Cost:							
2022.1.1	$23,074,338	$44,891,565	$369,083,028	$4,322,273	$525,895	$11,651,808	$453,548,907
Additions	-	73,693	92,622	144,765	47,270	7,150,938	7,509,288
Transfer	-	278,693	3,484,664	12,768	-	(3,776,125)	-
Disposals	-	-	(218,545)	(37,114)	(8,028)	-	(263,687)
2022.12.31	$23,074,338	$45,243,951	$372,441,769	$4,442,692	$565,137	$15,026,621	$460,794,508
2021.1.1	$23,074,338	$44,883,212	$365,207,395	$4,209,706	$522,752	$5,776,510	$443,673,913
Additions	-	-	29,898	152,174	13,996	10,026,084	10,222,152
Transfer	-	8,353	4,108,675	33,160	598	(4,150,786)	-
Disposals	-	-	(262,940)	(72,767)	(11,451)	-	(347,158)
2021.12.31	$23,074,338	$44,891,565	$369,083,028	$4,322,273	$525,895	$11,651,808	$453,548,907
Depreciation and impairment:							
2022.1.1	$-	$31,939,382	$328,850,006	$3,523,021	$405,687	$-	$364,718,096
Depreciation	-	1,987,614	11,394,835	216,805	31,311	-	13,630,565
Transfer	-	-	(20)	20	-	-	-
Disposals	-	-	(202,996)	(37,087)	(8,028)	-	(248,111)
2022.12.31	$-	$33,926,996	$340,041,825	$3,702,759	$428,970	$-	$378,100,550
2021.1.1	$-	$30,044,304	$319,667,142	$3,376,456	$386,554	$-	$353,474,456
Depreciation	-	1,892,603	9,409,909	219,034	30,356	-	11,551,902
Transfer	-	2,475	(2,884)	181	228	-	-
Disposals	-	-	(224,161)	(72,650)	(11,451)	-	(308,262)
2021.12.31	$-	$31,939,382	$328,850,006	$3,523,021	$405,687	$-	$364,718,096
Net carrying amount as of:							
2022.12.31	$23,074,338	$11,316,955	$32,399,944	$739,933	$136,167	$15,026,621	$82,693,958
2021.12.31	$23,074,338	$12,952,183	$40,233,022	$799,252	$120,208	$11,651,808	$88,830,811

Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the year ended December 31,2022	For the year ended December 31,2021
Construction in progress	$13,559	$4,118
Capitalization rate of borrowing costs	0.78%~1.56%	0.82%~0.96%

A. The Company's property, plant and equipment was not pledged as collaterals.

B. Interest expenses before capitalization were NT$469,718 thousand and NT$267,044 thousand for the years ended December 31, 2022 and 2021, respectively.

(10) Investment property and other non-current assets

A. Investment property:

	2022.1.1	Additions	Disposals	2022.12.31
Land				
Cost	$946,818	$-	$(1,212)	$945,606

	2022.1.1	Impairment	Reversal of impairment loss	2022.12.31
Land				
Accumulated impairment	$554,487	$-	$(4,224)	$550,263

	2022.1.1	2022.12.31
Land		
Net carrying amount as of	$392,331	$395,343

	2021.1.1	Additions	Disposals	2021.12.31
Land				
Cost	$946,818	$-	$-	$946,818

	2021.1.1	Impairment	Reversal of impairment loss	2021.12.31
Land				
Accumulated impairment	$581,254	$-	$(26,767)	$554,487

	2021.1.1	2021.12.31
Land		
Net carrying amount as of	$365,564	$392,331

(a) The Company's investment property was not pledged as collaterals.

(b) The Company measures its investment property not by the fair value, however it discloses its information by the fair value, and it is belong to level 3. The fair value of the investment property held by the Company amounted to NT$395,343 thousand and NT$392,331 thousand as of December 31, 2022 and December 31, 2021, respectively. The fair value of investment property was valued by an independent external appraisal expert – CCIS Real Estate Joint Appraisers Firm and Euro-Asia Real Estate Appraisers Firm. The fair value was determined based on the market evidence, and the evaluation method was the comparison method, which input is estimated by the price of square meters.

B. Other non-current assets:

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Refundable deposits	$107,961	$102,110
Unamortized expense	1,107,494	1,299,168
Prepaid expense — land and equipment	4,133,105	4,089,818
Advance	154,151	123,369
Other assets — land	16,357	9,823
Prepaid expense — Maintenance	2,816,230	2,203,619
Other assets —Others	202,738	240,614
Total	$8,538,036	$8,068,521

As of December 31, 2022 and 2021, the above land was temporarily registered under a third party's name, at cost amounting to NT$16,357 thousand and NT$9,823 thousand. A lien has been created on the land through the land administration authority of the government, and the registered amounts of the lien were NT$100,160 thousand and NT$90,360 thousand in order to protect the interest of the Company. The land was accounted for as the other non-current asset.

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

		As of	
		December 31, 2022	December 31, 2021
	Interest Rate	NTD	NTD
Purchase loans	Floating interest rate	$1,010,317	$141,298
Credit loans	1.400%~1.650%	5,500,000	-
Others	0.790%	70,259	32,635
Total		$6,580,576	$173,933
Short-term notes and bills payable	1.477%~1.580%	$16,400,000	$-

The Company's unused short-term lines of credit amounted to NT$21,977,029 thousand and NT$17,648,702 thousand as of December 31, 2022 and 2021, respectively.

(12) Bonds payable

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Domestic unsecured unconvertible bonds	$29,200,000	$29,200,000
Less: current portion	(3,350,000)	-
Long-term bonds payable	$25,850,000	$29,200,000

As of December 31, 2022, the terms of the domestic bonds were as follows:

Domestic unsecured unconvertible bonds:

Item	Unsecured Bonds No.35		Unsecured Bonds No.36			Unsecured Bonds No.37		
Type of bonds	Bond B	Bond C	Bond A	Bond B	Bond C	Bond A	Bond B	Bond C
Issue date	2014.9.12	2014.9.12	2019.7.24	2019.7.24	2019.7.24	2020.8.6	2020.8.6	2020.8.6
Principal amount	2,200,000	1,400,000	4,500,000	4,500,000	2,100,000	4,600,000	7,800,000	2,100,000
Ending balance	2,200,000	1,400,000	4,500,000	4,500,000	2,100,000	4,600,000	7,800,000	2,100,000
Face value	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Issue price	Par value	Par value	Par value	Par value	Par value	Par value	Par value	Par value
Maturity	10 years	12 years	5 years	7 years	10 years	5 years	7 years	10 years
Coupon rate	Fixed rate 1.90%	Fixed rate 1.99%	Fixed rate 0.72%	Fixed rate 0.78%	Fixed rate 0.87%	Fixed rate 0.55%	Fixed rate 0.64%	Fixed rate 0.68%
Interest payment	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually
Repayment	Repay 50% of the principal at the end of the 9th and 10th year	Repay 50% of the principal at the end of the 11th and 12th year	Repay 50% of the principal at the end of the 4th and 5th year	Repay 50% of the principal at the end of the 6th and 7th year	Repay 50% of the principal at the end of the 9th and 10th year	Repay 50% of the principal at the end of the 4th and 5th year	Repay 50% of the principal at the end of the 6th and 7th year	Repay 50% of the principal at the end of the 9th and 10th year
Conversion exchange or stock warrants	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Securities and Futures Bureau approved document number	Financial Supervisory Commission approved document No. 1030029158, July 31, 2014	Financial Supervisory Commission approved document No. 1030029158, July 31, 2014	Taipei Exchange approved document No. 10800082232, July 22, 2019	Taipei Exchange approved document No. 10800082232, July 22, 2019	Taipei Exchange approved document No. 10800082232, July 22, 2019	Taipei Exchange approved document No. 10900087591, July 28, 2020	Taipei Exchange approved document No. 10900087591, July 28, 2020	Taipei Exchange approved document No. 10900087591, July 28, 2020

(13) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2022 and 2021, the expenses related to defined contribution plan amounted to NT$251,577 thousand and NT$243,370 thousand respectively.

B. Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference in 1 appropriation before the end of March in the following year.

Safeguard and Utilization of the Labor Retirement Fund is regulated by the Ministry of Labor. Investment of the fund is made by outsourcing and self-management. A long-term investment strategy is adopted with both initiative and passive approach. Considering market risk, creditability and liquidity etc., the Ministry of labor has set limit for fund risk and risk management plan so that the target rate of return can be reached without excess exposure to risk. Because the Company is not authorized to manage the Fund, it cannot disclose the classification of the fair value of the plan asset according to IAS 19. As of December 31, 2022, the amount of contribution expected to be made in the following accounting year was NT$63,460 thousand.

As at December 31, 2022 and 2021, the defined benefit plan of the Company was both expected to be expired in 2034.

Amounts to recognize in profit or loss for the years ended December 31, 2022 and 2021 are summarized as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current period service cost	$46,091	$43,842
Net interest on the net defined benefit liability (asset)	24,790	45,191
Subtotal	$70,881	$89,033

Reconciliation of the present value of the defined benefit obligation and fair value of plan assets of the defined benefit plan is as follows:

	As of	
	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$5,542,144	$5,899,649
Fair value of plan assets	(990,820)	(917,204)
Other non-current liabilities －Accrued pension liabilities recognized on the balance sheets	$4,551,324	$4,982,445

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2021.01.01	$5,435,473	$(884,892)	$4,550,581
Current service cost	43,842	-	43,842
Interest expense (income)	54,355	(9,164)	45,191
Subtotal	5,533,670	(894,056)	4,639,614
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	328,242	-	328,242
Experience adjustment	151,157	-	151,157
Return on plan assets	-	(2,389)	(2,389)
Subtotal	(479,399)	(2,389)	477,010
Payments from the plan	(124,471)	39,243	(85,228)
Contributions by employer	-	(60,002)	(60,002)
Net liabilities (assets) transferred from associates	11,051	-	11,051
2021.12.31	5,899,649	(917,204)	4,982,445
Current service cost	46,091	-	46,091
Interest expense (income)	29,498	(4,708)	24,790
Subtotal	5,975,238	(921,912)	5,053,326
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising from changes in financial assumptions	(421,845)	-	(421,845)
Experience adjustment	82,853	-	82,853
Return on plan assets	-	(71,376)	(71,376)
Subtotal	(338,992)	(71,376)	(410,368)
Payments from the plan	(108,274)	65,928	(42,346)
Contributions by employer	-	(63,460)	(63,460)
Net liabilities (assets) transferred from associates	14,172	-	14,172
2022.12.31	$5,542,144	$(990,820)	$4,551,324

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.50%
Expected rate of salary increases	2.85%	2.85%

A sensitivity analysis for significant assumption as at December 31, 2022 and 2021 is shown below:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(135,754)	$-	$(164,121)
Discount rate decrease by 0.25%	140,615	-	170,570	-
Future salary increase by 1.0%	582,327	-	701,995	-
Future salary decrease by 1.0%	-	(516,739)	-	(615,449)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equities

A. Common stock

The Company's authorized and issued capital both amounted to NT$95,259,597 thousand and consisted of 9,525,960 thousand shares at $10 par value each as of December 31, 2022 and 2021, respectively. Each share has one vote and the right to receive dividends.

B. Capital surplus

	As of	
	December 31, 2022	December 31, 2021
Additional paid-in capital – premium in excess of the par value of shares issued	$24,864,000	$24,864,000
Additional paid-in capital – bond conversion	6,379,284	6,379,284
Joint ventures and associates change in equity under equity method	173,482	173,482
Subsidiary change in equity	2,994	2,994
Others	1,509	922
Total	$31,421,269	$31,420,682

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Also, the capital reserve arisen from equity investments cannot be used for any purpose.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

(a) Payments of all taxes, if any
(b) To offset prior year's deficit, if any
(c) To set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b)
(d) To set aside special reserve, if required
(e) To set aside an amount for dividends
(f) The remaining amount (the "appropriable after-dividend earnings"), if any, the appropriation of shareholders' bonuses plan is drafted by the board of directors combination with prior year's accumulated unappropriated earnings. For the resolusion of cash dividends distribution should be adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and should be reported to the shareholders' meeting. For the resolusion of stock dividends distribution should be adopted by shareholders' meeting.

The above special reserve includes:

(a) Reserve recorded for special purposes
(b) Investment income recognized under equity method
(c) Net assessment income arising from financial transactions, however, when the cumulative decreases, the special reserve should be reduced accordingly to the extent that has been set aside;
(d) The special reserve required by other laws and regulations.

The Company’s business is in its maturity stage. As a result, the dividends can be distributed in a combination of cash and capital increase out of earnings and paid-in capital. The total amount distributed should be at least 50% of the earnings available after setting aside legal reserve and special reserve, provided that cash dividends take precedence and capital increase out of earnings and paid-in capital do not exceed 50% of the total distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

For the years ended December 31, 2022 and 2021, the details of earnings distribution and dividends per share as proposed by the board meeting on February 24, 2023 and resolved by the shareholder’s meeting on May 31, 2022 were as follows:

	Appropriation of earnings		Dividend per share	
	2022	2021	2022	2021
Legal reserve	$1,477,905	$4,902,087		
Common stock — cash dividend	10,478,556	36,198,647	$1.10	$3.80
Total	$11,956,461	$41,100,734		

Please refer to Note 6.18 for details of the bonus to employees.

(15) Operating revenues

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Revenue from contracts with customer		
Sales of goods		
Gasoline	$117,482,773	$89,812,132
Petrochemical products (ethylene and propylene, etc.)	182,041,218	201,705,407
Diesel oil	250,995,200	126,911,985
Jet fuel	49,434,976	19,392,492
Electricity	35,552,326	27,644,093
Steam	17,361,440	11,740,899
Others	191,621,409	139,268,161
Subtotal	844,489,342	616,475,169
Service revenues	960,969	963,860
Total	$845,450,311	$617,439,029

Analysis of revenue from contracts with customers during the year is as follows:

(1) Disaggregation of revenue

For the year ended December 31, 2022

	Petrochemical Division	Utility Division	Others	Total
Sales of goods				
Gasoline	$117,482,773	$-	$-	$117,482,773
Petrochemical products (ethylene and propylene, etc.)	182,041,218	-	-	182,041,218
Diesel oil	250,995,200	-	-	250,995,200
Jet fuel	49,434,976	-	-	49,434,976
Electricity	-	35,552,326	-	35,552,326
Steam	-	17,361,440	-	17,361,440
Others	190,276,870	1,344,539	-	191,621,409
Subtotal	790,231,037	54,258,305	-	844,489,342
Rendering of services	-	-	960,969	960,969
Total	$790,231,037	$54,258,305	$960,969	$845,450,311
Timing of revenue recognition:				
At a point in time	$790,231,037	$54,258,305	$960,969	$845,450,311

For the year ended December 31, 2021

	Petrochemical Division	Utility Division	Others	Total
Sales of goods				
Gasoline	$89,812,132	$-	$-	$89,812,132
Petrochemical products (ethylene and propylene, etc.)	201,705,407	-	-	201,705,407
Diesel oil	126,911,985	-	-	126,911,985
Jet fuel	19,392,492	-	-	19,392,492
Electricity	-	27,644,093	-	27,644,093
Steam	-	11,740,899	-	11,740,899
Others	137,956,795	1,311,366	-	139,268,161
Subtotal	575,778,811	40,696,358	-	616,475,169
Rendering of services	-	-	963,860	963,860
Total	$575,778,811	$40,696,358	$963,860	$617,439,029
Timing of revenue recognition:				
At a point in time	$575,778,811	$40,696,358	$963,860	$617,439,029

(2) Contract balances

Contract liabilities — current

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	$7,887	$8,742	$8,764

The significant changes in the Company’s balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Revenue recognized during the year that was included in the balance at the beginning of the year	$8,742	$8,764

(3) Transaction price allocated to unsatisfied performance obligations

The Company's contracts are all shorter than one year, there is not to provide information on outstanding performance obligations.

(4) Assets recognized from costs to fulfil a contract

None.

(16)Expected credit losses/ (gains)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating expenses－Expected credit losses/(gains)		
Accounts receivable	$39,194	$164,352

The Company does not expect that any significant losses will incur because the counterparty fail to fulfill the agreement. Please refer to Note 12 for information of credit risks.

The Company measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The explanation of the loss allowance measured for the year ended December 31, 2022 and 2021 are as follows:

A. By expected credit losses approximately 1% (including historical and forward-looking information, which refers to chemical material, petroleum and coal product price index) as of December 31, 2022 and 2021.

B. The Company needs to consider the grouping of receivables by past experiences and its loss allowance is measured by using a provision matrix, details as follows:

As at December 31, 2022		Past due				
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	Total
Gross carrying amount	$53,879,293	$2,884,536	$-	$-	$-	$56,763,829
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	541,944	28,845	-	-	-	570,789
Total	$53,337,349	$2,855,691	$-	$-	$-	$56,193,040

As at December 31, 2021		Past due				
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	Total
Gross carrying amount	$50,488,215	$1,983,358	$-	$-	$-	$52,471,573
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	511,761	19,834	-	-	-	531,595
Total	$49,976,454	$1,963,524	$-	$-	$-	$51,939,978

For the years ended December 31, 2022 and 2021, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Receivables
Balance as at January 1, 2022	$531,595
Addition/(reversal) for the current period	39,194
Balance as at December 31, 2022	$570,789
Balance as at January 1, 2021	$367,243
Addition/(reversal) for the current period	164,352
Balance as at December 31, 2021	$531,595

(17) Lease

(1) Company as lessee

The Company has entered into commercial leases on land and buildings. These leases have an average life of more than one to twenty years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of	
	December 31, 2022	December 31,2021
	NTD	NTD
Land	$55,600	$78,006
Buildings	28,088	50,803
Machinery and equipment	61,116	159,788
Total	$144,804	$288,597

For the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Company amounting to NT$8,447 thousand and NT$284,573 thousand, respectively.

(b) Lease liability

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Lease liability	$146,837	$291,055
Current	$87,492	$110,746
Non-current	$59,345	$180,309

Please refer to Note 6 (19)(D) for the interest on lease liability recognized for the years ended December 31, 2022 and 2021, and besides, refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the year ended December 31, 2022	For the year ended December 31, 2021
Land	$30,853	$27,356
Buildings	22,715	22,715
Machinery and equipment	41,566	48,905
Total	$95,134	$98,976

C. Income and costs relating to leasing activities

	For the year ended December 31, 2022	For the year ended December 31, 2021
The expense relating to short-term leases	$66,764	$90,090

The Company has no committed short-term lease portfolio for the year ended December 31, 2022 and 2021.

D. Cash outflow relating to leasing activities

For the year ended December 31, 2022, the Company's total cash outflow for leases amounting to NT$95,559 thousand, interest charge on lease liabilities NT$888 thousand and short-term leases NT$66,764 thousand.

For the year ended December 31, 2021, the Company's total cash outflow for leases amounting to NT$98,427 thousand, interest charge on lease liabilities NT$2,079 thousand and short-term leases NT$90,090 thousand.

E. Other information relating to leasing activities

None.

(2) Company as lessor

The Company has entered into leases on certain equipment of vessel equipment and automated storage and retrieval systems. These leases have terms of fifteen years, respectively. These leases are classified as finance leases as they do transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31, 2022	For the year ended December 31, 2021
Lease income for operating leases		
Income relating to fixed lease payment	$1,192,271	$1,184,885
Lease income for finance leases		
Finance income on the net investment in the lease	3,905	4,180
	$1,196,176	$1,189,065

For finance leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2022 and 2021 are as follow:

	As of	
	December 31, 2022	December 31, 2021
Not later than one year	$15,051	$15,051
Later than one year but not later than two years	15,051	15,051
Later than two years but not later than three years	15,051	15,051
Later than three years but not later than four years	15,051	15,051
Later than four years but not later than five years	15,051	15,051
Later than five years	97,827	112,877
Total undiscounted lease payments	173,082	188,132
Less: Unearned finance income to finance leases	(22,772)	(26,677)
Net investment in the lease (Finance lease receivables)	$150,310	$161,455
Current	$11,427	$11,145
Non-current	$138,883	$150,310

(18) Summary statement of employee benefits, depreciation and amortization expenses by function as follows:

Function / Description	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)
Employee benefits expense	$5,476,818	$3,046,029	$8,522,847	$5,732,717	$3,180,260	$8,912,977
Salaries and wages	4,789,919	2,703,601	7,493,520	5,045,911	2,829,811	7,875,722
Labor and health insurance	355,752	168,952	524,704	354,830	173,339	528,169
Pension	223,663	98,795	322,458	226,969	105,434	332,403
Director's remuneration	-	25,874	25,874	-	22,490	22,490
Other employee benefits expense	107,484	48,807	156,291	105,007	49,186	154,193
Depreciation and depletion	13,286,637	439,062	13,725,699	11,229,669	421,209	11,650,878
Amortization	1,220,594	673	1,221,267	1,505,194	642	1,505,836

The amortization recognized as non-operating income and expenses are both NT$6,501 thousand for the years ended December 31, 2022 and 2021.

Note:

1. For the years ended December 31, 2022 and 2021, the Company had average 5,230 and 5,291 employees, which both included 7 non-employee directors.

2. It's necessary for the companies listed on TWSE and Taipei Exchange to disclose the following information:
   (1) The Company's average benefits expense were NT$1,627 thousand for the year ended December 31, 2022. (the current employee benefits expense excluded director's remuneration / the current average number of employees excluded non-employee directors)
   The Company's average benefits expense were NT$1,683 thousand for the year ended December 31, 2021. (the prior employee benefits expense excluded director's remuneration / the prior average number of employees excluded non-employee directors)
   (2) The Company's average salaries and wages were NT$1,435 thousand for the year ended December 31, 2022. (the current salaries and wages / the current average number of employees excluded non-employee directors)
   The Company's average salaries and wages were NT$1,490 thousand for the year ended December 31, 2021. (the prior salaries and wages / the prior average number of employees excluded non-employee directors)

(3) The Company's average salaries and wages increased by (3.69)% for the year ended December 31, 2022. (the current average salaries and wages minus the prior average salaries and wages / the prior average salaries and wages)

(4) The Company has established the Audit Committee in replace of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2022 and 2021 were both nil.

(5) The Company's compensation policies (including directors, supervisors, managers and employees)

A. The policies of directors' compensation:

a. The independent directors have fixed remuneration for each month and other honorarium according to actual attendance of the board for directors meeting.

b. According to the Company's Articles of Incorporation, the board of directors is authorized to determine the director's remuneration other than independent directors, considering the extent and value of the services provided for the management of the Company and the general peer level.

c. The Company have already canceled director's profit distributional compensation according to the resolution of shareholders' meeting on May 30, 2008.

B. The policies of managers' compensation:

The Company's managers' compensation is implemented according to the Company's Articles of Incorporation and Article 29 of the Company Act. There are annual bonus, extra bonus, and special bonus, except for the fixed compensation, depending on the Company's profitability. Furthermore, it will adjust the fixed compensation every year referencing the overall employee's salary raise standard.

C. The policies of employees' compensation:

There are annual bonus, holiday bonus, extra bonus, and special bonus etc., except for the fixed salary, depending on the Company's profitability and referring to Consumer Price Index, industry salary level and rising situation, and related economic data to adjust the monthly fixed salary.

D. The policies of supervisors' compensation:

The Company has established the Audit Committee in replace of supervisors on June 15, 2015.

According to the Company's Articles of Incorporation, 0.02% to 0.1% of the profit of the period should be distributed as employee's compensation. However, if there is accumulated deficit, the deficit should be covered first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employee compensation was NT$3,363 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the year ended December 31, 2022. According to resolution of the board on February 24, 2023, the compensation will be granted in cash.

The Company's board of director's meeting on March 8, 2022, resolved to distribute NT$12,094 thousand of employee compensation in cash, which was reported at the shareholders' meeting on May 31, 2022. No difference existed between the employee compensation distributed and disclosed in the financial statements of 2021.

(19) Non-operating income and expenses

A. Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Bank interest income	$226,890	$124,851
Interest income － due from affiliates	91,080	86,949
Interest income － financial leasing	3,905	4,180
Other interest income	13,633	8,336
Total	$335,508	$224,316

B. Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Rental income	$1,192,271	$1,184,885
Other income－others	960,682	834,825
Dividends income	4,158,116	1,471,037
Total	$6,311,069	$3,490,747

C. Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Gains (losses) on disposal and abandon of property, plant and equipment	$(2,492)	$(22,954)
Gains (losses) on disposal of investment property	(636)	-
Foreign exchange (losses) gains, net	5,152,726	1,415,043
Impairment loss/Reversal of impairment loss		
Investment property	4,224	26,767
Other gains (losses) — others	(81,656)	(75,886)
Gains (losses) on financial assets at fair value through profit or loss (Note)	192,014	(95,475)
Total	$5,264,180	$1,247,495

Note: Balance in current period arose from financial assets mandatorily measured at fair value through profit or loss.

D. Financial costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Interest on borrowings from bank	$64,634	$-
Interest on bonds payable	244,930	244,930
Interbank loans with interest	1,576	-
Interest for lease liabilities	888	2,079
Other interest expenses	144,131	15,917
Total financial costs	$456,159	$262,926

(20) Components of other comprehensive income (loss)

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$410,368	$-	$410,368	$82,073	$328,295
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(23,827,511)	-	(23,827,511)	-	(23,827,511)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(1,902,473)	-	(1,920,473)	-	(1,902,473)
Items that may be reclassified subsequently to profit or loss:					
Gains (losses) on hedging instrument	45,327	(84,455)	(39,128)	(7,826)	(31,302)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	2,289,875	-	2,289,875	-	2,289,875
Total	$(22,984,414)	$(84,455)	$(23,068,869)	$74,247	$(23,143,116)

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$(477,010)	$-	$(477,010)	$(95,403)	$(381,607)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	5,447,432	-	5,447,432	-	5,447,432
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	1,195,665	-	1,195,665	-	1,195,665
Items that may be reclassified subsequently to profit or loss:					
Gains (losses) on hedging instrument	181,231	(302,402)	(121,171)	(24,234)	(96,937)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(632,282)	-	(632,282)	-	(632,282)
Total	$5,715,036	$(302,402)	$5,412,634	$(119,637)	$5,532,271

(21) Income taxes

The major components of income tax expense (income) for the year ended December 31, 2022 and 2021 are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2022 NTD	For the year ended December 31, 2021 NTD
Current income tax expense (income):		
Current income tax charge	$3,288,076	$11,000,622
Adjustments in respect of current income tax of prior periods	(90,178)	(430,830)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(807,973)	486,808
Total income tax expense (income)	$2,389,925	$11,056,600

Income tax relating to components of other comprehensive income

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Deferred tax expense (income):		
Gain (losses) on hedging instruments	$(7,826)	$(24,234)
Remeasurements of defined benefit plans	82,073	(95,403)
Total	$(72,247)	$(119,637)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Accounting profit before tax from continuing operations	$16,811,485	$60,458,003
Tax at the statutory income tax rate	3,362,297	12,091,601
Dividend income	(831,623)	(294,207)
Income (loss) from equity investments	(100,429)	(231,023)
Income (loss) from securities and futures exchange	34,381	-
Tax effect of revenues exempt from taxation	(73,502)	13,741
Tax effect of non-deductible expense	1,155	1,288
Estimated according to IFRIC 23	-	(148,953)
Tax effect of deferred tax assets/liabilities	1,376	-
Surtax on undistributed retain earnings	86,448	54,983
Adjustments in respect of current income tax of prior periods	(90,178)	(430,830)
Total income tax expense (income) recognized in profit or loss	$2,389,925	$11,056,600

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as at January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2022
Temporary differences				
Depreciation difference for tax purpose	$900,408	$66,806	$-	$967,214
Foreign currency assets / liabilities losses (gains)	(14,842)	(4,403)	-	(19,245)
Inventory evaluation	289,523	735,552	-	1,025,075
Hedging derivative financial instruments sharing the same period (gains)	(7,992)	-	7,826	(166)
Non-Current－defined benefit liability, net	913,182	(6,004)	(82,073)	825,105
Others	831,950	16,022	-	847,972
Deferred tax income (expense)		$807,973	$(74,247)	
Net deferred tax assets (liabilities)	$2,912,229			$3,645,955
Reflected in balance sheet as follows:				
Deferred tax assets	$2,935,063			$3,665,366
Deferred tax liabilities	$(22,834)			$(19,411)

For the year ended December 31, 2021

	Beginning balance as at January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2021
Temporary differences				
Depreciation difference for tax purpose	$1,627,346	$(726,938)	$-	$900,408
Useful life difference of automated equipment	(131,213)	131,213	-	-
Foreign currency assets / liabilities losses (gains)	(25,580)	10,738	-	(14,842)
Inventory evaluation	228,566	60,957	-	289,523
Hedging derivative financial instruments sharing the same period (gains)	(32,226)	-	24,234	(7,992)
Non-Current－defined benefit liability, net	828,038	(10,259)	95,403	913,182
Others	784,469	47,481	-	831,950
Deferred tax income (expense)		$(486,808)	$119,637	
Net deferred tax assets (liabilities)	$3,279,400			$2,912,229
Reflected in balance sheet as follows:				
Deferred tax assets	$3,468,419			$2,935,063
Deferred tax liabilities	$(189,019)			$(22,834)

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized as they may not be used to offset taxable profits.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2022 and 2021, the Company did not have any taxable temporary differences that was not recognized as deferred tax liabilities.

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Basic/Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$14,421,560	$49,401,403
Weighted average number of ordinary shares outstanding for basic/diluted earnings per share (in thousand)	9,525,960	9,525,960
Basic/Diluted earnings per share	$1.51	$5.19

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Formosa Plastics Corporation	Significant influence over the Company
Formosa Chemicals & Fibre Corporation	Significant influence over the Company
Nan Ya Plastics Corporation	Significant influence over the Company
Formosa Oil (Asia Pacific) Corporation	Subsidiary
Formosa Petrochemical Transportation Corporation	Subsidiary
FPCC DILIGENCE Corp.	Subsidiary
FPCC USA, INC.	Subsidiary
Mai-Liao Power Corporation	Associate
Mailiao Harbor Administration Corporation	Associate
Formosa Marine Corporation	Associate
Simosa Oil Corporation	Associate
Formosa Environmental Technology Corporation	Associate
Formosa Group (Cayman) Limited	Associate
Nan Ya Photonics Incorporation	Associate
NKFG	Joint venture
Caltex Taiwan Corporation	Joint venture
Formosa Kraton Chemical Co., Ltd.	Joint venture
Idemitsu Formosa Specialty Chemicals Corp.	Joint venture
TMS Corp.	Other
Formosa FCFC Carpet Corporation	Other
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Other
Formosa Biomedical Technology Corp.	Other
Formosa BP Chemicals Corporation	Other
Formosa Taffeta Co., Ltd.	Other
Formosa Ha Tinh (Cayman) Limited	Other
Hong Jing Resource Co., Ltd	Other
Nan Ya Printed Circuit Board Corporation	Other
Nan Chung Petrochemical Corp.	Other
Formosa Heavy Industries Corporation	Other
Hwa Ya Power Corporation	Other
National Petroleum Co., Ltd.	Other
Formosa Plastics Maritime Corporation	Other
Chang Gung Medical Foundation	Other
Simosa Shipping Co., Ltd	Other
Formosa Waters Technology Co., Ltd.	Other

Significant transactions with related parties

(1) Sales

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$167,506,909	$141,866,388
Formosa Plastics Corporation	96,109,625	96,074,629
Nan Ya Plastics Corporation	34,652,202	43,955,512
Subtotal	298,268,736	281,896,529
Associate	8,181,171	3,705,651
Joint venture	6,437,442	3,756,327
Subsidiary	15,056,904	13,535,419
Others	40,962,228	40,595,468
Total	$368,906,481	$343,489,394

The terms and conditions of sales (including prices) to related parties are similar to those with non-related parties. The credit term is 30 days from the day the related party confirms the sale.

(2) Purchase

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$46,198,498	$37,445,000
Associate	72,199	72,847
Joint venture	61,852	39,413
Others	977,354	791,146
Total	$47,309,903	$38,348,406

The Company did not receive special discounts when purchasing from the related parties. Payment term is 30 days after receiving the goods.

(3) Notes receivable – related parties

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Others		
National Petroleum Co., Ltd.	$1,745,581	$1,657,301
Total	1,745,581	1,657,301
Less: loss allowance	-	-
Net	$1,745,581	$1,657,301

(4) Accounts receivable – related parties

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$13,087,244	$13,877,906
Formosa Plastics Corporation	7,383,800	8,492,672
Nan Ya Plastics Corporation	1,820,446	2,390,415
Subtotal	22,291,490	24,760,993
Associate	467,909	502,785
Joint venture	622,589	344,910
Subsidiary	1,438,331	1,338,300
Others	3,640,843	3,807,776
Total	28,461,162	30,754,764
Less: loss allowance	-	-
Net	$28,461,162	$30,754,764

(5) Accounts payable – related parties

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$2,902,296	$2,704,029
Others	728,266	809,161
Subtotal	3,630,562	3,513,190
Associate	25,109	9,976
Joint venture	11,605	10,572
Others	53,988	81,975
Total	$3,721,264	$3,615,713

(6) Transaction of property, plant and equipment

Commissioned construction

The Company commissioned the following related parties to construct items of property, plant and equipment:

	Items	For the year ended December 31, 2022 NTD	For the year ended December 31, 2021 NTD
Entity with joint control or significant influence over the Company	Maintenance	$180,871	$145,616
Entity with joint control or significant influence over the Company	Expansion of facilities	129,244	178,349
Associate	Expansion of facilities	55,360	-
Others	Maintenance	526,802	324,279
Others	Expansion of facilities	837,727	386,652
Total		$1,730,004	$1,034,896

The Company followed the general procedures to commission Formosa Heavy Industries Corporation, Nan Ya Plastics Corporation and Nan Ya Photonics Incorporation to expand its facilities and the maintenance of them. The payment period is one month after the acceptance of the construction work.

(7) Financing

Other receivables – due from affiliates

	As of December 31, 2022 NTD	As of December 31, 2021 NTD
Others		
Formosa Heavy Industries Corporation	$4,100,000	$2,188,000

The lending of funds condition to the associates was charged in accordance with the contract schedule after loan received. For the years ended December 31, 2022 and 2021, interest income from related parties were NT$41,750 thousand and NT$31,657 thousand, respectively. And interest charged at the rate of 0.98%~1.79% and 0.98%~1.23%, respectively.

(8) Other receivables, other payables

Receivables from/ payables to related parties (bear no interest) are as follows:

(a) Other receivables – sale of raw materials, etc.

	As of			
	December 31, 2022		December 31, 2021	
	Amount NTD	%	Amount NTD	%
Entity with joint control or significant influence over the Company	$7,564	0.05	$46,856	0.42
Associate	22,321	0.14	11,499	0.10
Subsidiary	10	-	10	-
Joint venture	4,914	0.03	5,552	0.05
Others	21,642	0.14	35,234	0.32
Total	$56,451	0.36	$99,151	0.89

They are payments received from selling raw material. The payment term is within 30 days following confirmation with the counterparty.

(b) Other payables

	As of			
	December 31, 2022		December 31, 2021	
	Amount NTD	%	Amount NTD	%
Associate	$13,178	0.07	$12,612	0.07
Others	131,319	0.71	214,542	1.17
Total	$144,497	0.78	$227,154	1.24

Other payables are purchases of raw material for construction. The payment term is within 30 days after inspection and approval of accepting the materials

(9) Lease

A. Company as a lessee

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$-	$3,078
Associate	37,376	67,276
Total	$37,376	$70,354

(b) Lease liability

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$-	$3,092
Associate	38,780	69,160
Total	$38,780	$72,252
Current	$30,952	$33,472
Non-current	$7,828	$38,780

(c) Interest for lease liabilities

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$8	$23
Associate	1,031	1,592
Total	$1,039	$1,615

(d) The expense relating to short-term leases

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$54,350	$54,350

B. Company as a lessor

(a) The revenue relating to short-term leases

The Company derived the following rental income from leasing oil storage facilities and land to related parties:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Entity with joint control or significant influence over the Company	$171,225	$163,342
Associate	17,053	17,112
Joint venture	32,485	32,485
Others	24,163	32,123
Total	$244,926	$245,062

(b) The income relating to finance leases

The Company derived the following rental income from leasing automated storage and retrieval systems to related parties:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Joint venture	$3,905	$4,180

(10)Other related party transactions

A. Use of labor

The details of use of the related parties’ labor force are as follows:

		For the year ended December 31, 2022	For the year ended December 31, 2021
	Items	NTD	NTD
Associate	Harbor labor force	$1,525,109	$1,437,168
Subsidiary	Labor force	488,740	1,090,504
Joint venture	Refuel	43,269	46,125
Others	Labor force	1,822	1,779
Total		$2,058,940	$2,575,576

The payments include harbor usage, towage, and fuel delivery. The payment is mutually agreed to be made one month after the monthly closing.

B. Notes endorsements and guarantees

	As of	
	December 31, 2022	December 31, 2021
	NTD	NTD
Associate	$7,677,000	$6,922,500
Joint venture	-	247,000
Subsidiary	307,080	276,900
Others	-	6,568,456
Total	$7,984,080	$14,014,856

C. Leased oil tanker

Effective from January 1, 2020, the Company leased oil tankers from FPCC DILIGENCE Corp.. The daily leasing cost is calculated based on "VESSEL'S DAILY FIXED-COST PLUS 10%", approximately US$33,500 per day. In 2022 and 2021, the oil tanker rental cost were US$20,060 thousand and US$21,230 thousand, respectively, which were recorded under operating cost and accrued freight expenses.

(11)Key management personnel compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
	NTD	NTD
Short-term employee benefits	$133,246	$113,099

8. PLEDGED ASSETS

The following assets were pledged to banks as collaterals for bank loans:

		As of	
		December 31, 2022	December 31, 2021
Pledged Assets	Contents	NTD	NTD
Other current assets	Certificates of time deposit	$41,000	$41,172

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, the Company's commitments and contingent liabilities were as follows:

(1) Guarantee notes received from counterparties as collateral for payment, construction completion commitment and others for operational needs was NT$222,586 thousand.

(2) Guarantee notes issued for borrowings (financing) were NT$137,871,540 thousand.

(3) The unutilized portions of letters of credit issued by banks for importing raw materials was NT$6,412,990 thousand.

(4) Due to the funding demand of the investments in Formosa Ha Tinh Steel Corporation, Formosa Group (Cayman) limited, an investee of the Company, issues US$1 billion 10 years corporate bonds in April 14, 2015. The Company provides a guarantee of payment obligation with 25% of the bonds.

(5) Idemitsu Formosa Specialty Chemicals Corp., a joint venture of the Company, borrowed NT$3.3 billion from CA Corporation & Investment Bank and KGI Bank. To secure the rights of its shareholders, the Company is required to issue a letter of support to ensure the borrower has fulfilled its obligation for repayment.

(6) Formosa Ha Tinh (Cayman) Limited and Formosa Ha Tinh Steel Corporation the investee of the Company, borrowed credit line of US$3.6475 billion and credit line of US$2.5525 billion from different banks. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.

(7) Formosa Resources Corp. is a investee of the Company. Formosa Steel IB Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed credit line of US$300 million from Bank for operational needs. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.

10. SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

In order to expand the sales channels of oil products and increase the flexibility of production and sales scheduling, the Company plans to invest NT$1.8 billion to subscribe for 180 million new issuing shares of Tai Shun Trading Co., Ltd., and will acquire a total of 60% equity.

12. OTHERS

(1) Categories of financial instruments

	As of	
Financial Assets	December 31, 2022	December 31, 2021
	NTD	NTD
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$1,562,720	$3,793,036
Financial assets at fair value through other comprehensive income	59,427,290	83,259,051
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	32,393,592	61,880,094
Notes and accounts receivable, net (including related party)	56,193,040	51,939,978
Finance lease receivables	150,310	161,455
Other receivables	15,840,480	11,165,727
Subtotal	104,577,422	125,147,254
Financial assets for hedging	829	39,957
Total	$165,568,261	$212,239,298

Financial Liabilities	As of December 31, 2022	As of December 31, 2021
	NTD	NTD
Financial liabilities at amortized cost:		
Short-term borrowings	$6,580,576	$173,933
Short-term notes and bills payable	16,400,000	-
Notes and accounts payable (including related party)	19,593,279	26,667,930
Other payables (including related party)	18,562,453	18,339,945
Bonds payable (including current portion)	29,200,000	29,200,000
Lease liabilities	146,837	291,055
Total	$90,483,145	$74,672,863

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependency between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

To avoid the risk of foreign currency assets impairment and future cash flow changes, the Company uses forward contracts and foreign currency loans to hedge the foreign currency risk. However, the abovementioned method can reduce the risk arise from changes of foreign currency exchange rate, it cannot completely eliminate the risk.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. When NTD appreciate/depreciate against US dollars by NT$1, the profit decreased/increased by NT$389,911 thousand and NT$109,689 thousand for the years ended December 31, 2022 and 2021, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments with variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT$57,278 thousand and NT$355 thousand for the years ended December 31, 2022 and 2021, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities and unlisted equity securities are classified under fair value through profit or loss and fair value through other comprehensive income . The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

The Company did not hold any listed and OTC equity securities classified under fair value through profit or loss.

When the price of the listed equity securities at fair value through other comprehensive income increases/ decreases 1%, it could have impacts of NT$489,103 thousand and NT$636,587 thousand for the years ended December 31, 2022 and 2021, on the equity attributable to the Company.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc.

Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022 and 2021, accounts receivable from top ten customers represented 72.76% and 82.11% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Company did not hold any debt instrument investments which were measured at fair value through profit or loss for the year ended December 31, 2022.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
December 31, 2022							
Borrowings	$6,664,149	$-	$-	$-	$-	$-	$6,664,149
Short-term notes and bills payable	16,400,000	-	-	-	-	-	16,400,000
Accounts payable	19,593,279	-	-	-	-	-	19,593,279
Other payables	18,562,453	-	-	-	-	-	18,562,453
Bonds payable	3,378,100	5,697,392	5,294,037	6,907,458	3,932,713	4,235,230	29,444,930
Lease liabilities	90,196	57,148	1,658	1,605	914	-	151,521
December 31, 2021							
Borrowings	$175,307	$-	$-	$-	$-	$-	$175,307
Accounts payable	26,667,930	-	-	-	-	-	26,667,930
Other payables	18,339,945	-	-	-	-	-	18,339,945
Bonds payable	-	3,378,100	5,697,392	5,294,037	6,907,458	8,167,943	29,444,930
Lease liabilities	112,813	109,101	72,342	79	27	-	294,362

Derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2022					
Inflows	$829	$-	$-	$-	$829
Outflows	-	-	-	-	-
Net	$829	$-	$-	$-	$829
December 31, 2021					
Inflows	$39,957	$-	$-	$-	$39,957
Outflows	-	-	-	-	-
Net	$39,957	$-	$-	$-	$39,957

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliations of the liabilities from financing activities

Reconciliations of the liabilities for the year ended December 31, 2022:

	Short-term loans	Short-term notes and bills payable	Other payables to related parties	Bonds payable (including current portion)	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2022.1.1	$173,933	$-	$227,154	$29,200,000	$291,055	$219,099	$30,111,241
Cash flows	6,406,643	16,400,000	(82,657)	-	(95,559)	(17,911)	22,610,516
Non-cash changes	-	-	-	-	(48,659)	(587)	(49,246)
2022.12.31	$6,580,576	$16,400,000	$144,497	$29,200,000	$146,837	$200,601	$52,672,511

Reconciliations of the liabilities for the year ended December 31, 2021:

	Short-term loans	Other payables to related parties	Bonds payable (including current portion)	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2021.1.1	$265,748	$241,588	$29,200,000	$104,909	$162,955	$29,975,200
Cash flows	(91,815)	(14,434)	-	(98,427)	56,481	(148,195)
Non-cash changes	-	-	-	284,573	(337)	284,236
2021.12.31	$173,933	$227,154	$29,200,000	$291,055	$219,099	$30,111,241

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value because of its shorter maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities and unquoted public company) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities)

d. The fair value of bank loans, corporate bonds and lease liabilities is determined by the counterparty's quotation or valuation technique. The valuation technique is discounted cash flow analysis with interest and discount rate selected with reference to those of similar financial instruments (E.g. the yield curve reference of Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivative financial instrument is based on market quotations.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets (including held-to maturity financial assets, loans and receivables) and liabilities (including loan, bonds payable and lease liabilities) measured at amortized cost approximate their fair value:

C. Information about financial instrument fair value hierarchy

For the information of fair value hierarchy please refer to Note 12(9).

(8) Derivatives financial instruments the Company holds for trading are mainly energy commodity contracts. Please refer to Note 6 (4) for related information.

(9) Fair value hierarchy

A. Definition

For the assets and liabilities measured and disclosed under fair value, the fair value hierarchy is categorized on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The inputs of each level are as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liabilities.

At the end of each reporting period, the fair value hierarchy for each financial instrument is revaluated to decide if there is any transfer into or out of any hierarchy.

B. The fair value at each fair value hierarchy for financial instruments of the Company is as follows:

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$1,562,720	$-	$1,562,720
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	48,910,250	-	10,517,040	59,427,290
Financial assets for hedging				
Energy commodity swap contracts	829	-	-	829

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$3,793,036	$-	$3,793,036
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	63,658,665	-	19,600,386	83,259,051
Financial assets for hedging	39,957	-	-	39,957
Energy commodity swap contracts				

Fair value hierarchy transfer between level 1 input and level 2 input

The Company had no recurring assets and liabilities transfer between level 1 input and level 2 input for the years ended December 31, 2022 and 2021.

Movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset
	At fair value through other comprehensive income
	Stocks
2022.1.1	$19,600,386
Proceeds from capital reduction	(4,250)
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(9,079,096)
2022.12.31	$10,517,040

	Asset
	At fair value through other comprehensive income
	Stocks
2021.1.1	$14,611,725
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	4,988,661
2021.12.31	$19,600,386

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at December 31, 2022:

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets：					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	20%~26.60%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in The Company's equity by NT$1,370,875 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in The Company's equity by NT$39,259 thousand

As at December 31, 2021:

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets：					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	19.20% ~20.90%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in The Company's equity by NT$2,388,933 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in The Company's equity by NT$52,324 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per The Company's accounting policies at each reporting date.

C. Not measure by the fair value but have to disclose by the fair value hierarchy information

December 31, 2022

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to note 6(10))	$-	$-	$395,343	$395,343

December 31, 2021

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to note 6(10))	$-	$-	$392,331	$392,331

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$850,089	30.708	$26,104,533	$915,057	27.690	$25,337,928
EUR	227	32.703	7,424	1,032	31.361	32,365
YEN	68,345	0.231	15,788	24,536	0.240	5,889
Long-term equity investments － equity method						
USD	$473,280	30.708	$14,533,481	$455,486	27.690	$12,612,399
Financial liabilities						
Monetary items:						
USD	$460,178	30.708	$14,131,146	$805,368	27.690	$22,300,640
EUR	537	32.703	17,562	791	31.361	24,807
YEN	59,711	0.231	13,793	85,432	0.240	20,504

The above information is disclosed based on book value transferred to functional currency.

The foreign exchange gains (losses) that was material and recognized are NT$5,152,726 thousand and NT$1,415,043 thousand for the years ended December 31, 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Significant transaction information

A. Financings provided to others

												Collateral			
No. (Note 1)	Financing Company	Counterparty	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Approved by the Board) (Note 3)	Ending Balance (Approved by the Board) (Note 8)	Amount Actually Drawn	Interest Rate%	Nature of Financing (Note 4)	Reason for Financing (Note 6)	Loss allowance	Item	Value	Limit of Financing Amount for Individual Counterparty (Note 7)	Limit of Total Financial Amount for Financing Company (Note 7)
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	Yes	$7,500,000	$4,500,000	$-	-	(2)	Need for operating	N/A	N/A	N/A	Financing to individual entity is limited to 10% of the Company's net asset 31,248,843 thousand; financing to related party and party with business transaction is limited to 25% of the Company's net asset 78,122,109 thousand; financing to others is limited to 20% of the Company's net asset 62,497,687 thousand.	Financing to others is limited to 50% of the Company's net asset 156,244,217 thousand; financing to nonbusiness but in need for capital is limited to 40% of the Company's net asset 124,995,374 thousand.
0	The Company	Nan Ya Plastics Corporation	Other receivables from related parties	Yes	7,500,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Chemicals & Fibre Corporation	Other receivables from related parties	Yes	7,500,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	No	4,062,055	2,678,136	2,438,136	0.98 ~1.79	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Group Ocean Investment Corporation	Other receivables from related parties	No	1,598,413	1,362,497	1,062,497	0.98 ~1.79	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	10,200,000	9,200,000	4,100,000	0.98 ~1.79	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Oil (Asia Pacific) Corporation	Other receivables from related parties	Yes	500,000	500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Petrochemical Transportation Corporation	Other receivables from related parties	Yes	250,000	-	-	-	(2)	Need for operating	N/A	N/A	N/A		
					Total	$27,240,633	$7,600,633								

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:

(1) The financing occurred due to business transactions is coded "1".

(2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

B. Endorsement/guarantee provided to others

No. (Note1)	Endorser/ Guarantor	Receiving Party		Limit of the Endorsement / Guarantee Amount for Receiving Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Actual Amount Borrowed (Note6)	Amount of Collateral	Percentage	Limit on the Endorsement/Guarantee Amount (Note3)	Parent Company Endorsed / Guaranteed for the Subsidiaries (Note7)	Subsidiaries Endorsed/ Guaranteed for the Parent Company (Note7)	Endorsement or Guarantee for Entities in China (Note7)
		Company Name	Relationship (Note2)										
0	The Company	FPCC USA, INC.	(2)	$203,117,482	$322,100	$307,080	$307,080	N/A	0.10	The Company may provide endorsement/guarantee to others but shall not exceed 130% of its net assets. The limit is 406,234,964 thousand. For endorsement/ guarantee to individual entity, the amount is limited to 50% of the limit.	Y	N	N
0	The Company	Formosa Group (Cayman) Limited	(6)	203,117,482	8,052,500	7,677,000	7,677,000	N/A	2.46	〃	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Limited	(6)	203,117,482	6,601,191	-	-	N/A	-	〃	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:
(1) The Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: The limits and the calculation methods of endorsement/guarantee amount for individual counterparty and maximum balance are disclosed in accordance with company’s operating procedure of endorsement/guarantee.

Note 4: Maximum balance of endorsement/guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, who authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed/guaranteed company within the limit of endorsement/guarantee amount.

Note 7: It should be filled in “Y”, if it is the public parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the public parent company, or endorsement or guarantee for entities in China.

C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures)

Shares: In thousand

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of December 31, 2022				Note
				Shares (In thousand)	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	
The Company	Stock －Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income–current	131,460	$11,410,760	2.07%	$86.80	
The Company	Stock －Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income–current	179,214	12,724,224	2.26%	71.00	
The Company	Stock －Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income–current	48,568	3,424,014	0.83%	70.50	
The Company	Stock －National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–current	60,082	3,094,216	19.44%	51.50	
The Company	Stock －Nan Ya Technology Corporation	-	Financial assets at fair value through other comprehensive income–current	334,815	17,142,549	10.81%	51.20	
The Company	Stock －TSRC Corporation	-	Financial assets at fair value through other comprehensive income–current	41,201	1,114,487	4.99%	27.05	
The Company	Fund－Mega USD Fend-Shou Private Market Fund	-	Financial assets at fair value through profit or loss–current	4,554	1,562,720	-	343.13	

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of December 31, 2022				Note
				Shares (In thousand)	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	
The Company	Stock －Formosa Ha Tinh (Cayman) Limited	Others	Financial assets at fair value through other comprehensive income–non-current	621,178	6,104,045	11.43%	9.83	
The Company	Stock －Asia Pacific Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	8,950	298,035	2.11%	33.30	
The Company	Stock －Formosa Network Technology Corporation	-	Financial assets at fair value through other comprehensive income–non-current	2,925	180,789	12.50%	61.81	
The Company	Stock －Formosa Heavy Industries Corporation	Others	Financial assets at fair value through other comprehensive income–non-current	25,350	109,894	1.26%	4.34	
The Company	Stock －Formosa Ocean Group Marine Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3	3,787,973	19.00%	1,444,688.57	
The Company	Stock －Amtrust Capital Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3,750	20,264	3.91%	5.40	
The Company	Stock －Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	2,075	16,040	1.97%	7.73	

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

Note 2: If the securities listed above are issued by related parties, the column is specified with further information.

Note 3: For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note 4: Fill in the fair value in the following ways:

(1) For securities with quoted prices in active markets, fair value is the closing price at the balance sheet date. However, for open-end funds, fair value is the net asset value of the fund.

(2) For securities without quoted prices in an active market, doesn't have be filled unless the security is stock. Fill in the book value column with book value per share if it is stock.

D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock:

Company	Securities Category (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	As January 1, 2022		Purchase (Note 3)		Sell (Note 3)				As December 31, 2022	
					Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Price	Book Cost	Gain / Loss	Shares (In thousand)	Amount
The Company	Fund	Financial assets at fair value through profit or loss–current	Mega USD Fend-Shou Private Market Fund	-	12,478	$4,085,299 (Note5)	-	$-	7,924	$2,422,330	$2,594,236	$(171,906) (Note6)	4,554	$1,491,063 (Note5)
The Company	Stock	Investments accounted for using the equity method	Formosa Smart Energy Corporation	Associate	-	-	100,000	1,000,000	-	-	-	-	100,000	1,000,000 (Note5)

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

Note 2: If the securities listed above are investments accounted for using the equity method, fill in the second column.

Note 3: The accumulated consideration of acquisition or sale should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: The Company's paid-in capital means the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 5: Beginning balance and ending balance herein is disclosed in original cost.

Note 6: The book value has been measured at fair value before disposal. Gain (loss) on disposal was accouted for as the gains (losses) on financial assets at fair value through profit or loss.

E. Acquisition of property with the amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

F. Disposal of property with amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more:

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	$96,109,625 8,180,194	11.33 1.03	30 days after receiving the goods	N/A	N/A	$7,383,800 573,642	13.87 2.93	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	34,652,202 1,294,405	4.09 0.16	30 days after receiving the goods	N/A	N/A	1,820,446 154,624	3.42 0.79	
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	167,506,909 36,723,899	19.75 4.62	30 days after receiving the goods	N/A	N/A	13,087,244 2,902,296	24.59 14.81	
The Company	National Petroleum Co., Ltd.	Others	Sales Purchases	21,434,286 -	2.53 -	60 days after receiving the goods	N/A	N/A	2,306,225 1,745,581 (Notes Receivable) -	4.33 99.98 -	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	Sales Purchases	15,056,904 -	1.78 -	30 days after receiving the goods	N/A	N/A	1,438,331 -	2.70 -	
The Company	Formosa Taffeta Co., Ltd	Others	Sales Purchases	10,484,941 3,501	1.24 0.00	30 days after receiving the goods	N/A	N/A	546,996 -	1.03 -	
The Company	Nan Chung Petrochemical Corp.	Others	Sales Purchases	3,559,421 -	0.42 -	30 days after receiving the goods	N/A	N/A	578,012 -	1.09 -	
The Company	Caltex Taiwan Corporation	Joint venture	Sales Purchases	5,025,197 -	0.59 -	30 days after receiving the goods	N/A	N/A	521,136 4,954	0.98 0.03	

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Simosa Oil Corporation	Associate	Sales Purchases	5,185,733 -	0.61 -	30 days after receiving the goods	N/A	N/A	402,181 -	0.76 -	
The Company	Formosa BP Chemicals Corporation	Others	Sales Purchases	2,904,498 834,301	0.34 0.10	30 days after receiving the goods	N/A	N/A	197,162 44,384	0.37 0.23	
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Others	Sales Purchases	2,455,157 -	0.29 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	TMS Corp.	Others	Sales Purchases	2,320,207 -	0.27 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	Formosa Kraton Chemical Co., Ltd.	Joint venture	Sales Purchases	1,086,215 -	0.13 -	30 days after receiving the goods	N/A	N/A	69,253 -	0.13 -	
The Company	Mai-Liao Power Corporation	Associate	Sales Purchases	221,229 -	0.03 -	30 days after receiving the goods	N/A	N/A	3,411 -	0.01 -	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	Sales Purchases	326,030 56,252	0.04 0.01	30 days after receiving the goods	N/A	N/A	32,200 5,773	0.06 0.03	
The Company	Mailiao Harbor Administration Corp	Associate	Sales Purchases	163,401 -	0.02 -	30 days after receiving the goods	N/A	N/A	45,816 2,631	0.09 0.01	
The Company	Formosa Plastics Marine Corporation	Associate	Sales Purchases	290,598 -	0.03 -	30 days after receiving the goods	N/A	N/A	16,500 18,063	0.03 0.09	

H. Receivables from related parties with amounts exceeding NT$100 million or 20 percent of capital stock:

Creditor	Counterparty	Relationship with the counterparty	Balance	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Loss Allowance	Note
					Amount	Action taken			
	Receivables								
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	$13,087,244	11.56	-	-	$13,087,244	N/A	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	7,383,800	10.96	-	-	7,383,800	N/A	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	1,820,446	10.73	-	-	1,820,446	N/A	
The Company	National Petroleum Co., Ltd.	Others	4,051,806	4.83	-	-	1,998,247	N/A	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	1,438,331	11.09	-	-	1,438,331	N/A	
The Company	Formosa Taffeta Co., Ltd	Others	546,996	21.92	-	-	546,996	N/A	

Creditor	Counterparty	Relationship with the counterparty	Balance	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Loss Allowance	Note
					Amount	Action taken			
The Company	Formosa BP Chemicals Corporation	Others	197,162	11.53	-	-	197,162	N/A	
The Company	Simosa Oil Corporation	Associate	402,181	11.69	-	-	402,181	N/A	
The Company	Caltex Taiwan Corporation	Joint venture	521,136	10.97	-	-	521,136	N/A	
The Company	Nan Chung Petrochemical Corp.	Others	578,012	11.75	-	-	578,012	N/A	
	Other receivables from related parties								
The Company	Formosa Heavy Industries Corporation	Others	4,100,000	-	-	-	300,000	N/A	

I. Derivative financial instruments undertaken: Please refer to Notes 6(4) and 12.

J. Significant intercompany transactions between consolidated entities:

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	The Company	Formosa Oil (Asia Pacific) Corporation	1	Sales revenue	$15,056,904	Prices similar to those with non-related parties	1.78%
				Accounts receivable	1,438,331	Receive in the following month	0.34%
1	Formosa Oil (Asia Pacific) Corporation	The Company	2	Labor force revenue	88,596	Receive in the following month	0.01%
				Accounts receivable	381,667	-	0.09%
2	Formosa Petrochemical Transportation Corporation	The Company	2	Labor force revenue	428,329	Receive in the following month	0.05%
				Accounts receivable	14,757	-	0.00%
3	FPCC DILIGENCE Corp.	The Company	2	Labor force revenue	608,699	Receive in the following month	0.07%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

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

Note 4: Whether the Company discloses the significant transaction in this sheet is according to materiality principle.

(2) Investee information

A. Names, locations and related information of investee companies as of December 31, 2022 (excluding Mainland China)

Investor	Investee (Note1、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares (in thousand)	Percentage	Amount			
The Company	Formosa Oil (Asia Pacific) Corporation	ROC	Retail of petrochemical	$1,097,992	$1,097,992	100,000	100.00	$1,865,881	$332,155	$332,155	
The Company	Formosa Petrochemical Transportation Corporation	ROC	Transportation	176,019	176,019	19,378	88.00	318,547	48,116	42,342	
The Company	FPCC USA, INC.	US	Oil drilling	1,637,968	1,637,968	10	100.00	2,043,207	720,480	720,480	
The Company	FPCC DILIGENCE Corp.	Liberia	Ship chartering	894,723	894,723	-	100.00	(124,930)	36,881	36,881	
The Company	FPCC MAJESTY Corp.	Liberia	Ship chartering	1,092,467	1,092,467	-	100.00	1,820,551	53,770	53,770	
The Company	FPCC NATURE Corp.	Liberia	Ship chartering	1,126,902	1,126,902	-	100.00	1,879,649	56,123	56,123	
The Company	FG INC.	US	Investing	6,506,856	6,506,856	11	57.00	6,301,141	(64,352)	(36,681)	
The Company	Mai-Liao Power Corporation	ROC	Electricity generation	5,985,983	5,985,981	764,257	24.94	9,769,304	(4,514,707)	(1,126,143)	
The Company	Yi-Chi Construction Corporation	ROC	Construction	18,508	18,508	1,695	40.55	27,772	(51)	(21)	
The Company	Mailiao Harbor Administration Corporation	ROC	Harbor manage	1,348,137	1,348,137	98,907	44.96	2,561,350	846,080	380,378	
The Company	Formosa Development Corporation	ROC	Development of land	229,970	229,970	50,509	45.99	776,263	43,367	19,944	
The Company	Formosa Marine Corporation	ROC	Transportation	20,000	20,000	3,238	20.00	648,243	1,025,456	205,091	
The Company	Simosa Oil Corporation	ROC	Retail of other oil products and manufacturing	54,000	54,000	41,748	20.00	651,599	679,153	135,831	
The Company	Caltex Taiwan Corporation	ROC	Retail of petrochemical products and airport refueling	21,501	21,501	2,400	50.00	61,857	35,081	17,541	
The Company	Formosa Environmental Technology Corporation	ROC	Crop cultivating, Disposals of waste and sewage	417,145	417,145	41,714	24.34	231,885	10,626	2,586	
The Company	Formosa Plastics Synthetic Rubber(HK)	HK	Investing	4,244,064	4,244,064	138,333	33.33	1,846,899	(499,322)	(166,424)	
The Company	Formosa Kraton Chemical Co., Ltd.	ROC	Synthetic Rubber Manufacturing	1,237,500	1,237,500	-	50.00	1,551,880	598,103	299,051	
The Company	Formolight Technologies, Inc.	ROC	LED	80,361	80,361	8,036	39.43	46,776	(21,137)	(8,334)	
The Company	Formosa Resources Corporation	ROC	Mining	8,300,471	8,300,471	830,047	25.00	7,703,818	(854,448)	(213,612)	
The Company	Formosa Group (Cayman) Limited	Cayman	Investing	377	377	13	25.00	766,964	127,156	31,789	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	ROC	Retail of petrochemical products	750,000	750,000	75,000	50.00	60,630	(250,951)	(125,475)	
The Company	NKFG	ROC	Electronic components manufacturing & selling	997,200	997,200	99,720	45.00	395,933	(420,073)	(189,033)	
The Company	Nan Ya Photonics Incorporation	ROC	Lighting equipment manufacturing	270,584	270,584	10,522	22.83	286,168	144,930	33,086	
The Company	Formosa Smart Energy Corporation	ROC	Manufacture of power generation, transmission and distribution machinery	1,000,000	-	100,000	25.00	1,000,818	3,271	818	
Formosa Oil (Asia Pacific) Corporation	TMS Corp.	ROC	Vehicle and parts export and import	40,000	40,000	3,430	49.00	56,005	22,304	10,929	

Investor	Investee (Note1、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares (in thousand)	Percentage	Amount			
Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd.	ROC	Retail of petrochemical	167,323	167,323	16,463	53.80	177,415	8,517	4,583	
Formosa Oil (Asia Pacific) Corporation	Formosa Engineering Technologies, INC.	ROC	Electrical and mechanical, telecommunications and circuits Equipment maintenance	10,000	10,000	1,000	20.00	5,528	(10,768)	(2,154)	
Formosa Petrochemical Transportation Corporation	Whalehome International Corp., Ltd.	ROC	Retail of petrochemical	48,209	48,209	4,801	15.69	51,735	8,517	1,336	
FG INC.	FG LA LLC	US	Petrochemical products manufacturing & selling	11,029,430	10,793,894	-	100.00	10,767,781	(54,857)	(54,857)	

Note 1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investees could disclosed their holding company's relevant information.

Note 2: If not belong to Note 1, filled in by the following rules

(1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or indirectly and explain each relationship in "Note" column.

(2) In "Investees company net income" column should filled in each investee's net income.

(3) In "Share of Profits/Losses" column only need to be filled in the share of profit or loss of each subsidiary and the company under the equity method. Regarding to the profit or loss of each subsidiary should contain the share of profit or loss of its investee.

B. The company has controlling power over Formosa Petrochemical Transportation Corporation, Formosa Oil (Asia Pacific) Corporation, FPCC USA, INC., FG INC., FG LA LLC, FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp.. Although the total assets and total operating revenue has not reached 10% of the Company's account, but the significant transaction should be disclosed.

(a) Financing provided to others

No (Note1)	Creditor	Borrower	General Leger account (Note2)	Related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Credits approved by the Boards) (Note 8)	Actual amount	Interest rate%	Nature for Financing (Note 4)	Reason for Financing (Note 6)	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company (Note 7)	Financing Company's Total Financing Amount Limits (Note 7)
												Item	Value		
1	Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd.	Other receivables from related parties	yes	$50,000	$-	$-	-	(2)	Need for operating	N/A	N/A	N/A	$932,940	$1,865,881

Note 1: The Company and its subsidiaries are coded as follows:
(1) The Company is coded "0".
(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:
(1) The financing occurred due to business transactions is coded "1" .
(2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company’s operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company’s risk, even if the fund doesn’t be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company’s risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

(b)Endorsement/guarantee provided to others for the year ended December 31, 2022: None.

(c) Securities held as of December 31, 2022:

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of December,31 2022			
				Shares (In thousand)	Carrying Value	Percentage of Ownership (%)	Market Value
Formosa Oil (Asia Pacific) Corporation	Stock－National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income－current	717	$36,916	0.23%	$51.50
Formosa Oil (Asia Pacific) Corporation	Stock－North-Star Petroleum Co., Ltd.	-	Financial assets at fair value through other comprehensive income－current	12,538	452,640	4.56%	36.10
Formosa Oil (Asia Pacific) Corporation	Stock－Tai Yi Feng Corporation	-	Financial assets at fair value through other comprehensive income－non-current	2,500	49,534	5.00%	19.81

(d) Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock: None.

(e) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

(f) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(h) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(i) Derivative financial instruments undertaken: None.

(j) Significant inter-company transactions: None.

C. Investment in Mainland China as of December 31, 2022

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investees company net income (Note2)	Percentage of Ownership	Share of Profits/Losses (Note2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Formosa Plastics Synthetic Rubber(Ningbo)	Synthetic Rubber Manufacturing	US$415,000 NT$12,743,820	(2)	US$138,333 NT$4,244,059	- -	- -	US$138,333 NT$4,244,059	NT$(499,322)	33.33%	NT$(166,424)	NT$1,846,899	$-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note3)
US$138,333 NT$4,244,059	US$138,333 NT$4,244,059	NT$190,371,219

Note1: The methods for engaging in investment in Mainland China include the following:
(1) Directly invested in China
(2) Investment in Mainland China companies through a company invested and established in a third region (The third region company is Formosa Plastics Synthetic Rubber(HK))
(3) Other method

Note2: Recognized based on valuation in financial statements audited by investee companies' independent accountants.

Note3: According to MOEA's regulation, the company set its upper limit on investment is based on 60% of consolidated equity.

D. Information on major shareholders

Major shareholders \ Shares	Shares	Percentage of Ownership
Formosa Plastics Corporation	2,720,549,010	28.55%
Formosa Chemicals & Fibre Corporation	2,300,799,801	24.15%
Nan Ya Plastics Corporation	2,201,306,014	23.10%
Chang Gung Medical Foundation	551,360,791	5.78%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.