Stock Code：6505

Formosa Petrochemical Corporation

2023 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, 2024

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	fpccpir@fpcc.com.tw	fpccpir@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 (A2 of FPG Neihu Building), No. 380, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114 , Taiwan (R.O.C.)	(02)2712-2211
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: 10F (A5 of FPG Neihu Building), No. 380, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114 , Taiwan (R.O.C.)
   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

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Formosa Petrochemical Corporation Annual Report

1. Foreword

The global economy is grappling with numerous challenges in the post-pandemic era, and FPCC is not exempt. We have encountered inflation, weakened consumer confidence and business sentiment, and supply chain crises. These factors have significantly influenced our approach to daily, annual, and programmatic operations, amplifying the complexity of our recovery efforts.

Reflecting on the first half of 2023, oil prices and spreads were adversely affected by the ongoing conflict between Ukraine and Russia, sluggish demand in China, and the emergence of a banking crisis in the United States. These challenges raised concerns about a global economic recession. However, in the latter half of the year, oil prices found support from production cuts by OPEC+ countries and escalating military conflicts in the Middle East. Additionally, as we entered a period of intensive maintenance at refineries, spreads increased accordingly, resulting in a favorable profit margin.

In response to evolving market dynamics, we leveraged our experience to enhance the flexibility of our production and operational processes, all while maintaining our unwavering commitment to safety standards. Despite the volatility in the business environment, we have demonstrated resilience and achieved significant business growth against challenging odds."

2. Financial and Operation Performance in 2023：

(In Thousands of NT Dollars)

	2023	2022	%
Consolidated Revenue	712,576,194	848,048,496	-16.0
Consolidated Operating Income	15,404,555	5,420,137	184.2
Consolidated Earnings Before Tax	24,693,679	16,968,396	45.5
EPS After Tax	2.30	1.51	51.9

Petroleum Refining：

In 2023, the Petroleum Refining Division experienced a significant decline in profit, with a decrease of 69.3% compared to the previous year. This decline was primarily attributed to the global economic slowdown and China's economic recovery falling short of expectations, exacerbated by the challenging environment of low oil prices and high interest rates.

Despite these challenges, the division achieved a 3.2% year-over-year increase in average daily throughput, reaching 442,000 barrels. This increase was primarily driven by a reduction in the maintenance period for RDS (Residue Desulfurization with Hydrogen) compared to 2022

In the domestic market, FPCC remained committed to maintaining stable prices while stimulating demand. We diversified our marketing channels to enhance brand awareness and expand our customer base. Initiatives such as 'Formosa Member Day On Saturday' aimed to strengthen client relationships and boost sales. Additionally, we increased brand exposure through prominent platforms like TV programs and sports events.

Domestic sales of petroleum products grew by 4.6% compared to 2022. However, there was a slight decrease in the supply of gasoline and diesel, resulting in a 0.4% decrease in market share attributed to a reduction in the number of franchise stations. Conversely, aviation fuel sales surged by 49.8% due to the lifting of post-pandemic restrictions globally, leading to a robust recovery in passenger demand.

In terms of foreign sales, FPCC exported 2.43 million KL of gasoline (a 5.3% increase year-over-year) and 8.43 million KL of diesel (a 3.5% decrease year-over-year). This decrease was a result of adjustments between light and middle distillates. Overall, the export volume of petroleum products declined by 3.2% compared to 2022.

Basic Petrochemical Materials Business：

The global market for petrochemical materials encountered significant challenges in 2023, including weak demand in downstream markets and heightened price competition due to the expansion of Chinese petrochemical capacities. As a result, both the price and demand for petrochemical products such as ethylene and propylene experienced declines.

Through the implementation of flexible input strategies and continuous process optimization, we successfully reduced the operational costs of naphtha crackers compared to 2022. This initiative was also aligned with the decline in naphtha prices, further contributing to cost savings

Utilities Division：

The primary mission of our cogeneration units is to provide stable and ample electricity and steam to our complex. In 2023, the prolonged conflict between Ukraine and Russia began to diminish, leading to international coal prices sharply declined from February 2023 onwards, as a result, the Utilities Division experienced an increase in profit in 2023.

3. 2023 Sustainable development：

Sustainability lies at the heart of FPCC's core values. We prioritize this value by continuously addressing various ESG topics, striving to achieve a balance between employees, investors and stakeholders. Our dedication to this goal is exemplified through our efforts to become a responsible producer. Specifically, we have leveraged artificial intelligence technology to establish smart factories, aiming to optimize production processes to enhance efficiency and product value. In 2023, we completed a total of 58 sustainability projects, yielding annual benefits of approximately 181 million TWD.

In 2023, FPCC completed 229 improvement projects aimed at emission reduction, energy conservation, and water conservation. These initiatives resulted in annual emission reductions of 274 thousand tons, electricity savings of 185 million kWh, and water savings of 57 thousand tons.

Furthermore, our commitment to social responsibility is demonstrated through partnerships with organizations such as the Home Care Foundation, where we participated in initiatives like 'Surround with Love' and 'Infinite Generations,' aimed at improving the living conditions of abused children and vulnerable families. Additionally, we collaborated with the 'Cultivation Foundation' and 'New Taipei City Special School' to provide employment opportunities for people with disabilities by offering gas station sites. Through these practical actions, we aim to encourage more enterprises and individuals to join us in contributing to our communities.

4. 2024 Sales Goals：

In 2024, we have set sales targets of 5,169 thousand KL of gasoline and 10,261 thousand KL of diesel. To achieve these goals, we are focusing on digital transition through the launch of the 'Formosa Oil APP,' aimed at developing and maintaining our target segments while implementing strategic marketing initiatives to reduce related costs. Additionally, we are expanding our marketing channels through television, radio, internet, and sports events to reach new customers. In the export market, we are collaborating with major trading companies to facilitate emerging market penetration.

Regarding petrochemical products, our sales targets include 2,389 thousand tons of ethylene, 1,210 thousand tons of propylene, and 337 thousand tons of butadiene. Our primary objective is to ensure a stable supply for subsidiary and downstream factories while maximizing operating profit through export cargo pairing.

Finally, for our utilities, our goal is to achieve independence in supplying electricity and steam to the complex, ensuring uninterrupted operations and contributing to overall efficiency

5. Outlook：

While inflation appears to be slowing down and the period of rate hikes is nearing its end, global growth is expected to remain modest. Factors such as necessary monetary policy tightening, weak trade, and low business and consumer confidence contribute to this outlook. FPCC maintains a conservative view of the future market, given the high correlation of our business segments with end-use demand in China and Western countries. Additionally, tariff barriers pose challenges following the suspension of the Economic Cooperation Framework Agreement (ECFA) by China. We hope for active government negotiations to address various economic and trade issues. On another front, the establishment of a domestic carbon trading exchange center reflects Taiwan's increasingly stringent environmental regulations. As the global economy transitions towards green energy, FPCC anticipates the possibility of 'green energy inflation' due to the costly nature of carbon emission reductions. Therefore, we are committed to conducting the transition efficiently and sustainably. We prioritize industry transformations by enhancing competitiveness through investments in AI applications, clean energy adoption, and carbon-capture technologies.

In facing unknown challenges, FPCC adopts a cautious approach and actively integrates sustainable development strategies to foster mutual prosperity in society. Our commitment to excellence guides our actions as we navigate these transitions and strive for a sustainable future.

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 70 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.

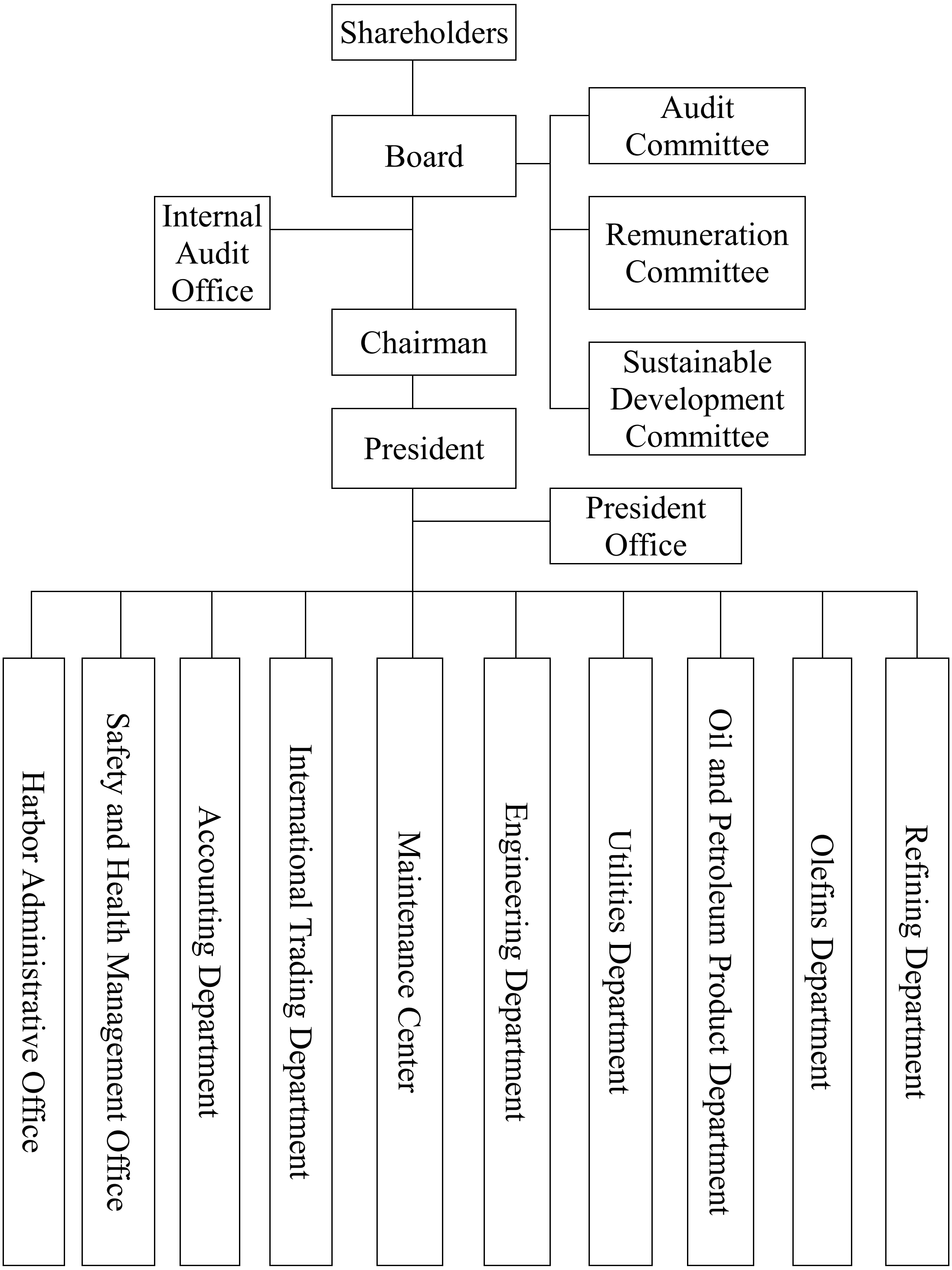
December 1999	The first batch of 1 million barrels of crude oil arrived in Mailiao Harbor, and unloading was successfully completed in the early morning of December 15, 1999.
February 2000	The first set of co-generation system installed in No. 2 Utility Plant was completed and put into operation.
March 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.
May 2023	FPCC re-invested in and established Formosa Grandseas Bunkering and Trading Corporation.

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

2024.04.16

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. Bachelor of Chemical Engineering, University of Houston.	Chairman of Formosa Taffeta Corp., Managing Director of Formosa Plastics Corp., Nan Ya Plastics Corp. and Formosa Chemicals & Fibre 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	Bachelor of Economics Barnard College, Columbia, USA	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	Independent Director of Inventec Corp. and Asia Cement 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, Formosa Oil (Asia Pacific) Corp. and Formosa Grandseas Bunkering and Trading 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 FG INC., NKFG.	None	None	None
Director	R.O.C.	Jui-Shih Chen	Male 71-80	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. Caltex Taiwan Corp. Formosa Grandseas Bunkering and Trading Corp. and National Petroleum 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	None	None	None	None
Director	R.O.C.	Chia-Hsien Hsu	Male 61-70	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.

2.1.2 Major shareholders of the institutional shareholders (Table 1)

2024.04.16

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%
	Ming Chi University of Technology	1.43%
	Citibank Taiwan in custody for Government of Singapore	1.37%
	Old Labor Pension Fund	1.17%
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%
	Taishin International Bank Co., Ltd. is entrusted with the Taiwan ESG Perpetual High Dividend ETF Securities Investment Trust Fund Special Account for the Cathay Pacific Taiwan High Dividend Umbrella Securities Investment Trust Fund	1.46%
	Citibank Taiwan in custody for Macro system Corp.	1.45%
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%
	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%
	Bank of Taiwan in Custody forWang Jhan-Yang social welfare Foundation.	1.37%

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".

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

2024.04.16

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.	17.98%
	Formosa Chemicals & Fibre Corp.	13.84%
	Formosa Plastics Corp.	13.28%
	Yung-Tsai Wang (deceased)	11.24%
	Yung-Ching Wang (deceased)	7.35%
Chang Gung University	Chang Gung Medical Foundation	56.83%
	Wang Yung-Ching (deceased)	13.13%
	Chindwell International Investment Corp.	3.88%
	Nan Ya Plastics Corp.	2.64%
	Formosa Plastics Corp.	2.34%
Ming Chi University of Technology	Yung-Tsai Wang (deceased)	43.13%
	Yung-Ching Wang (deceased)	38.72%
	Nan Ya Plastics Corp.	5.07%
	Chindwell International Investment	3.73%

Name of Institutional Shareholders (Note 1)	Major Shareholders (Shareholding ratio) (Note 2)	
	Corp.	
	Formosa Chemicals & Fibre Corp.	1.66%
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	
Taishin International Bank Co., Ltd. is entrusted with the Taiwan ESG Perpetual High Dividend ETF Securities Investment Trust Fund Special Account for the Cathay Pacific Taiwan High Dividend Umbrella Securities Investment Trust Fund	Investment Account	
Bank of Taiwan in Custody for Wang Jhan-Yang social welfare Foundation.	Charitable Trust 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 2023.12.31 and 2023.07.31 respectively.

2.1.4 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):

Graduated with a Master of Industrial Engineering from the University of Houston, Texas, and a Bachelor of Chemical Engineering. Has nearly 50 years of extensive industry knowledge and managerial experience, including plastics, textile, chemical, gas & electricity, semiconductors, iron & steel, shipping & transportation, biotechnology & medical care; used to be a chairman, director and senior manager in the above industries, and currently serves as the chairman of Formosa Taffeta corp., and also as a director of other listed companies including Formosa Petrochemical Corp., Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals & Fibre Corp., Nan Ya Technology Corp., Nan Ya Printed Circuit Board Corp., Formosa Sumco Technology Corp. and Formosa Advanced Technologies Corp.

Has the abilities of leadership, decision-making, crisis management and risk 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 previously served as the Chairman of Chinese National Federation of Industries and 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):
Graduated with a Bachelor of Economics from Barnard College, Columbia University, USA. Has nearly 50 years of 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. Previously served as a senior executive in multinational petrochemical companies such as Formosa Plastics USA, and currently holds the position of Chairman at Formosa Environmental Technology Corp. Also serves as a director of listed companies including Formosa Petrochemical Corp., Formosa Plastics Corp., Nan Ya Technology Corp., Formosa Sumco Technology Corp.
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):
Graduated with a Bachelor of Mechanical Engineering, University of London. Has nearly 45 years of extensive industry knowledge and experience in operation and management, including gas & electricity, plastic, textile, chemical, iron & steel, shipping & transportation, photoelectric, and biotechnology & medical care. Previously served as a chairman and president of Formosa Petrochemical Corp. and currently holds the position of Chairman at Formosa Plastics Marine Corp., Nan Ya Photonics Corp., NKFG Corp., Formolight Corp., Asia Pacific Investment Corp. and Gala Television Corp. Also as a director of other listed companies including Formosa Petrochemical Corp., Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals & Fibre Corp.
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, the CEO of Cross-Strait Peace Development Foundation (an incorporated foundation). Currently an independent director of Inventec Corp., and Asia Cement Corp. Also 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: 2

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 Kuoguang 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.

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.

2.1.5. The diversification and independence of the board of directors

a. 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 2023 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”.

b. 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.

2.2 Management Team

2024.04.16

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 ,Formosa Oil Corp., and Formosa Grandseas Bunkering and Trading 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, Simosa Oil Co., LTD and NKFG	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. Caltex Taiwan Corp. and Formosa Grandseas Bunkering and Trading 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
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. Supervisor of Formosa Grandseas Bunkering and Trading 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	None
Vice President	R.O.C	Chih-Ching Lin	Male	2023.05.04	1,000	0	238	0	0	0	Master of Chemical Engineering, National Cheng Kung University	None	None	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

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 2023.12.31

Title	Name (Note 1)	Director's Remuneration: Base Compensation (A)(Note 2): From FPCC	Director's Remuneration: Base Compensation (A)(Note 2): Companies in the consolidated financial statements (Note 7)	Director's Remuneration: Severance Pay and Pensions (B): From FPCC	Director's Remuneration: Severance Pay and Pensions (B): Companies in the consolidated financial statements (Note 7)	Director's Remuneration: Directors Compensation (C)(Note 3): From FPCC	Director's Remuneration: Directors Compensation (C)(Note 3): Companies in the consolidated financial statements (Note 7)	Director's Remuneration: Allowances (D)(Note 4): From FPCC	Director's Remuneration: Allowances (D)(Note 4): Companies in the consolidated financial statements (Note 7)	Total Remuneration (A+B+C+D) and the % compared to Net Income (Note 10): From FPCC	Total Remuneration (A+B+C+D) and the % compared to Net Income (Note 10): Companies in the consolidated financial statements (Note 7)	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Salaries, Bonuses and Allowances (E) (Note 5): From FPCC	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Salaries, Bonuses and Allowances (E) (Note 5): Companies in the consolidated financial statements (Note 7)	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Severance Pay and Pensions (F): From FPCC	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Severance Pay and Pensions (F): Companies in the consolidated financial statements (Note 7)	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Employee Compensation (G) (Note 6): From FPCC: Cash	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Employee Compensation (G) (Note 6): From FPCC: Stock	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Employee Compensation (G) (Note 6): Companies in the consolidated financial statements (Note 7): Cash	Compensation Received by a Director who is an employee of FPCC or of FPCC's consolidated subsidiaries: Employee Compensation (G) (Note 6): Companies in the consolidated financial statements (Note 7): Stock	Total Compensation (A+B+C+D+E+F+G) and the % compared to Net Income (Note 10): From FPCC	Total Compensation (A+B+C+D+E+F+G) and the % compared to Net Income (Note 10): Companies in the consolidated financial statements (Note 7)	Compensation Paid to Directors from an Invested Company other than NTC's Subsidiary (Note 11)
Chairman	Formosa Plastics Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Bao-Lang Chen	19,371	19,371	0	0	0	0	80	80	19,451 0.09%	19,451 0.09%	0	0	0	0	0	0	0	0	19,451 0.09%	19,451 0.09%	0
Managing Director	Formosa Chemicals & Fibre Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Wen-Yuan Wong	0	0	0	0	0	0	60	60	60 0.00%	60 0.00%	0	0	0	0	0	0	0	0	60 0.00%	60 0.00%	21,568
Managing Director	Formosa Plastics Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Susan Wang	0	0	0	0	0	0	50	50	50 0.00%	50 0.00%	0	0	0	0	0	0	0	0	50 0.00%	50 0.00%	11,193
Managing Director	Nan Ya Plastics Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Welfred Wang	0	0	0	0	0	0	40	40	40 0.00%	40 0.00%	20,548	20,548	108	108	9	0	9	0	20,705 0.09%	20,705 0.09%	120
Director	Walter Wang	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Director	Nan Ya Plastics Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Mihn Tsao	0	0	0	0	0	0	80	80	80 0.00%	80 0.00%	15,467	15,467	108	108	7	0	7	0	15,662 0.07%	15,662 0.07%	0

Director	Keh-Yen Lin	0	0	0	0	0	0	60	60	60 0.00%	60 0.00%	10,798	10,798	0	0	4	0	4	0	10,862 0.05%	10,862 0.05%	0
Director	Jui-Shih Chen	0	0	0	0	0	0	60	60	60 0.00%	60 0.00%	6,089	6,089	16	16	0	0	0	0	6,165 0.03%	6,165 0.03%	0
Director	Te-Hsiung Hsu	0	0	0	0	0	0	60	60	60 0.00%	60 0.00%	6,791	6,791	108	108	3	0	3	0	6,962 0.03%	6,962 0.03%	0
Director	Yu-Lang Chien	0	0	0	0	0	0	40	40	40 0.00%	40 0.00%	6,912	6,912	108	108	3	0	3	0	7,063 0.03%	7,063 0.03%	0
Director	Song-Yueh Tsay	0	0	0	0	0	0	60	60	60 0.00%	60 0.00%	5,351	5,351	51	51	1	0	1	0	5,463 0.02%	5,463 0.02%	0
Director	Chia-Hsien Hsu	0	0	0	0	0	0	60	60	60 0.00%	60 0.00%	5,672	5,672	108	108	2	0	2	0	5,842 0.03%	5,842 0.03%	0
Managing /Independent Director	C.P Chang	1,800	1,800	0	0	0	0	150	150	1,950 0.01%	1,950 0.01%	0	0	0	0	0	0	0	0	1,950 0.01%	1,950 0.01%	None
Independent Director	Yu Cheng	1,800	1,800	0	0	0	0	150	150	1,950 0.01%	1,950 0.01%	0	0	0	0	0	0	0	0	1,950 0.01%	1,950 0.01%	None
Independent Director	Sush-der Lee	1,800	1,800	0	0	0	0	150	150	1,950 0.01%	1,950 0.01%	0	0	0	0	0	0	0	0	1,950 0.01%	1,950 0.01%	None

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.

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	—	—	—	—
NT$ 5,000,000～NT$ 9,999,999	—	—	Jui-Shih Chen, Yu-Lang Chien, Te-Hsiung Hsu, Chia-Hsien Hsu, Song-Yueh Tsay,	Jui-Shih Chen, Yu-Lang Chien, Te-Hsiung Hsu, Chia-Hsien Hsu, Song-Yueh Tsay,
NT$10,000,000～NT$ 14,999,999	—	—	Keh-Yen Lin	Susan Wang, 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 2023.12.31

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	5,334	5,334	108	108	10,133	10,133	7	0	7	0	15,582 0.07%	15,582 0.07%	0
Executive Vice President	Keh-Yen Lin	3,083	3,083	0	0	7,715	7,715	4	0	4	0	10,802 0.05%	10,802 0.05%	0
Senior Vice President	Jui-Shih Chen	412	412	16	16	5,677	5,677	0	0	0	0	6,105 0.03%	6,105 0.03%	0
Senior Vice President	Te-Hsiung Hsu	2,203	2,203	108	108	4,588	4,588	3	0	3	0	6,902 0.03%	6,902 0.03%	0
Senior Vice President	Yu-Lang Chien	2,203	2,203	108	108	4,709	4,709	3	0	3	0	7,023 0.03%	7,023 0.03%	0
Senior Vice President	Chia-Hsien Hsu	2,012	2,012	108	108	3,660	3,660	2	0	2	0	5,782 0.03%	5,782 0.03%	0
Vice President	Song-Yueh Tsay	1,067	1,067	51	51	4,284	4,284	1	0	1	0	5,403 0.02%	5,403 0.02%	0
Vice President	Wen-Ju Tseng	1,650	1,650	0	0	4,122	4,122	2	0	2	0	5,774 0.03%	5,774 0.03%	0
Vice President	He-Chi Chen	1,647	1,647	0	0	4,075	4,075	2	0	2	0	5,724 0.03%	5,724 0.03%	0
Vice President	Hsien-Chung Hsiao	1,390	1,390	84	84	3,486	3,486	2	0	2	0	4,962 0.02%	4,962 0.02%	0
Vice President	Yong-Jian. Huang	1,629	1,629	95	95	4,078	4,078	2	0	2	0	5,804 0.03%	5,804 0.03%	0
Vice President	Chih-Ching Lin	925	925	55	55	2,686	2,686	2	0	2	0	3,668 0.02%	3,668 0.02%	0

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

Note：Senior Vice President Jui-Shih Chen retired on 2023.01.24; Vice President Song-Yueh Tsay retired on 2023.05.20; Vice President Chih-Ching Lin took office on 2023.05.04

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	—	—
NT$ 1,000,000～NT$1,999,999	—	—
NT$ 2,000,000～NT$ 3,499,999	—	—
NT$ 3,500,000～NT$ 4,999,999	Hsien-Chung Hsiao, Chih-Ching Lin	Hsien-Chung Hsiao, Chih-Ching Lin
NT$ 5,000,000～NT$ 9,999,999	Jui-Shih Chen, Te-Hsiung Hsu, Yu-Lang Chien, Chia-Hsien Hsu, Wen-Ju Tseng, He-Chi Chen, Yong-Jian. Huang, Song-Yueh Tsay	Jui-Shih Chen, Te-Hsiung Hsu, Yu-Lang Chien, Chia-Hsien Hsu, Wen-Ju Tseng, He-Chi Chen, Yong-Jian. Huang, Song-Yueh Tsay
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	12	12

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; 2023.12.31

Title (Note 1)		Name (Note 1)	Employee Compensation-in Stock	Employee Compensation-in Cash	Total	Total Employee Compensation as a % of 2023 Net income (%)
Manager	President	Mihn Tsao	-	32	32	-
	Executive Vice President	Keh-Yen Lin				
	Senior Vice President	Te-Hsiung Hsu				
	Senior Vice President	Yu-Lang Chien				
	Senior Vice President	Chia-Hsien Hsu				
	Vice President	Wen-Ju Tsen				
	Vice President	He-Chi Chen				
	Vice President	Hsien-Chung Hsiao				
	Vice President	Yong-Jian. Huang				
	Vice President	Chih-Ching Lin				
	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 (%)	
	2022	2023	2022	2023
Compensation for Directors and Managers	133,246	130,067	0.92	0.59

(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
Jui-Shih Chen, Song-Yueh Tsay	Chih-Ching Lin

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 2023, 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.)	5	0	83	
Managing Director	Welfred Wang (Representative of Nan Ya Plastics Corp.)	4	0	67	
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	0	0	0	
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	4	0	67	
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 7th, 2023.

evaluation cycle	evaluation period	evaluation scope	evaluation method	evaluation content
Once a year	2022.10.1~ 2023.09.30	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	2022.10.1~ 2023.09.30	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	2022.10.1~ 2023.09.30	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	2022.10.1~ 2023.09.30	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. 5. Internal Control
Once a year	2022.10.1~ 2023.09.30	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. 5. Internal Control

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, 2023. 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:

<table>
<tr><th>Title</th><th>Name</th><th>Attend in person (B)</th><th>Commissioned times</th><th>Attendance rate in person (%) (B/A)</th><th>Remark</th></tr>
<tr><td>Convener</td><td>C.P Chang</td><td>5</td><td>0</td><td>100</td><td></td></tr>
<tr><td>Committee</td><td>Yu Cheng</td><td>5</td><td>0</td><td>100</td><td></td></tr>
<tr><td>Committee</td><td>Sush-Der Lee</td><td>5</td><td>0</td><td>100</td><td></td></tr>
<tr><td colspan="6">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 “4.12 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.</td></tr>
</table>

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.

Date	Methods of communication	Communicated matters	Results
February 24th, 2023	Communication Symposium	Report the implementation situation related to internal audit affairs of previous year and the plan of current year	No opinion
	Audit Committee	Propose Statement of Internal Control System for 2022	Approved by the Committee and Submitted to the Board of Directors for resolution
	Board of Directors	For information about implementation of the internal audit plan for November and December of 2022	Acknowledged
		Propose Statement of Internal Control System for 2022	Approved by Resolution of the Board of Directors
May 4th, 2023	Audit Committee	Amendments of the internal control system and the internal audit implementation rules	Approved by the Committee and Submitted to the Board of Directors for resolution
	Board of Directors	For information about implementation of the internal audit plan for the first quarter of 2022	Acknowledged
		Amendments of the internal control system and the internal audit implementation rules	Approved by Resolution of the Board of Directors

May 25th , 2023	Board of Directors	For information about improvement of deficiencies and irregularities of the internal control system in 2022	Acknowledged
August 3rd, 2023	Board of Directors	For information about implementation of the internal audit plan for the second quarter of 2023	Acknowledged
November 2nd, 2023	Board of Directors	For information about implementation of the internal audit plan for the third quarter of 2023	Acknowledged
December 7th, 2023	Board of Directors	For information about implementation of internal audit plan in October 2023	Acknowledged
		Proposal to formulate the annual audit plan for 2024	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 February 24th, 2023 and February 29th, 2024. The communication circumstance is good.

Date		Communicated matters	Results
February 24th, 2023	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 2022, The main revisions of the International Ethics Standards Board for Accountants (IESBA) Code.	No opinion
	Audit Committee	Read out the audit opinions and communication matters with CPA for 2022	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 2023</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 6 are employee directors (accounting for 40%). 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				✓	21				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Yu Cheng	Male			✓		15					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sush-Der Lee	Male				✓	6				✓			✓	✓	✓	✓	✓	✓	✓	✓	

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	

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	✓		✓		-		✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	

(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 2023 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 7th, 2023; 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 29, 2024.	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, reporting the results of the independent director qualification review to the board of directors, and so on. (3)The directors participated in Corporate Governance related training situation in 2023 please refer to "Manager participated in Corporate Governance related training situation in 2023" on page 113.	
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: Employee collective bargaining rights are exercised, and communication with employees on workplace safety, employee welfare, human rights protection, labor and employment issues, etc. are conducted through regular trade unions, factory (office) meetings, etc. Suggestions are also addressed and reviewed on a regular basis. 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	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	
			"Customer Response Form" and the "Customer Complaint Handling Form." (For the circumstance of the communication with materially related parties, please refer to Sustainability Issue Management of 2023 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 2023.	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, we attach importance to employee collective bargaining rights. 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. If there are written demands and suggestions, they are also reviewed and explained on a regular basis. 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 2023 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	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	
			transparency, the Company's website has an "Investor Relations Section" and the company will hold institutional investor conference every quarter, to provide investors 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	

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			and progress of the construction, the Company, through sound vendor management and assessment, requires all suppliers to go through a review of manufacturing scale, 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 20,000 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	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			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 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 Mihn Tsao Keh-Yen Lin Jui-Shih Chen Te-Hsiung Hsu Yu-Lang Chien Chia-Hsien Hsu	2023.09.23	Securities and Futures Institute	Carbon Credit Trading Mechanism and Application of Carbon Management	3
			Global Economic Outlook and Industrial Trends in 2024	3
Yu Cheng Sush-der Lee Song-Yueh Tsay	2023.10.03	Securities and Futures Institute	Introduction to company management rights disputes and commercial incident adjudication	3
			How directors and supervisors supervise corporate risk management and crisis management	3
Cheong-Pong Chang	2023.03.14	Taiwan Corporate	Trends in Digital Biomedical Investments	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>

	2023.05.12	Governance Association	Integrity in Business Operations and Prevention of Insider Trading	1.5
	2023.08.11		Trends in Risk Management Through the Lens of ESG	1.5
	2023.11.10		Reflecting on an AI-Driven World from the Perspective of Information Security Standards in the Technology Industry (SEMI E187)	1.5

(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 February 1st, 2024 to August 1st, 2025.
(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 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</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	
			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 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	

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			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 10th Corporate Governance Evaluation (2023) in April, 2024. 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. 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 recorded 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?	Since 2023, the company has been uploading the shareholding movements of insiders from the previous month to MPOS by the 10th of each month in advance.
Improve with priority	The 10th term No score obtained	1. Does the number of the Company's independent directors reach 1/3?	In the 2024 year's shareholders' meeting, the company will elect the entire board of directors. The planned board composition will consist of 12 seats, including an increase of 1 seat for independent directors, totaling 4 seats. The change will ensure that the number and tenure of independent directors comply with evaluation Indicators requirements.
		2. Does the Company have at least two independent directors with consecutive terms of no more than three years?	

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	

	The 11st term Newly added indicator	1. Has the company's Sustainability Report been submitted to and approved by the board of directors?	The company will review submitting the Sustainability Report for approval by the board of directors
		2. Has the company established a greenhouse gas reduction management policy, including reduction targets, implementation measures, and progress towards achievement?	The company has already established a greenhouse gas reduction management policy and will further enhance the disclosure of relevant content.

4.4 Composition and Operations of FPCC's Remuneration Committee

1.Remuneration Committee member information (as of 2024.04.16)

Identity (note 1)	condition / name	Professional qualification and experience (note 2)	Independence (note 3)	The number of concurrent post holding in other publicly owned corporation's remuneration committee	note
Independent Director (Convener)	C.P Chang	For detailed information, please refer to the disclosure of Directors' professional qualification and Independent Directors' independence of the annual report.	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".	1	
Independent Director	Yu Cheng			1	
Independent Director	Sush-Der Lee			0	

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 13 ,2023	Report matters The Company's Board of Directors has resolved to approve the 2022 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 3, 2023	Discussion Proposal Please approve the degree of compensation adjustment in 2023 for the Company's managerial officers is proposed to be in line with the whole employees' compensation.	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 2022 has submitted to the Sustainable Development Committee and the Board of Directors in May 2023. 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>

<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>(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:
<table>
<tr><th>Meeting Date</th><th>Proposal contents</th><th>Resolution</th><th>Company's handling of the Committee's views</th></tr>
<tr><td>May 23rd 2023</td><td>Discuss Item 2022 sustainability report of The</td><td>Passed by the all members attended and submitted to</td><td>Acknowledge</td></tr>
</table></td><td></td></tr>
</table>

<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. 7th 2023</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>

<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>company operations in accordance with the materiality principle, and establish relevant risk management policy or strategy? (note 2)</td><td></td><td></td><td>1. Environmental issues:
<table>
<tr><th>Evaluation Item</th><th>Risk Management Strategies</th></tr>
<tr><td>Climate Change</td><td>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.</td></tr>
<tr><td>Water Resources Management</td><td>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.</td></tr>
<tr><td>Greenhouse Gas Emissions Management</td><td>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.</td></tr>
</table></td><td>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.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. Implement human rights education and training to develop human rights competencies and foster a workplace culture that respects human rights. 3. 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 4. Regularly identify stakeholders, collect risk issues of common concern, and implement mitigation measures for significant risk issues and groups that may be affected, aiming to eliminate risks and protect human rights.	
			Talent Sources and Development: 1. Actively participate in campus placements, provide summer part-time jobs/internships, offer internship programs, state financed students, and collaborate with	

Development Item	Implementation Status (Note1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary		
				universities and colleges through a variety of open recruitment channels 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.	
			Occupational Safety and Health	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.	

<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>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 of the Board of Directors</td><td>Strengthen the functions of the Board of Directors: formulate the diversity policy 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.</td></tr>
<tr><td>Strategic Operations</td><td>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.</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	
			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 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	

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 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	In compliance with Article 13 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	
			Appearance of the 2023 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) is 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.	
(2) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	✓		(2) 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 Recovered Fuel (SRF), 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 2023 Sustainability Report.	In compliance with Article 12 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) Does the Company assess potential risks and opportunities arising from climate change, and establish relevant risk management policy or strategy?	✓		(3) 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 risks and opportunities related to climate. (For further details, please refer to chapter 3.2 Climate Change Mitigation and Adaptation of the 2023 Sustainability Report.)	In compliance with Article 17 paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(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?	✓		(4) 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 2022 and the previous years have been published. The data of 2023 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 2023 Sustainability Report.)	In compliance with Article 17 paragraph 2~3 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. 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, 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 2023 Sustainability Report and the Company's official website.	In compliance with Article 18 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
			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.	In compliance with Article 21, paragraph 2 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	
			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 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.	Practice Principles for TWSE/TPEx Listed Companies.
(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	✓		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	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	
compensations?			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.	
(3) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	✓		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 2023 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 2023. c. In 2023, there was two employee occupational accident (excluding	In compliance with Article 21, 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	
			occupational traffic accidents) in the Company, which caused two injuries and zero death, accounting for 0.04% 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 24 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(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 2023 Sustainability Report.)	
(5) Does the company follow relevant laws, regulations and international guidelines in terms of customer health,	✓		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	In compliance with Article 26 of the

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

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			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 2023 Sustainability Report.)	
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 2023 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 Company have been inspected by a third party certifying authority, the British Standards Institution (BSI SG Taiwan Branch), in accordance with the GRI Standards 2021/AA1000, and was awarded the certificate of credibility.	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				

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

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 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

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

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 2023 years has decreased by 18% 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 2023, the sixth naphtha cracker has invested 10.21 billion dollars to complete 2,875 improvement cases, saving 308,500 tons of water per day. The 231 ongoing cases will receive 1.67 billion dollars of investment to achieve the target of saving 13,900 tons of water per day. The total investment is 11.88 billion dollars. After the completion, the annual benefit will be approximately 1.44 billion dollars. In terms of energy conservation and carbon reduction, the sixth naphtha cracker has also invested 32.21 billion dollars, 11,192 improvement cases have been completed, reducing about 13.72 million tons of CO_2. 1.634 billion dollars will be invested in 1,400 ongoing cases. It is estimated that an additional 2.11 million tons of CO_2 will be reduced, with a total investment of 48.55 billion dollars. The end benefits will be about 44.17 billion dollars per year.

The above-mentioned results can be affirmed by the Company awards from 97 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 2014 and 2023.

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 CO_2 per year. Providing a green aerobic environment for

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

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 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 2023 is 780 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

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
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 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: In order to promote the film and television industry and support local drama productions, our company continues to provide financial support for local drama creation and various artistic performances. In 2023, we sponsored several well-known domestic television stations with a total of 22 million NT dollars for program production and broadcasting purposes. This sponsorship aims to encourage local television stations to continue producing high-quality programs, enhance content diversity, and drive the development of talent, technology, and scale within the film and television industry. We hope to expand public participation and understanding of art, sports, and local culture through these efforts, thereby cultivating the nation's cultural soft power. 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:				

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

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 rehabilitation, health care, and senior care. Chang Gung Memorial Hospital also donated 1,186sets 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 2023, it has spent 10.72 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 1.677 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,

Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
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 institutions, personnel capabilities, and parental awareness. From 2006 to 2023, NT$1 billion were invested, assisting 92 units and benefiting 33 thousand person-times. (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. In 2023, donated to reformatory schools for the budget of purchasing vocational training equipment in order to enhance employment skills and foster a passion for learning. (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				

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<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 colspan="5">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 disadvantaged families. i. Donation the HPV 9-valent vaccine for the girls in the first year of junior high school of Yunlin County , j. Donation the ‘Childminder Management and Subsidy Programme’of Yunlin County k. Set up a used toy recycling center, l. Promotion of the after-school care program at rural schools by providing after-school care subsidies for schoolchildren of elementary schools in rural areas, offering schoolwork tutoring, life and cultural education to improve schoolwork performance and bridge the gap between families and schools.
(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</td></tr>
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Development Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
community; f. promote "The Design and Implementation of Intelligent Support System in Long Term Care" and "Love Health Volunteer Promotion Program"; g. Promote lighting improvement projects, donate lighting equipment to improve the lighting equipment in social welfare institutions in order to provide good care of the environment and save electricity bills; h. Promotion of food banks for the effective use of charitable resources to meet the basic living needs of vulnerable populations; i. donated to the Taichung School for the Visually Impaired for the budget of purchasing computer equipment to assist the visually impaired in their learning. (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. Wang Chang Gung charitable trust has implemented the “Caretaker for Athletes Program” since 2019, sponsoring the Chinese Taipei Paralympic Committee for the training of athletes with disabilities. (i) Institutional support: a. Donation of social welfare institutions to purchase facilities and equipment and construction and repair, 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 Climate-related Information of TWSE/TPEx Listed Companies

1. Implementation Status of Climate-related Information

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1. State the supervision and governance of climate-related risks and opportunities of the Board of Directors and the management.</td><td>The Board of Directors of the Company is the highest governance body for climate-related risks and opportunities. The Company established a "Sustainable Development Committee" under the Board of Directors in May 2022, which is responsible for reviewing sustainable development policies, strategies, and management guidelines. The committee aims to review the Company's sustainable development policies and management guidelines, oversee the implementation of sustainable development initiatives, and comply with corporate governance evaluation requirements. The President's Office assigned as the operational department to support its functions. In line with corporate governance evaluation requirements, the President's Office is responsible for promoting risk management, corporate social responsibility, climate change adaptation, and other sustainability-related initiatives.
The Company holds at least six Board meetings per year and reports climate-related issues to the Board of Directors on a regular basis, such as long-term strategic goals for coping with climate change, energy conservation and carbon reduction strategies, medium- and long-term vision, annual energy conservation and carbon reduction performance, green production, and green product plans, etc.</td></tr>
<tr><td>2. State how identified climate risks and opportunities affect the business, strategies, and finance of the company in the short-term, medium-term and long-term.</td><td>The climate risks and opportunities identified by the Company and their effects:
<table>
<tr><th>Items of Climate Risks and Opportunities</th><th>Description of Effects</th></tr>
<tr><td>Transition risk - Policy and Legal</td><td>Greenhouse Gas Reduction and Management Law - Carbon Tax Non-excessive Carbon Emissions:
To implement carbon reduction regulations, the government announced the amendment of the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act" in 2023. Based on an estimated greenhouse gas emission of approximately 24.18 million tCO_2e in 2023, without measures to reduce carbon emissions, estimating at a carbon tax rate of NT$300 per metric ton, it is projected that an annual carbon tax payment of NT$46 billion will be incurred.</td></tr>
</table></td></tr>
</table>

Item	Implementation Status

	Excessive Carbon Emissions: For carbon emissions exceeding the allocated quota by the central authority, the maximum penalty fee remains at NT$1,500 per metric ton. Based on an estimated greenhouse gas emission of approximately 24.18 million tCO_2e in 2023, if carbon emissions are not reduced and carbon credits are not purchased to offset emissions by 2050, there may be a requirement to pay a carbon fee of NT$1,500 per metric ton for the excessive emissions.
Transition risk - Policy and Legal	From February 1, 2023, the Ministry of Economic Affair s announced the implementation of a water consumption fee for water- intensive users whose monthly water consumption during the dry season exceeds 9,000 cubic meters. The fee will be set at NT$3 per cubic meter. Users who meet the water recovery targets will be eligible for a discounted rate of NT$2 or NT$1. A grace period is also provided, where water-intensive users will receive a 50% reduction in the water consumption fee until June 30, 2025. Based on an estimated water consumption of 19.3 million cubic meters during the dry season of 2023 (November to April of the following year) , it is estimated that there will be an annual financial impact of NT$9.64 million.
Transition risks - Changes in customer behavior	According to the International Energy Agency, it is projected that by 2040, approximately 240 million electric vehicles will be on the road, leading to a daily reduction in global oil demand by 5 million barrels. Based on the estimated daily oil demand of 26.6 million barrels for transportation in 2023, this will result in a 18.8% decrease in oil demand for transportation, causing a contraction in the fuel market and revenue reduction, leading to financial losses.
Transition Opportunity – Low carbon energy technology transition	Taking into consideration the opportunities in the company's technological transition towards low-carbon energy and circular economy, we have developed plans for low-temperature waste

Item	Implementation Status
	<table><tr><td></td><td>heat recovery and waste-derived fuel projects in recent years. These initiatives aim to significantly reduce fuel consumption and lower greenhouse gas emissions.</td></tr><tr><td>Transition Opportunity – Increased energy efficiency</td><td>By leveraging the concept of circular economy, our company recognizes the opportunities for emissions reduction through enhanced energy efficiency. We have implemented a process to capture and reuse exhaust gases emitted during the production process, resulting in reduced air pollution. By converting these process gases into fuel, we are able to decrease fuel consumption.</td></tr><tr><td>Transition Opportunity – Renewable energy</td><td>The installation and procurement of renewable energy are integral parts of our company's carbon reduction strategy, as they contribute to the reduction of fuel consumption. The establishment of solar power systems allows for a decrease in the use of traditional fuels.</td></tr></table>
3. State the effects of extreme climate events and transition actions on finance.	In the context of SSP5-8.5 scenario, managing extreme climate risks during the mid-term period of climate change (years 2041-2060), the average total rainfall is projected to increase by 8.8%. 1. Heavy rain events are most common during the plum rain season in May and June, as well as the typhoon season from July to September, or due to convective rainfall associated with frontal systems in spring and autumn or the summer monsoon flow from the southwest. 2. The frequency of extreme weather events, such as heavy rainfall and flooding, is increasing due to global climate change. Equipment may be susceptible to flooding during heavy rainfall, leading to disruptions in stable operations and resulting in downtime losses. Assuming estimated revenue in the year 2023, if heavy rainfall causes a one-day shutdown due to flooding, it would result in a revenue loss of NT$2 billion.
4. State how the process for identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The Company's process for identifying, assessing, and managing climate-related risks: background data collection→scope of risk and operational assessment→risk and operational impact analysis→control measures and goal setting. The risk issues of the Company include various aspects such as economy, environment, society, technology, and geopolitics, and climate change-related issues are integrated into the environmental aspect. Risk management is

Item	Implementation Status
	conducted taking the "Operational Division: President's Office" as center. Risks that may affect the Company's operations are identified and, based on the nature of the risks, the likelihood and impact are jointly assessed by collaboration of different business-related units. After assessment, timely feedback is provided to the management to adjust the Company's operational strategies. In terms of risk management, the Company further categorizes risks into two main types: "inherent operational risks" and "emerging risks." Of which, emerging risks refer to the risks that our operations may face in the next five years. We utilize the COSO Enterprise Risk Management (ERM) framework to collect issues and collaborate with ESG experts to analyze emerging risks of corporate. Currently, climate change-related issues are mostly categorized as emerging risk categories. The climate change-related risks issues that are analyzed and assessed include changes in corporate image, technological changes, physical risks of climate change, stakeholder concerns about low-carbon energy, energy transition, and compliance with domestic and international energy policies. The transition risks, physical risks, and climate opportunities of climate change are identified, and their risk levels and relevant corresponding strategies are assessed based on a risk matrix of financial impact and likelihood of occurrence.
5. If using scenario analysis to assess resilience to climate change risks, it is necessary to explain the scenario, parameters, assumptions, analysis factors used, and major financial impacts.	The company primarily utilizes the Shared Socioeconomic Pathways (SSP) defined in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) to estimate future emission scenarios. These SSP pathways consider uncertainties in the future and provide a broader assessment, including the potential impacts of greenhouse gas emissions, land use, and air pollutants on future climate. The four SSP emission scenarios we adopt are as follows: Low emissions (SSP1-2.6): Represents a world where sustainable development goals are achieved gradually on a global scale. Medium emissions (SSP2-4.5): Reflects a scenario where countries may prioritize internal economic and security issues amidst regional competition, potentially neglecting broader developmental needs. High emissions (SSP3-7.0): Considers an unequal world where environmental policies may only be implemented in middle to high-income regions, and the global energy sector relies heavily on carbon-intensive fuels. Very high emissions (SSP5-8.5): Indicates a scenario of high emissions with almost no climate policies in place, resulting in high levels of greenhouse gas emissions. Our scenario analysis is based on the Taiwan Climate Change Projection and Information Platform (TCCIP),

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td></td><td>focusing primarily on key climate change indicators and potential impacts in the mid-term (years 2041-2060) relative to the 19th century. We conducted detailed scenario analysis and climate risk assessments for manufacturing sites across Taiwan, integrating disaster potential data from the National Science and Technology Center for Disaster Reduction (NCDR). Furthermore, we analyzed potential flood, high temperature, drought, and landslide risks in different scenarios for each manufacturing site, including the entire supply chain. We analyzed physical risks such as temperature conditions, climate change, and precipitation levels, and estimated energy usage, water scarcity, and flood conditions under different scenarios (SSP1-5). Flood risk, as a climate disaster, presents varying risks across all scenarios. Our company conducted further analysis specifically on flood scenarios, and the related climate disaster risks are summarized in the table below：
<table>
<tr><th>Physical Risk Scenario</th><th>Mailiao Plant</th></tr>
<tr><td>Average temperature rise
(Change in temperature℃)</td><td>1.6 °C
(1.1°C - 2.3°C)</td></tr>
<tr><td>Maximum daily high temperature
(Change in temperature℃)</td><td>1.5 °C</td></tr>
<tr><td>Heatwave Duration Index (HWDI) (days)</td><td>70.7</td></tr>
<tr><td>Total rainfall
(Rate of rainfall change)</td><td>8.8 %
(-18.5 % - 38.3 %)</td></tr>
<tr><td>Flood risk due to overflowing water levels in 2060</td><td>Not directly located in the inundation zone, but within a 500-meter radius of proximity</td></tr>
<tr><td>Risk of inundation due to sea level rise (2m)</td><td>Not directly located in the inundation zone, but within a 500-meter radius of proximity</td></tr>
</table>
Note：The values in this table are based on the SSP5-8.5 scenario, which involves extreme climate risk management during the mid-term period of climate change (years 2041-2060).</td></tr>
<tr><td>6. If there is a transition plan to address and manage climate-related risks, please explain the plan's content, as well as</td><td>The company references the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD) to identify these risks and develop corresponding management strategies. When formulating risk scenarios, Formosa Petrochemical considers transition risks (policy and legal/market/technology/reputation) and physical risks (chronic and acute). Risk descriptions are provided for potential events, including the financial impact severity,</td></tr>
</table>

Item	Implementation Status
the indicators and goals used to identify and manage physical risks and transition risks.	impact duration (short, medium, long), impacted stakeholders along the value chain, and the likelihood of occurrence. In assessing opportunities, Formosa Petrochemical considers aspects such as resource efficiency, energy, products and services, market, and resilience.
7. If using internal carbon pricing as a planning tool, the basis of price determination shall be explained.	To increase the sense of involvement in greenhouse gas emissions and strengthen the implementation of carbon reduction across all sites and departments, the Company has been implementing Internal Carbon Pricing (ICP) since 2022. Through the Company's self-developed greenhouse gas calculation system, the cost of greenhouse gas carbon emissions (including cost of excess carbon emissions) will be included in the monthly operational performance calculation, aiming to deepen the greenhouse gas reduction efforts in all sites and departments. At the same time, to promote carbon reduction in the supply chain, an "Equipment Selection Analysis Form" for high-carbon emission equipment procurement cases has been developed. The purchase requisitioning department estimates the carbon emissions of the equipment to be purchased and incorporates the carbon emission cost into the procurement evaluation.

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>8. If climate-related goals are set, the activities covered, scope of GHG emissions, planning schedule, and annual progress should be explained. If carbon offset or Renewable Energy Certificates (RECs) are used to achieve the related goals, the source and quantity of carbon reduction credit offset or the quantity of Renewable Energy Certificates (RECs) should be specified.</td><td>The company aims to achieve carbon neutrality by 2050 and is committed to promoting low-carbon measures, reducing unit product energy consumption, and implementing improvement plans such as investing in green energy generation facilities, all in pursuit of the vision for a low-carbon economic transition. The table below outlines the reduction directions planned by Formosa Petrochemical to achieve its short-, medium-, and long-term goals.
<table>
<tr><td>Timeline</td><td>2025</td><td>2030</td><td>2050</td></tr>
<tr><td>Targeted emissions</td><td>2,467
（A reduction of 22% compared to 2007.）</td><td>2,271
（A reduction of 28% compared to 2007.）</td><td>Carbon neutrality</td></tr>
<tr><td>Reduction direction</td><td>● Energy – saving and carbon reduction measures in a circular economy framework.
● Installation and development of renewable energy sources such as solar power and small hydro.
● Substituting 5% of coal consumption with the co-firing of Solid Recovered Fuel (SRF) and test-firing of biomass.</td><td>● Continual implementation of process technology optimization and energy - saving, carbon reduction measures in a circular economy framework.
● Ongoing installation and development of renewable energy sources.
● Evaluation of self-recovery and reuse of waste oil and waste plastics.
● Assessment of replacing 5% of coal consumption in coal-fired power plants with biomass.</td><td>● Evaluation of energy transition.
● Expanded evaluation of technology research and development, value enhancement, and investment in emerging industries related to hydrogen and ammonia applications.
● Evaluation of carbon capture, utilization, and storage (CCUS) technologies.
● Evaluation of carbon sinks and carbon credits offsetting mechanisms.</td></tr>
</table></td></tr>
<tr><td>9. Greenhouse gas inventory and assurance, as well as reduction goals, strategies, and specific action plans (also filled in 1-1 and 1-2).</td><td>1. Since 2005, the company has been conducting greenhouse gas inventories in accordance with the ISO 14064-1:2018 standard. We have engaged BSI Taiwan to verify our inventories using the ISO 14064-3 methodology, and we also comply with legal requirements by reporting our emissions to the Environmental Protection Administration.
2. In addition to disclosing greenhouse gas emissions, the company also follows the International Oil and Gas</td></tr>
</table>

Item	Implementation Status
	Industry Emissions Calculator to calculate the greenhouse gas intensity of our products. This allows us to demonstrate how our continuous efforts in energy efficiency, carbon reduction in manufacturing plants, and process improvements have led to a decreasing trend in the greenhouse gas intensity per unit of our products.

1.1 The Company's greenhouse gas inventory and assurance in the recent two years

1.1.1 Information on greenhouse gas inventory

State the greenhouse gas emissions (metric tons of CO_2e), intensity (metric tons of CO_2e/million), and scope of data coverage in the recent two years

The greenhouse gas emissions of the Company's Taiwan plants have been disclosed in the Sustainability Report and the relevant environmental sections, Additionally, every year, these emissions are verified by the independent third-party organization, the British Standards Institution (BSI). Excerpts from the data in the recent two years are as follows: Unit: tCO_2e

Year	Scope of data coverage	Scope 1	Scope 2	Emission intensity (tCO_2e/million)
2022	All plants in Taiwan	24,000,547	423,554	28
2023	All plants in Taiwan	24,004,680	181,692	34

Explanation: Emission intensity = (Scope 1 + Scope 2)/operating revenue of the parent company only financial report for the current year (million).

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., greenhouse gas emissions indirectly caused by the input of electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated from the Company's activities that are not energy indirect emissions but come from other sources owned or controlled by the Company).

Note 2: The scope of data coverage of direct emissions and energy indirect emissions shall be handled in accordance with the schedule specified in the provision of Article 10, Paragraph 2 of the Guideline. Information on other indirect emissions may be voluntarily disclosed.

Note 3: Standard for greenhouse gas inventory: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated by using product, service, or revenue per unit. However, at least the data calculated by revenue (NT$ million) shall be stated.

1.1.2 Information on greenhouse gas assurance

State the explanation of assurance during the recent two years up to the date of publication of the annual report, including the scope of assurance, assurance agencies, assurance standards, and assurance opinions

1. 2022: The Scope 1 and Scope 2 greenhouse gas emissions from all the Company's plants in Taiwan totaled 24,424,101 tCO_2e, and were verified by the British Standards Institution (BSI) in accordance with the ISO 14064 standard, and the assurance opinions were reasonable assurance.
2. 2023: Complete assurance information will be disclosed in the sustainability report.

Note 1: Shall be handled in accordance with the schedule specified in the provision of Article 10, Paragraph 2 of the Guideline. If the Company fails to obtain complete greenhouse gas assurance opinions by the date of publication of the annual report, it shall be noted as "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall be noted as "Complete assurance information will be disclosed on the Market Observation Post System," and the complete assurance information shall be disclosed in the next year's annual report.

Note 2: Assurance agencies shall comply with the relevant regulations for assurance agencies of sustainability reports stipulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

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

1.2 Greenhouse gas reduction goals, strategies, and specific action plans

State the base year and its data, reduction goals, strategies and specific action plans, as well as the achievement of reduction goals of greenhouse gas reduction

In order to achieve the vision of transitioning to a low-carbon economy, Formosa Petrochemical Corporation has set a long-term goal of achieving carbon neutrality by the year 2050. Internal short- and medium-term indicators have been established (short-term for the year 2025 and medium-term for the year 2030) to monitor progress towards these goals. The timeline and target emission levels are as follows:

Timeline	2025	2030	2050
Targeted emissions	2,467（A reduction of 22% compared to 2007.）	2,271（A reduction of 28% compared to 2007.）	Carbon neutrality

Formosa Petrochemical has established five strategies to align with the carbon neutrality goal by 2050. These strategies include process energy reduction, equipment efficiency enhancement, heat recovery, energy management, and renewable energy：

1. Process energy reduction：The process energy reduction strategy involves optimizing process control systems and relevant equipment energy efficiency improvement.

2. Equipment efficiency improvement：The equipment efficiency improvement strategy includes the installation of fluid couplings for rotating equipment, replacement of energy-efficient motors, and the use of new types of heat exchangers.
3. Heat recovery：Various heat recovery and utilization of low-grade heat sources are implemented to reduce steam/gas consumption.
4. Energy management：The energy management strategy includes optimizing the ratio of amine to achieve energy efficiency, system voltage reduction for power conservation, and the replacement of energy-efficient lights.
5. Renewable energy：Continual assessment of the potential for solar photovoltaic and wind power generation sites, evaluating their feasibility, and gradually increasing the installed capacity of green energy generation.

In 2023, the implemented carbon reduction strategies resulted in a reduction of approximately 275,249 tCO_2e. The effectiveness of each strategy implementation is summarized below：

Promoted strategies	Main project contents	Total emission reduction amount (tCO_2e)	Number of projects
Process energy reduction	Online analyzer added to the Deoxygenator (V-910) to monitor dissolved oxygen levels	95,169	89
	Saving steam consumption by water injection at the top of the RDS1 distillation tower (C-3300)		
	Introduction of advanced process control (APC) in the naphtha cracking furnace to save fuel gas		
Equipment efficiency improvement	Retrofitting the CFB2 machine to increase steam extraction volume and efficiency	139,796	76
	Retrofitting the CFB1 machine to increase steam extraction volume and efficiency		
	Changing the High-Pressure Heater (HPH) of CFB2 to dual heat steam sources to reduce coal consumption		
Heat recovery	Recovering low-grade thermal energy through reflux at the top of the SWS#2 tower	24,043	8
	Lowering the R-6901 temperature of SRU4 to increase steam production		
	LHDC adds a steam generator to recover waste heat for steam production		

Energy management	Improving the supplemental hydrogen compression units (B-3411C) of the RDS#1 for energy efficiency VGO C-2321 steam reduction operation	15,072	30
Renewable energy	Completed solar photovoltaic installation with a capacity of 1,053 kW, generating 1.39 million kWh annually, resulting in a reduction of 1,169 metric tons of CO_2e per year	1,167	2
Total		275,249	205

Note 1: Shall be handled in accordance with the schedule specified in the provision of Article 10, Paragraph 2 of the Guideline.

Note 2: The base year shall be the year in which the inventory is completed based on the boundaries of the consolidated financial statements. For example, according to the provision of Article 10, Paragraph 2 of the Guideline, companies with a capital of more than NT$10 billion shall complete the inventory of 2024 consolidated financial statements in 2025. Therefore, the base year is 2024. If the company has completed the inventory of the consolidated financial statements in advance, the earlier year can be used as the base year. In addition, the data of the base year can be calculated by the average of a single year or multiple years.

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

4.7 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 (1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the	✓		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	In compliance with Article 4 and Article 5 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	
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?			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.	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 the company establish prevention programs accordingly including measures prescribed in	✓		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. 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	Though a designated "Procedures for Ethical Management and Guidelines for Conduct" have not been set up, relevant regulations have been clearly defined in other articles and systems and carried out in practice.

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			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.	
(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."
2. Implementing ethical corporate management (1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the	✓		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

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 and its trading counterparty clearly provide terms on ethical conduct?				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 7th, 2023.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 interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	✓		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 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	In compliance with Article 19 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	
			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.	
(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 Company entrust audits to a CPA?	✓		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 Company.	In compliance with Article 20 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
(5) Does the Company regularly organize internal and external training for ethical corporate	✓		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	In compliance with Article 22-2 of the “Ethical Corporate Management Best

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?			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 2023, 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 12,251 participants and 17,617 hours of training.	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 accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?	✓		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 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	In compliance with Article 23 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) 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?	✓ ✓		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.	
4. Improvement of information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		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 "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				

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

4.8 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.

4.9 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 2023:

<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">2023.09.23</td><td rowspan="5">Securities and Futures Institute</td><td rowspan="2">Carbon Credit Trading Mechanism and Application of Carbon Management</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">Global Economic Outlook and Industrial Trends in 2024</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 rowspan="5">Finance and Governance Officer</td><td rowspan="5">Chien-Tang Tsai</td><td rowspan="3">2023.08.15</td><td rowspan="3">Securities Investment Trust & Consulting Association of the R.O.C.</td><td rowspan="3">The AI Boom: Technological Development and Business Opportunities in Chatbot ChatGPT</td><td>3</td></tr>
<tr><td>3</td></tr>
<tr><td>3</td></tr>
<tr><td>2023.09.23</td><td rowspan="2">Securities and Futures Institute</td><td>Carbon Credit Trading Mechanism and Application of Carbon Management</td><td>3</td></tr>
<tr><td>2023.09.23</td><td>Global Economic Outlook and</td><td>3</td></tr>
</table>

				Industrial Trends in 2024	
		2023.10.17	Securities Investment Trust & Consulting Association of the R.O.C.	Development Trends and Applications of Regulatory Technology (Reg Tech)	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: One employee holds a Certified Public Accountant (CPA) license in the Republic of China (Taiwan)

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.

4.10 Implementation Status of the Internal Control System

1. Internal Control System Statement

Formosa Petrochemical Corporation

Internal Control System Statement

Date: 2024.02.29

The Company states the following with regard to its internal control system in 2023, 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 2023.12.31 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 2024.02.29, 13 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.

4.11 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.

4.12 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 25th, 2023
Attending directors: Bao-Lang Chen, Susan Wang, Mihn Tsao, Keh-Yen Lin, Jui-Shih Chen, Te-Hsiung Hsu, Yuh-Lang Jean, Chia-Hsien Hsu, Song-Yueh Tsay (the above are director), C.P Chang, Yu Cheng, Sush-Der Lee (the above are independent director) totally 12 persons, more than half of the 15 board of directors.
Adopted Proposals
Proposal 1
Subject: Please approve the 2022 Business Report and Financial Statements as required by the Company Act. (Proposed by the Board of Directors)
Resolution: Total voting rights: 9,212,975,202 shares Result: Approval votes – 9,144,661,118 shares (including 8,737,613,731 shares via electronic voting) – representing 99.3% of total voting rights. Disapproval votes – 3,418,721 shares (including 3,418,721 shares via electronic voting) Invalid vote – 0 shares Abstention votes/no votes – 64,875,273 shares (including 64,875,273 shares via electronic 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 2022 Profits as required by the Company Act. (Proposed by the Board of Directors)
Resolution: Total voting rights: 9,212,975,202 shares Result: Approval votes – 9,148,787,504 shares (including 8,741,740,117 shares via electronic voting) – representing 99.3% of total voting rights. Disapproval votes – 115,555 shares (including 115,555 shares via electronic voting) Invalid vote – 0 shares Abstention votes/no votes – 64,072,143 shares (including 64,052,053 shares via electronic voting).
Approved. The number of approval votes exceeds required minimum shares.
Implementation status: It was proposed that the cash dividend per share for 2023 was NT$1.1, which was approved in the 2023 Annual Shareholders Meeting. All directors in attendance at the Board meeting on May 25, 2023 approved setting the ex-dividend date on June 19, 2023, and the distribution date on July 12, 2023.
(2) 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: Submitted to the annual shareholders' meeting on May 25th, 2023 for resolution.

Proposal 3

Subject: Please approve the proposal for the preparation of 2022 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:
(a) All directors present agreed to approve the distribution of cash dividends in the total amount of NT$10,478,556,617, at NT$1.10 per share, and to report to the 2023 Annual Shareholders' Meeting.
(b) All directors present agreed to submit the profit distribution proposal to the 2023 Annual Shareholders' Meeting for approval
Implementation status: Submitted to the shareholders' meeting on May 25th, 2023 for ratification.

Proposal 4

Subject: Please approve the proposal for holding the 2023 Annual Shareholders' Meeting on May 25th, 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 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 2023.

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 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: Adopted as the resolution of the Board of Directors' meeting.

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$1.8 billion to subscribe “Formosa Grandseas Bunkering and Trading Corporation” 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.

(3)May 4th, 2023: 2nd Audit Committee and 2nd Board Meeting of 2023

Proposal 1

Subject: Please approve the proposal to validate the Company's financial statements for the first quarter of 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 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: 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 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 4
Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for the third quarter of 2023.
Recusal: There were five people, the Chairman, Managing Directors Wen-Yuan Wong, Susan Wang 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 5
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 6

Subject: Please approve the proposal to subscribe NT$500 million to purchase 50 million special shares issued by Idemitsu Formosa Specialty Chemicals Corporation (IFSC)
Recusal: There were two people, the Managing Directors Wilfred Wang, and Director Mihn Tsao, who requested to recuse themselves due to their positions as Chairman and Directors for the IFSC.
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 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 8

Subject: Please approve the proposal for the appointment of the new manager for 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.

(4) May 25th, 2023: 3rd Board Meeting of 2023

Proposal 1

Subject: Please approve the proposal to set up the ex-dividend date and distribution date for the retained earnings distribution 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 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 negotiate a credit line with financial institutions.
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: 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 3rd, 2023: 3rd Audit Committee and 4th Board Meeting of 2023

Proposal 1

Subject: Please approve the preparation for the Company’s financial report of the second quarter 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 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: The degree of compensation adjustment in 2023 for the Company's managerial officers are proposed to be in line with the whole employees' compensation. Please approve.
Recusal: There were six people, Director Mihn Tsao, Keh-Yen Lin, Te-Hsiung Hsu, Yu-Lang Chien, Chia-Hsien Hsu and Finance & Governance Officer Chien-Tang Tsai who requested to recuse themselves due to they are the parties involved.
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(Approved by Remuneration Committee)
Resolution of the Board: Except for the directors who abstained due to conflicts of interest as mentioned above, all other attending directors agreed to pass the motion.
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: 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 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 5

Subject: Please approve the proposal to increase investment in Formosa Resources Corporation (FRC) by USD 25 million.
Recusal: There were two people, the Managing Directors, Wen-Yuan Wong and Wilfred Wang, who requested to recuse themselves due to their positions as Chairman and Directors for the FRC.
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.

(6) Nov. 2th, 2023: 4th Audit Committee and 5th Board Meeting of 2023

Proposal 1

Subject: Please approve the preparation for the Company’s financial report of the third quarter 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 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 prepare for the Company's funding and loaning plan for the first quarter of 2024.
Recusal: There were third people, the Chairman, Managing Directors Wen-Yuan Wong, 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 3

Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were third 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 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.

(7) December 7th, 2023: 5th Audit Committee and 6th Board Meeting of 2023

Proposal 1

Subject: Please approve the proposal to formulate the annual audit plan for 2024.
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: The annual audit plan for 2024 has been submitted in accordance with regulations.

Proposal 2

Subject: The Company's investee, "FPCC USA, INC. " plans to execute derivative hedging

transactions, and the Company is requested to issue the letter of guarantee. 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: 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 other Directors present.
Implementation status: Adopted as the resolution of the Board of Directors' meeting.

Proposal 3

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: The Managing Director Wen-Yuan Wang, who requested to recuse themselves from voting due to their positions as Chairman 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 4

Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were two people, the Chairman, Managing Directors Wen-Yuan Wong, who requested to recuse themselves from voting due to their positions as Directors 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 5
Subject: Please approve the proposal to increase investment in NKFG Corporation by NT$ 382.5 million.
Recusal: The Directors Keh-Yen Lin, who requested to recuse themselves due to their positions as Directors for the NKFG Corporation.
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 6
Subject: Please approve the replacement of the certified public accountant for the company's financial reports.
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 7
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 29th, 2024: 1st Audit Committee and Board Meeting of 2024
Proposal 1
Subject: Please approve the proposal to appropriate employees' compensation 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 and submitted to 2024 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 2023 and to formulate the operational plan for 2024.
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 June 14th, 2024 for resolution.

Proposal 3

Subject: Please approve the proposal to prepare for the Retained Earning Distribution Table 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: The proposal will be submitted to the annual shareholders' meeting on June 14th, 2024 for ratification.

Proposal 4

Subject: Please approve the proposal of the holding time on June 14th, 2024 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 elect the Board of Directors in 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 6

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 7

Subject: Please approve the proposal to prepare for the Company's funding and loaning plan for the second quarter of 2024.
Recusal: There were five people, the Chairman, Managing Directors Wen-Yuan Wong, Susan Wang and Wilfred Wang, 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 8

Subject: Please approve the proposal to make transactions with related parties.
Recusal: There were five people, the Chairman, Managing Directors, Wen-Yuan Wong, Susan Wang and 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 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 9

Subject: Please approve the proposal to donated NT$ 4,420,500 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 amendment of "Articles of Incorporation of the Company".
Recusal: None.
Independent Directors' opinions and the treatment status: None.
Resolution of the Board: The proposal was approved unanimously by all the Directors present and the decision will be made at the shareholders' meeting in 2024.
Implementation status: The proposal will be submitted to the annual shareholders' meeting on June 14th, 2024 for resolution.

4.13 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.

4.14 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): The chief internal auditor Fu-Jen Ho retired on March 26, 2024.

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	2023.01.01~ 2023.12.31	5,220	1,022 (note 2)	6,242

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$260,000, 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, the County by Country report of NT$105,000, and payment of NT$50,000 for Report on Investment Deduction for Towns with Slow Development Due to Resource Scarcity

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：Due to internal reassignment within the accounting firm, starting from the first quarter of the year 2024, the financial reports of the company will be certified by Accountants Zhang Zheng-Dao and Huang Jian-Ze.

6.1 Former CPAs

<table>
<tr><td>Date of change</td><td colspan="3">2024.01.01</td></tr>
<tr><td>Reasons and explanation of changes</td><td colspan="3">Due to internal reassignment within the accounting firm, updated the audit CPA</td></tr>
<tr><td rowspan="3">State whether the appointment is terminated or rejected by the consignor or CPAs</td><td>Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td>Appointment terminated automatically</td><td>None</td><td>None</td></tr>
<tr><td>Appointment rejected (discontinued)</td><td>None</td><td>None</td></tr>
</table>

The opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions	None
Is there any disagreement in opinion with the issuer	No
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	No

6.2 Successor CPAs

Accounting firm	Ernst & Young Certified Public
Reasons and explanation of changes	The board of directors of the company approved on December 7, 2023 to assign Zhang Zheng-Dao and Huang Jian-Ze, CPA, to sign off on the financial reports starting from the first quarter of 2024.
CPA	
Date of Engagement	
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions,and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	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

Title	Name	2023		As of the date of annual report publication	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Formosa Plastics Corp.	0	0	0	0
	Bao-Lang Chen	0	0	0	0
Managing Director	Formosa Chemicals & Fibre Corp.	0	0	0	0
	Wen-Yuan Wong	0	0	0	0
Managing Director	Formosa Plastics Corp.	0	0	0	0
	Susan Wang	0	0	0	0
Managing Director	Nan Ya Plastics Corp.	0	0	0	0
	Welfred Wang	0	0	0	0
Managing Director (Independent Director)	C.P Chang	0	0	0	0
Independent Director	Yu Cheng	0	0	0	0
Independent Director	Sush-Der Lee	0	0	0	0
Director	Walter Wang	0	0	0	0
Director, Adjunct President	Nan Ya Plastics Corp.	0	0	0	0
	Mihn Tsao	0	0	0	0
Director, Adjunct Executive Vice President	Keh-Yen Lin	0	0	0	0
Director, Adjunct Senior Vice President	Jui-Shih Chen	0	0	0	0
Director, Adjunct Senior Vice President	Te-Hsiung Hsu	0	0	0	0
Director, Adjunct Senior Vice President	Yuh-Lang Jean	0	0	0	0
Director, Adjunct Vice President	Song-Yueh Tsay	0	0	0	0
Director, Adjunct Senior Vice President	Chia-Hsien Hsu	0	0	0	0
Vice President	Wen-Ju Tseng	0	0	0	0
Vice President	He-Chi Chen	0	0	0	0
Vice President	Hsien-Chung Hsiao	0	0	0	0
Vice President	Yong-Jian.Huang	0	0	0	0
Vice President	Chih-Ching Lin	0	0	0	0
Financing and Governance Officer	Chien-Tang Tsai	0	0	0	0
Accounting Officer	Tsung-Lin Chen	0	0	0	0

Note: Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose them in another table.

8.2 Information of the Equity Interests Transfer: None.

8.3 Information of the Equity Interests Pledge: 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.	
Cathay Life Insurance.	48,267,766	0.51	0	0	0	0	–	–	
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.	

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; 2023.12.31

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
Formosa Grandseas Bunkering and Trading Corporation	15,220,852	60.00	0	0.00	15,220,852	60.00
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	52,302,266	45.99	61,413,126	54.01	113,715,392	100.00
Formosa Marine Corporation	15,542,400	20.00	39,970,400	45.00	50,512,800	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	909,907,125	25.00	2,729,721,375	75.00	3,639,628,500	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
Idemitsu Formosa Specialty Chemical Corp. (Note 3)	50,000,000	0.00	0	0.00	50,000,000	0.00
NKFG	71,341,668	45.00	0	0.00	71,341,668	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.	175,000,000	25.00	490,000,000	70.00	665,000,000	95.00
TMS Corp.	0	0.00	3,920,000	49.00	3,920,000	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.
Note 3：Subscribing to non-convertible non-cumulative preferred shares issued by Idemitsu Formosa Specialty Chemical Corp.

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

2024/04/16

Type of shareholders	Number of shareholders	Shareholding (shares)	Holding (percentage)
Government agencies	3	53,661,495	0.563
Financial institutions	37	181,409,905	1.904
Other juridical person	300	8,330,821,682	87.454
Domestic natural person	76,182	316,596,146	3.324
Foreign institutions & juridical person	460	643,470,424	6.755
Total	76,982	9,525,959,652	100

1.3 Distribution of Shareholding

2024/04/16

Common shares ownership (Unit: share)			Number of shareholders	Ownership (shares)	Ownership (percentage)
1	~	999	24,127	4,380,854	0.046
1,000	~	5,000	40,009	80,939,781	0.850
5,001	~	10,000	6,211	47,264,195	0.496
10,001	~	15,000	2,468	30,518,092	0.320
15,001	~	20,000	1,226	22,237,243	0.234
20,001	~	30,000	1,210	30,048,581	0.316
30,001	~	40,000	510	17,878,900	0.188
40,001	~	50,000	309	14,138,986	0.148
50,001	~	100,000	445	30,298,551	0.318
100,001	~	200,000	178	24,820,928	0.261
200,001	~	400,000	102	28,976,794	0.304
400,001	~	600,000	34	16,615,440	0.174
600,001	~	800,000	26	18,215,145	0.191
800,001	~	1,000,000	19	16,802,952	0.176
1,000,001and over			108	9,142,823,210	95.978
Total			76,982	9,525,959,652	100

1.4 Major Shareholders

2024/04/16

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%
Cathay Life Insurance Company, Ltd.	48,267,766	0.61%
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%
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			2022	2023 (Note 8)
Market price per share (Note 1)	Highest market price		103.50	90.00
	Lowest market price		75.20	78.00
	Average market price		89.73	83.01
Book value per share (Note 2)	Before distribution		32.80	35.31
	After distribution		31.70	33.31
Earnings per share	Weighted average shares (Thousand)		9,525,960	9,525,960
	earnings per share (Note 3)		1.51	2.30
Dividends per share	Cash dividends		1.10	2.00
	Free share allotment	from retained earning	—	—
		from capital surplus	—	—

Item \ Year		2022	2023 (Note 8)
	Accumulated undistributed dividends (Note 4)	—	—
Return on Investment	Price / earnings ratio (Note 5)	58.79	36.07
	Price / dividend ratio (Note 6)	80.71	41.49
	Cash dividend yield rate %(Note 7)	1.24	2.41

* 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$ 2.00 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 2023 is amounted to be NT$4,922 thousand. Based on relevant regulations stipulated in the Articles of Incorporation, employees' compensation is at 0.02% of the 2023 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 29th, 2024 by the Board of Directors:

   (1)The amount of employees' compensation distributed in cash or stocks: NT$4,922 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 25th, 2023, and its actual distribution:

(1)Actual amount distributed as employees' compensation: NT$3,363 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$1.51 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$ 2,500,000,000	NT$ 8,850,000,000
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

<table>
<tr><td colspan="2">Corporate Bond Type</td><td>109-1 Unsecured Corporate Bonds</td></tr>
<tr><td colspan="2">Issue date</td><td>2020.08.06</td></tr>
<tr><td colspan="2">Denomination</td><td>NT$1million</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td>N/A</td></tr>
<tr><td colspan="2">Issue price</td><td>Issue by denomination</td></tr>
<tr><td colspan="2">Total price</td><td>NT$ 11,100,000,000</td></tr>
<tr><td colspan="2">Coupon rate</td><td>5 years, Fixed rate: 0.55%
7 years, Fixed rate: 0.64%
10 years, Fixed rate: 0.68%</td></tr>
<tr><td colspan="2">Tenor</td><td>5 years, Maturity: 2025.08.06
7 years, Maturity: 2027.08.06
10 years, Maturity: 2030.08.06</td></tr>
<tr><td colspan="2">Guarantee agency</td><td>None</td></tr>
<tr><td colspan="2">Trustee</td><td>Bank of Taiwan</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>Yuanta Securities Co., Ltd. (lead securities underwriter)</td></tr>
<tr><td colspan="2">Certified lawyer</td><td>Huang, Jian-Cheng</td></tr>
<tr><td colspan="2">CPA</td><td>Lin, Li-Huang Fuh, Wen-Fun</td></tr>
<tr><td colspan="2">Repayment method</td><td>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</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$ 14,500,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td>None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating agency, rating date, rating of corporate bonds</td><td>No corporate bonds rating since 2017</td></tr>
<tr><td rowspan="2">Other Rights Attached</td><td>As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities</td><td>N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>N/A</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’ equity</td><td>N/A</td></tr>
<tr><td colspan="2">Transfer agent</td><td>N/A</td></tr>
</table>

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 Quarrying.
(3) C801010 Basic Chemical Industrial.
(4) C801020 Petrochemical Materials Manufacturing.
(5) C801110 Fertilizer Manufacturing.
(6) C803011 Oil refinery.
(7) C803990 Other Petroleum and coal products Manufacturing.
(8) C901990 Other Non-metallic Mineral Products Manufacturing.
(9) CA02010 Manufacture of Metal Structure and Architectural Components.
(10) D101050 Combined Heat and Power.
(11) D401010 Thermal Energy Supply.
(12) E401010 Dredging industry.
(13) EZ99990 Other Engineering.
(14) F107050 Wholesale of Fertilizer.
(15) F107200 Wholesale of Chemical Feedstock.
(16) F111090 Wholesale of Building Materials.
(17) F112010 Wholesale of Gasoline and Diesel Fuel.
(18) F112020 Wholesale of Coal and Coal Products.
(19) F112040 Wholesale of Petroleum Products.
(20) F112060 Airport, Harbor and Industry Port Gasoline Stations.
(21) F113060 Wholesale of Measuring Instruments.
(22) F207200 Retail sale of Chemical Feedstock.
(23) F212011 Gas Stations.
(24) F212021 Fishing Vessels Gas Stations.
(25) F212050 Retail Sale of Petroleum Products.
(26) F401010 International Trade.
(27) F401100 Petroleum Export.
(28) F401151 Petroleum Import.
(29) F401181 Measuring Instruments Import.
(30) G404011 Container Terminal Operators.
(31) G406061 Ship Stevedore Operator.
(32) G801010 Warehousing.
(33) H701040 Specific Area Development.
(34) ID01010 Measuring Instruments Certification.
(35) J101040 Waste Treatment.
(36) J101050 Environmental Testing Services.

(37) J101060 Wastewater (Sewage) Treatment.
(38) J202010 Industry Innovation and Incubation Services.
(39) JA02051 Weights and Measuring Instruments Repair.
(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 (2023)

Main Items	Percentages of Sales Revenue
Refined petroleum products	74.6%
Petrochemicals	18.3%
Electricity and steam	6.7%
Others	0.4%

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) Installing newly diesel hydrotreating process equipment into the RDS unit, estimated to be put into production in April 2027.

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 Taipei Sure Shilin Station, New Taipei Zhong Tai Station, Taoyuan Hon Ta station, Taichung Huan Chung Station, Tainan Ren De station, Kaohsiung Ta shin station, Kaohsiung Formosa Taffeta Boai 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 Business card , Taxi card, 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, SET, 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 2023 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 3.03 million tons. In 2023, the actual domestic production of ethylene was 2.68 million tons, 440 thousand tons were imported, and 90 thousand tons were exported. Currently, there are no new plans to build naphtha crackers in the domestic industry. However, in 2024, it is estimated that in Asia, there will be a yearly capacity of 5.28 million tons newly added to the region and it is estimated that there will be a yearly capacity of 1 million tons newly added in Iran. The regular inspections for ethylene production facilities in Asia for 2024 are less than those of the previous year, encompassing 6 plants in Japan, 1 in South Korea, 2 in Taiwan, and 1 in Southeast Asia. The supply of ethylene remains relatively steady, with China being the largest importer of ethylene in Asia. However, as China continues to expand its ethylene production capacity, a significant reduction in import volume is expected. Concurrently, the United States is also escalating its ethylene export activities. In summary, the availability of ethylene in Asia is projected to increase substantially.

In terms of propylene, the total domestic production of propylene in 2023 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 2.42 million tons. In 2023, the actual domestic production of propylene was 2.487 million tons, 210 thousand tons were imported, and 278 thousand tons exported. Currently, Taiwan's domestic production capacity for propylene surpasses its demand. Our company, through the integration of upstream and downstream operations, provides propylene to our Mailiao and Linyuan facilities. However, Formosa Plastics' new PDH facility in Ningbo is slated to commence operations in December 2023. Coupled with China's decision to revoke the preferential tariff for propylene under the ECFA, supplying surplus propylene to the Formosa Plastics Ningbo facility will pose a significant challenge. When the supply from Taiwan's CPC Corporation to the southern petrochemical plants falls short, they will also procure propylene from our company based on their production requirements. In 2024, the production capacity in the Asian region is set to increase. Mainland China will have six propane dehydrogenation (PDH) units in operation, in addition to the propylene capacity of roughly 1.97 million metric tons per year linked to the aforementioned expansion of the ethylene plant. These units include Taiwan Grand Pacific Petrochemical Corporation (Quanzhou Grand Pacific Chemical) with a capacity of 660 thousand tons per year, Zhejiang Yuanjin with a capacity of 750 thousand tons per year, Fujian Meide with a capacity of 900 thousand tons per year, ZhenHua Petrochemical with a capacity of 750 thousand tons per year, Jinneng Science and Technology Company Phase II with a capacity of 900 thousand tons per year, and Ningbo JinFa New Material Corporation with a capacity of 600 thousand tons per year. Additionally, the total additional capacity from processes such as High-severity fluidized catalytic cracking unit (HS FCC) and coal-to-olefins (CTO) is approximately 7.61 million tons per year. Fortunately, there is currently no additional capacity in other regions of Asia. China's propylene production capacity will continue to rise in 2024, which may result in a year-on-year decrease in import volume. However, the long-term market scenario in the Northeast Asian propylene market will still hinge on the strength of future downstream demand and supply conditions.

In terms of butadiene, the total domestic production capacity in 2023 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 500 thousand tons. In 2023 the actual domestic production of butadiene was 370 thousand tons, with 150 thousand tons imported and 20 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 2024, aside from the expansion of China's naphtha cracking plant by 645 thousand tons per year and Vietnam increase of 100 thousand tons per year, there were no other significant expansions in new production capacity. With an anticipated rise in China's production capacity, the demand for imports is predicted to decline, leading to a gradual easing of the overall supply in the Northeast Asian market.

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 2024 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 158.)

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 2023, FPCC's fuel supply accounted for 22.4% of the total market share. By the end of 2023, there are a total of 593 gas stations in operation under the FPCC's system.

In terms of Export Market:

a. Gasoline

The worldwide gasoline market remains in a condition of surplus. From a supply perspective, regions such as Mexico, West Africa, and China continue to build large-scale refineries that are nearing the commencement of production, resulting in a steady rise in gasoline supply. Furthermore, the comparatively low crude oil expenses for refineries in the Middle East and India allow for a strategic increase in exports of economically priced gasoline to Singapore. On the demand front, as nations progressively relax COVID-19 travel restrictions, the demand for gasoline is gradually rebounding from its nadir. However, the enhanced fuel efficiency of cars over time, coupled with the aggressive promotion of electric vehicles by Europe, the United States, and China, poses a challenge for maintaining high growth in gasoline demand. Against the backdrop of a global gasoline surplus, market competition is becoming increasingly fierce.

b. Diesel

The newly constructed refineries in the Middle East are gradually starting operations, along with a pessimistic outlook on China's overall economy, have increased the pressure of excess diesel supply in the region. Moreover, the impact of high inflation has caused a decline in diesel demand in several European countries, closing the opportunity for arbitrage of Far East diesel to the West. Consequently, surplus diesel in Asia can only be absorbed within the region, creating a fully competitive market for diesel sales in Asia. In the future, it will be necessary to rely on emerging markets such as Africa, and Latin America to develop infrastructure, agriculture, mining, and power sectors in order to boost diesel demand and address the global imbalance between diesel supply and demand.

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 replacing 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. In response to the increasing demand for eco-friendly clean energy, the fuel oil sector has shifted from primarily providing high-sulfur fuel oil to low-sulfur fuel oil. The commercial transition of the Al Zour refinery in the Middle East, specifically in Kuwait, has augmented the availability of fuel oil, leading to intensified market competition.

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. Following the COVID-19 pandemic, there has been a robust resurgence in international travel. This rebound has resulted in a substantial growth of 49.8% in our company's domestic aviation fuel sales volume in 2023, compared to the previous year, 2022.

In the context of export markets, the worldwide aviation industry has progressively recovered its previous vigor in the aftermath of the pandemic. In 2023, the global demand for aviation fuel saw a substantial increase of 1.02 million barrels per day. However, the growth rate of aviation fuel demand is projected to decelerate to 420,000 barrels per day in 2024. Moreover, between 2023 and 2024, four major refineries in the Middle East are set to commence operations, thereby intensifying the surplus pressure in the Asian aviation fuel market. Moving forward, the imbalance between supply and demand in the region will hinge on the complete restoration of international flight routes in the Chinese market and the escalating demand in the markets of New Zealand and Australia.

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

The Asian base oil market has predominantly experienced an oversupply over the past year. In the first half of 2023, economic stability and consistent production activities across various countries led to a resurgence in base oil demand in the end market. Concurrently, large-scale base oil facilities in Asia underwent regular inspections, causing a temporary tightening of market supply and a subsequent increase in regional base oil prices. However, in the latter half of the year, China, the primary consumer market, continued to face the repercussions of the real estate crisis, and the recovery momentum of both domestic and international demand was inadequate. Additionally, major emerging Asian countries grappled with continuous currency depreciation and escalating interest rates, further suppressing downstream demand. As we transition into 2024, it is anticipated that the gradual growth of the global economy will slowly rejuvenate base oil demand. However, the market continues to face the challenge of oversupply as China, the region's major importing country, gradually restores production capacity, and India introduces new production capacity. In the medium to long term, with the rise in new energy vehicle sales, lubricating oil consumption will no longer increase at the same pace as vehicle sales. Therefore, efforts will persist to broaden overseas markets to alleviate the regional oversupply situation.

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

A. Ethylene

In 2024, scheduled inspection plans for naphtha crackers in Northeast Asia decreases compared to that of 2023 (with the exception of mainland China), with 6 in Japan, 1 in South Korea, 2 in Taiwan, and 1 in Southeast Asia, leading to 1.02 million tons of loss in production capacity. However, the added ethylene production capacity is expected to reach 4.88 million tons in mainland China (Shandong Jincheng Petrochemical, TianJin Petrochemical, Shandong Yulong Petrochemical, Ningxia Baofeng Energy). 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 0.8 million tons of ethylene.

B. Propylene

In 2024, China is expected to increase its propylene production capacity by an estimated 7.61 million tons (including naphtha crackers output of 1.97 million tons, PDH/MDH output of 4.56 million tons). In the meantime, their downstream plants have also been expanding. It is estimated that there is still a shortage of 2.17 million tons in propylene supply in mainland China.

C. Butadiene

In 2024, mainland China is expected to increase its butadiene production capacity by an estimated 645 thousand tons. In the meantime, the newly-added capacity is supported by downstream plants. Supply and demand approaching equilibrium.

D. Isoprene

In 2024, the Company’s main overseas customers including Kraton, Zeon, TSRC Corporation USA, Tribute, Zeon, Sumitomo and Hon Ji etc. And main domestic customers are LCY GRIT CORP., TSRC Corporation, Kraton Formosa Polymers Corp. The customers demand remains stable. It is estimated that the sales of IPM in 2024 will decrease compared to that of 2023, 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 2024, 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.

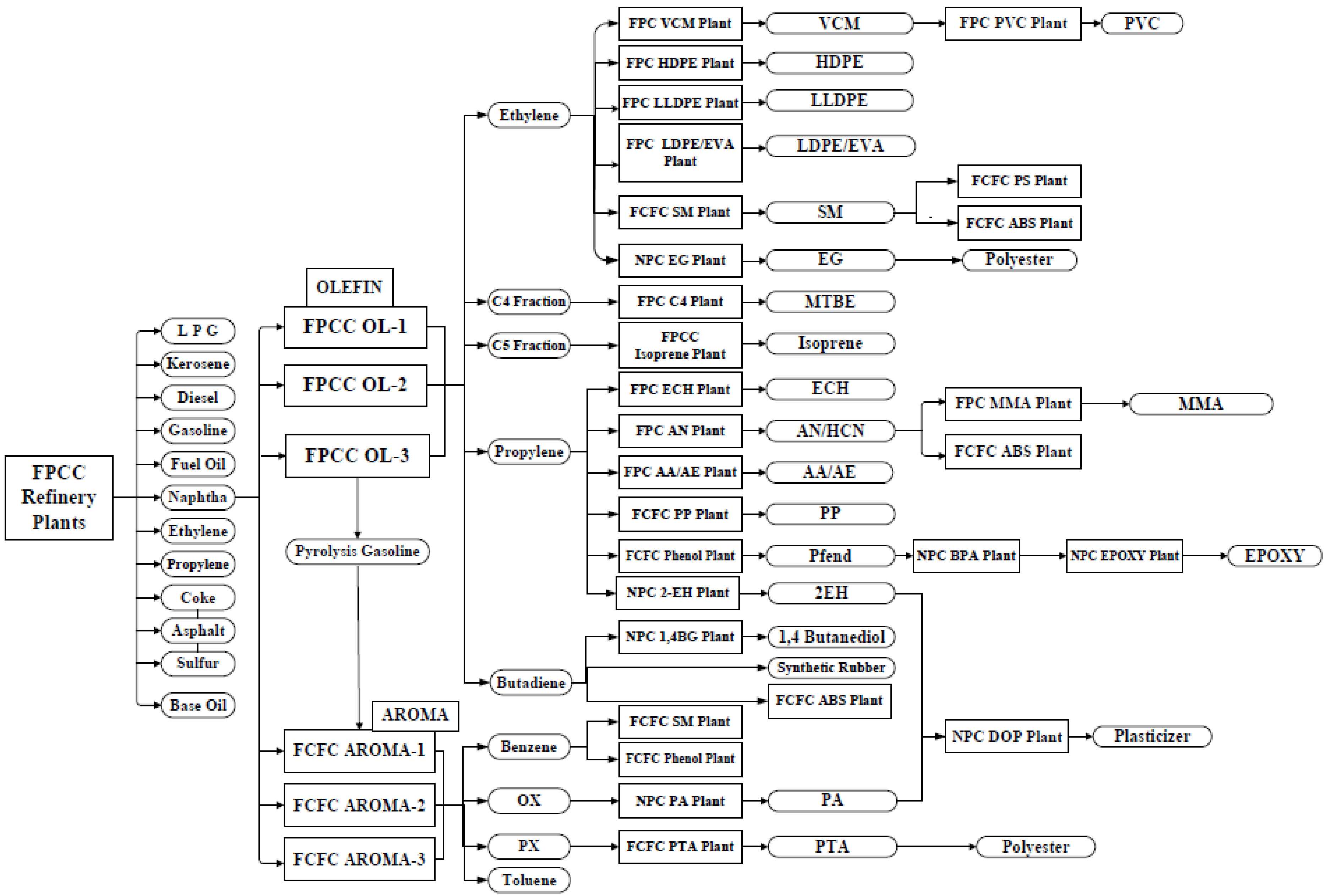
1.2.3.4 Loading and unloading of import and export of goods in the Mailiao Industrial

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. Starting from July 1st, 2020, the regulation standard for the benzene content in domestically-used gasoline was reduced from 1.0% to 0.9%, and from January 1st, 2024, it was further reduced to 0.8%. Similarly, starting from July 1st, 2020, the regulation standard for the polycyclic aromatic hydrocarbon (PAH) content in domestically-used diesel was reduced from 11% to 8%. The domestically-produced gasoline and diesel products of our company all meet the national standards regarding quality. Additionally, in response to the issue of clean energy brought by the International Maritime Organization (IMO), 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 initiatives, adopt artificial intelligence (AI) technologies, undergo digital transformation, implement water and energy conservation measures, and promote environmental, social, and governance (ESG) practices. These efforts aim to enhance energy efficiency, increase product recovery rates, and ensure process safety management, all in pursuit of improving production performance and achieving the goal of sustainable operation for the company.

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.

In response to our company's commitment to achieving net-zero emissions and the forthcoming carbon fee levied by the Ministry of Environment, we are implementing a range of water and energy conservation measures, along with ESG (Environmental, Social, and Governance) initiatives. We are currently planning to seek ISCC+ (International Sustainability and Carbon Certification) certification. In July 2023, we entered into a contract with Stay Gold Co. to facilitate the certification process, which began in November of the same year. The certification fee for 2024 has already been remitted to Bureau Veritas Taiwan. We expect to secure the certification in the third quarter of 2024, and the importation of bio-naphtha is slated to commence by year-end. The factory will utilize bio-naphtha as a feedstock for cracking, yielding bio-ethylene, bio-propylene, and bio-butadiene, which serve as precursor petrochemical materials. Leveraging the comprehensive petrochemical production system at the Mailiao Sixth Naphtha Cracker Complex, we can develop a variety of bio-based products, thereby transforming the traditional petrochemical plant into a facility that reduces carbon emissions and promotes environmental sustainability.

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	2022	2023
R&D Expenses	764,405	703,015

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 2023

Item	Description
The evaluation of catalyst formulations for achieving a 20wt% yield of Residue Catalytic Cracking (RCC) light cyclic oil(LCO).	In 2023, with the anticipated increase in diesel transportation demand, producing LCO becomes advantageous. Therefore, besides operational strategies, it is worthwhile to evaluate the feasibility of increasing the production of LCO through catalyst formulation optimization.

1.3.3.2 Products or technologies that have been successfully developed in and before 2023.

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.
cc. Exploring factors influencing diesel lubricity agonist efficacy.
dd. Evaluation of using water recovered by Membrane Bio-Reactors (MBR) to replace ultra-pure water used for diluting the alkaline solution or

industrial water.

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

a. Installation of the first distillation tower smart control system in the C5 plant.
b. Improving the performance of the advanced control system in OL-2 plant.
c. Improving to reduce the amount of heavy waste oil used.

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

1.4.1 Short-term plan (2023)

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. 3. Achieving comprehensive reduction of gasoline sulfur content to 10ppm: Through process optimization adjustments, the sulfur content of exported gasoline has been lowered to 10ppm, thereby enhancing competitiveness in the export market.
	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 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

Period	Product (Service)	Description
		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. In relation to gasoline exports, the growth rate of China's gasoline demand has slightly decelerated due to the rising market penetration of electric vehicles, leading to an increase in export volume. Given the increased selling pressure in China's spot gasoline market, which could potentially dampen the market conditions, we will maintain a close watch on market trends to pinpoint the ideal timing for entering into long-term supply agreements with global oil traders. In the near term, we will proactively bolster our footprint in Southeast Asian markets, including Singapore, Malaysia, the Philippines, and Indonesia. Starting from mid-2024, when the sulfur content in our exported gasoline is reduced to 10PPM, we will aim for the low-sulfur gasoline markets in New Zealand, Australia, and Japan. As and when gasoline arbitrage opportunities arise, we will capitalize on these to extend our gasoline exports to more remote markets such as the Middle East, Africa, and Central and South America. 3. Our company will diligently track worldwide economic trends and the interplay of supply and demand concerning diesel exports. We are committed to maintaining a consistent supply to regional markets, including Hong Kong and Southeast Asia. Simultaneously, we will proactively partner with leading oil corporations and expand into markets with steady growth in import volumes, such as the South Pacific, New Zealand, and Australia. Additionally, we will capitalize on arbitrage opportunities to export our diesel to Western markets, encompassing Africa and Europe. 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 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

Period	Product (Service)	Description
		to sell the aviation fuel to the United States and Europe markets. 5. Our firm has consistently been the favored importer of base oil for the Chinese market, thanks to our superior product quality, reliable supply, and geographical advantage. However, we are currently grappling with challenges related to ECFA and the yearly tariff reductions resulting from the China-Korea FTA. These elements threaten our competitive edge in the Chinese market, particularly in light of the steady enhancement of local low-viscosity quality and the surge in high-viscosity production within China. To counteract these issues, it's imperative that we not only fortify our position in the existing market, but also persistently broaden our sales market to include 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 stabilize the operation of its isoprene plants.

Period	Product (Service)	Description
	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 (2024 and after)

Period	Product (Service)	Description
Long Term	Oil Products Production	1. In response to global carbon reduction, we will recycle waste lubricating oil, process it, and mixed into fuel oil. Processing waste cooking oil using existing hydrogenation units to produce petroleum products. 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)
	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. Regarding the export of gasoline, in addition to strengthening and broadening our current niche market, we will persist in staying updated with global gasoline trends. We are dedicated to enhancing the quality of our gasoline, venturing into new markets, and increasing the efficiency of harbor shipping. 3. In relation to diesel exports, we are persistently improving the quality of our diesel to meet the progressively rigorous

Period	Product (Service)	Description
		environmental regulations established by different nations. At the same time, we are keeping a close eye on market trends to seize opportunities in specialized markets. Furthermore, we are cultivating partnerships with international oil corporations and traders to advance our diesel's presence in growing global markets via their widespread international distribution channels. 4. In relation to the export of aviation fuel, we will supply and expand the sales channels in markets such as New Zealand, Australia, and countries in the Pacific Islands through the shipping and marketing strategy of consolidating aviation fuel, diesel, and gasoline in large vessels Furthermore, when a significant price disparity arises between aviation fuels in Eastern and Western markets, we seize the arbitrage opportunity by exporting aviation fuel to markets in Europe and America, beyond Asia. This strategy enables us to diversify our sales risk, which is predominantly focused in the Asia-Pacific region. We are also vigilantly tracking the Sustainable Aviation Fuel (SAF) usage goals set by different countries and will adapt our production and sales strategies flexibly, in response to future market supply and demand conditions. 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

Period	Product (Service)	Description
		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.
	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	4,217	88,113	Taiwan, Southeast Asia
Gasoline	KL	5,099	112,580	Taiwan, Southeast Asia , Northeast Asia, South Asia, Middle East, Africa, New Zealand, Australia, Europe

Diesel	KL	9,816	208,201	Taiwan, Southeast Asia, Northeast Asia, New Zealand, Australia, Hong Kong, Europe, Africa, Central and South America, South Asia, Middle East
Jet Fuel/Kerosene	KL	2,338	49,067	Taiwan, North America, Europe, New Zealand, Australia, North America
Fuel Oil	KL	895	14,922	Taiwan, Southeast Asia, Hong Kong, New Zealand, Australia
Base Oil	KL	682	15,744	Taiwan, North America, China, , Hong Kong, Southeast Asia , Northeast Asia, South Asia, Middle East, Europe, New Zealand, Australia
LPG	KT	437	7,457	Taiwan
Petrochemical	KT	4,832	130,546	Taiwan, China, Northeast Asia, Southeast Asia, Africa, Europe, South Asia, Middle East
Electricity	GWH	10,732	34,770	Taiwan
Steam	KT	11,732	13,283	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	22.4%	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,

Product	Market share	Future market status of supply and demand and growth
		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	62.3%	Currently, there are no plans for any new naphtha cracking plants domestically. For 2024, the estimated increase in ethylene production capacity in the Asian region is approximately 5.28 million tons per year. China leads with an increase in ethylene production capacity of 4.88 million tons per year. This includes an increase of 4.65 million tons per year from naphtha cracking plants (Shandong Jincheng Petrochemical expansion of 450 thousand tons per year, Tianjin Petrochemical expansion of 1.2 million tons per year, Shandong Yulong Petrochemical expansion in two rounds totaling 3 million tons per year), and a CTO increase of 230 thousand tons per year (Ningxia Baofeng Energy 230 thousand tons per year). Thailand's ethylene production capacity increased by 400 thousand tons per year (PTTGC expansion of 400 thousand tons per year). In other parts of the world, Iran is anticipated to augment its capacity by 1 million metric tons annually. The planned maintenance schedules for ethylene production facilities in Asia for 2024 are less than those of the previous year, encompassing 6 plants in Japan, 1 in South Korea, 2 in Taiwan, and 1 in Southeast Asia. The supply of ethylene remains relatively steady, with China being the largest importer of ethylene in Asia. However, as China continues to expand its ethylene production capacity, a significant reduction in import volume is expected. Concurrently, the United States is also escalating its ethylene export activities. In summary, the availability of ethylene in Asia is projected to increase substantially.

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 / Middle East

New refineries have been sequentially launching operations in both China and the Middle East. These facilities not only bolster China's self-reliance and decrease its import needs, but they also heighten market competition due to the Middle Eastern refineries' lower crude oil expenses. As a result, there remains a surplus supply pressure in the near to intermediate 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 Australia, Russia and South Africa.

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 176.

2.4.2 Major customers: See page 177.

Major Suppliers

Unit: NT$ Million

Item	2022				2023			
	Name	Amount	Annual Net Purchase Ratio (%)	Relationship With Issuer	Name	Amount	Annual Net Purchase Ratio (%)	Relationship With Issuer
1	ARAMCO	194,437	24.47		ARAMCO	175,453	27.79	
2	KPC	169,300	21.30		KPC	132,906	21.05	
3	ADNOC	61,245	7.71		FCFC	32,130	5.09	Note 1
4	FCFC	36,724	4.62	Note 1	TOTALENERGIES	31,563	5.00	
5	VITOL	35,981	4.53		TRAFIGURA	25,520	4.04	
6	SHELL	33,360	4.20		SHELL	24,969	3.95	
7	BP SINGAPORE	30,499	3.84		VITOL	20,647	3.27	
8	GLENCORE	21,964	2.76		ADNOC	16,390	2.60	
9	SINOPAC	21,809	2.74		SINOPEC	16,327	2.59	
10	RELIANCE	17,812	2.24		BP	14,028	2.22	
	Others	171,588	21.59		Others	141,409	22.40	
	Net Purchase Amount	794,719	100.00		Net Purchase Amount	631,342	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 decreased in 2023 compared to that in 2022, so our purchase cost has decreased.

Major Customers

Unit: NT$ Million

Item	2022				2023			
	Name	Amount	Annual Net Sales Ratio (%)	Relationship With Issuer	Name	Amount	Annual Net Sales Ratio (%)	Relationship With Issuer
1	FCFC	167,507	19.75	Note 1	FCFC	139,663	19.60	Note 1
2	VITOL	147,875	17.44		FPC	82,553	11.59	Note 1
3	FPC	96,110	11.33	Note 1	VITOL	77,263	10.84	
4	NYPC	34,652	4.09	Note 1	WINSON	29,123	4.09	
5	WINSON BUNKER	22,068	2.60		TOTAL TRADING	28,960	4.06	
6	NPC	21,434	2.53		NYPC	21,697	3.04	Note 1
7	WINSON	21,407	2.52		NPC	21,456	3.01	
8	TRAFIGURA	19,293	2.27		PTT	19,675	2.76	
9	SIMOSA	16,632	1.96		ARAMCO TRADING	19,630	2.75	
10	FORMOSA OIL (ASIA PACIFIC)	15,057	1.78	Note 2	EVA Air	17,794	2.50	
	Others	286,013	33.73		Others	254,762	35.76	
	Net Sales Amount	848,048	100.00		Net Sales Amount	712,576	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 2022.

2.5 Production over the Last Two Years

Amount Unit: NT$ Million

Products	unit	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Naphtha	KT	3,750	3,570	77,563	3,750	3,686	75,831
Gasoline	KL	6,000	5,207	120,327	6,000	5,107	111,508
Diesel	KL	10,000	10,012	248,724	10,000	9,845	208,201
Jet Fuel / Kerosene	KL	2,500	1,981	48,015	2,500	2,321	48,723
Fuel Oil	KL	1,000	781	14,896	1,000	907	15,124
Base Oil	KL	758	771	19,432	758	699	16,145
LPG	KT	730	516	8,918	730	436	7,430
Petrochemicals (Note1)	KT	7,100	5,938	181,748	7,100	4,785	129,238
Electricity	GWH	24,125	12,604	44,570	24,125	13,849	44,869
Steam (Note2)	KT	101,441	19,371	25,254	101,441	17,164	19,434

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	2022				2023			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Naphtha	KT	4,037	96,920	82	1,687	4,161	86,856	56	1,257
Gasoline	KL	2,330	59,217	2,753	59,692	2,218	56,109	2,881	56,471
Diesel	KL	1,360	32,007	8,746	219,442	1,374	32,586	8,442	175,615
Jet Fuel/Kerosene(Note 1)	KL	14	359	2,025	49,076	2	40	2,336	49,027
Fuel Oil	KL	19	411	834	15,818	9	201	886	14,721
Base Oil	KL	229	6,170	552	13,508	224	5,563	458	10,181
LPG	KT	512	8,798	-	-	437	7,457	-	-
Petrochemicals (Note 2)	KT	5,670	172,805	298	9,236	4,709	127,358	123	3,188
Electricity	GWH	10,054	35,552	-	-	10,732	34,770	-	-
Steam	KT	13,317	17,361	-	-	11,732	13,283	-	-

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		2022	2023
Number of Employees	Supervisor	1,214	1,234
	Grassroots	4,004	3,974
	Total	5,218	5,208
Average age		43.82	44.25
Average seniority		15.83	16.41
Educational Background (%)	PhD	0.08	0.08
	Master	12.82	12.98
	Bachelor	54.84	55.26
	Senior high school	32.16	31.59
	Under senior high school	0.10	0.09

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:

Item / Year	2023	2024 (As of printing date)
Status of pollution (type and level)	Air pollution, waste, etc.	waste, etc.
Compensation recipient/organization of punishment	Yunlin County Government, Tainan City Government	Tainan City Government
Compensation recipient/organization of punishment	NT$9.403 million	NT$ 3 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	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.
2	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.
3	20230711	1120080391	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	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.

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
				addressed during the time period stated.		
4	20230809	1120063893	Section 2, Article 23 of Air Pollution Control Act	The efficiency test of the nitrogen oxide converter in the Continuous Emission Monitoring System (CEMS) for the emission pipeline (PT01) showed a result below the statutory requirement of 90%.	NT$100 thousand	1. In appeal. 2. Reason for appeal: The occurrence of interference with the test values due to chemical reactions between the standard gas and zinc within the sampling pipeline.
5	20230823	1123608745	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$78 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.
6	20231017	1120128422	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.
7	20240117	1130005021	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$15,479,504 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 Ministry of Environmental 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 Ministry of Environmental

(1) Operational procedures to manage toxic chemicals enlisted by the Ministry of Environmental: 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 Ocean Affairs Council 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 Ministry of Environmental to verify annual greenhouse gas emission volumes. At present, the inventory for the period between 2005 and 2023 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 and Inspection Management Regulations", total greenhouse gas emission during the period between 2005 and 2023 produced in Mailiao Industrial Complex has already been registered in Ministry of Environmental'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)
2022	24,424,101
2023	24,186,372

(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 Administration 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 Administration 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 2022, achieving a total result of 1,647,992 tons of reduction volume. the Refinery Department has completed the operations for greenhouse gas voluntary reduction for the period between 2019 to 2022, achieving a total result of 335,460 tons of reduction volume. For 2022, voluntary reduction volume had been estimated and reported to the Industrial Development Administration in March 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 2023, FPCC has completed 203 projects for improving energy-conservation, which has saved the consumption of 21,100 kWh in energy, 39.8 tons per hour in steam, and 4.4 tons per hour in fuel, and the total reduction in greenhouse gas emission reaching about 274,000 tons in terms of $CO2e$.

(4) Participating in a variety of greenhouse gas reduction implementation competitions: FPCC frequently participates in competitions related to energy-saving and $CO2$ 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 2023, the Company held a total of 1,295 professional training courses, achieving a total of 111,714 head counts of participation. This means the average number of training received by each employee is 67.5 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.

(2) 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 2023, there were a total of 16 people receiving administrative rewards for their superior performances and a total of 36 people subject to punishment for astray conducts, and 19 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. On significant management and Labor issues, the company prioritizes listening to the opinions of the labor union. High-level executives engage in negotiations and discussions with the union to reach consensus, adhering to the spirit of honesty and good faith as outlined in the collective bargaining agreement Act. This ensures the protection of employees' collective bargaining rights.

(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.:

Item No.	Issue Date	Government Letter No.	Provision Violated	Cause of Penalties	Penalty of Fines	Response Measure
1	20230621	Official Letter No.1123418438 issued by the Labor Bureau of Taipei City Government	Article 36, paragraph 1 of the Labor Standards Act.	The company does not provide one day off per every seven days of work as a rest day.	NT$50 thousand	Strengthen the management of employees' working hours

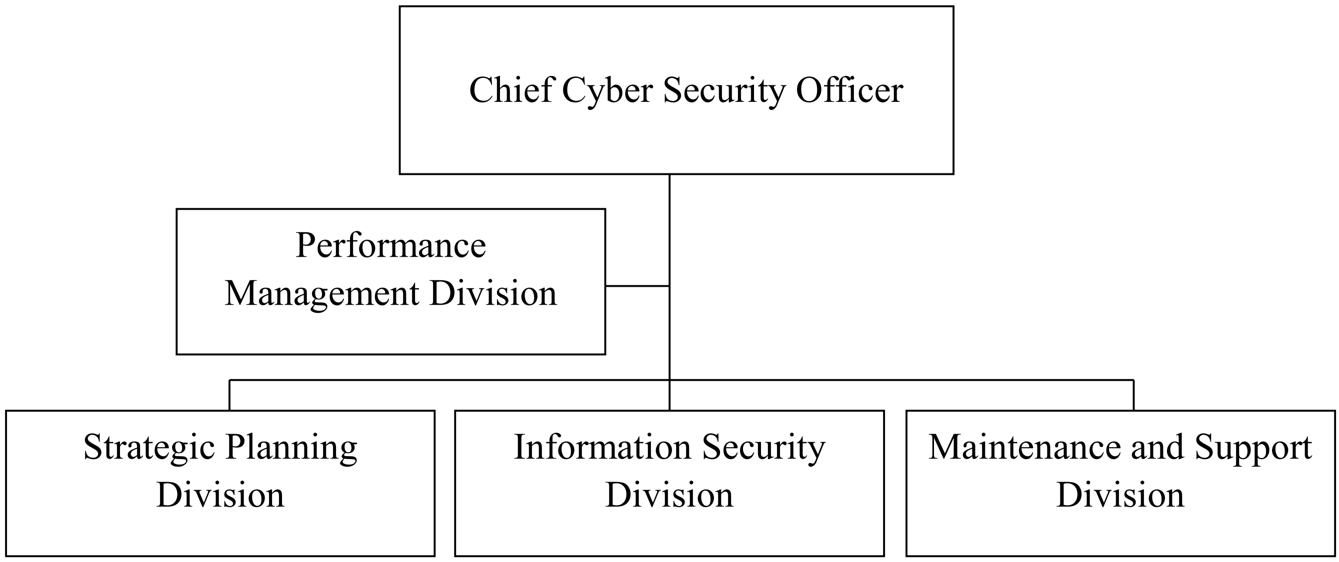
6. Cyber Security Management

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 " Chief Information Securities Officer " 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 Specific Control Plan:

(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.

(10) Promote the implementation of an "Information Security Management System" (ISMS) operation. Through the establishment of management systems and the participation of personnel, construct a more comprehensive mechanism for the protection of personal data and information environment. Additionally, introduce the ISO 27001 Information Security Management System.

6.1.4 Resources invested in cyber security management:

Aspect	Work Item	Completion date.
Management Aspect	Formulate an information security policy and submit an information security protection plan	2023/01/31
	Implement inventory check, rating, and risk assessment for the information security system	2022/12/14
	Complete information security protection standards	2022/12/14
	Formulate a notification mechanism and contingency drills for information security incidents	2023/10/25
	Commission vendor information security audit	2023/07/28
	Obtain ISO 27001 certification	2023/09/24
	Perform ongoing information security drills	2023/09/21
	Conduct internal cybersecurity audits	2023/11/15
	Performing Energy Administration external audit	2023/10/27
	Convene the Management Review Meeting	2023/08/23
Training Aspect	Employees undergo email phishing test	2023/06/28
	Employees undergo online general information security and professional development training (General Education: 3 hours per year per person, Specialist: 3 hours per 2 years per person)	All employees of the company have completed it.
	Have staff receive Information Security Professional certification within two years	2 employees have obtained certification.
Technical Aspect	Establish an Information Security Monitoring Center	2022/05/01
	Submit VANS data	2023/09/06
	Implement information and communication security clinics	2023/11/13
	Implement system vulnerability scanning	2023/11/25
	Implement system penetration testing	2023/11/25

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 ~2024.12	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	2023.04 ~2024.03	Wholesale price (quantity) and parallel connection related rules	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）				
		2019	2020	2021	2022	2023
Current assets		226,492,637	215,309,819	289,585,609	267,202,843	257,789,731
Property, plant and equipment(Note 2)		102,230,648	99,329,548	97,933,173	92,779,585	87,544,781
Intangible assets		0	0	0	0	0
Other assets(Note 2)		69,308,508	66,283,749	71,238,326	61,799,040	70,827,115
Total assets		398,031,793	380,923,116	458,757,108	421,781,468	416,161,627
Current liabilities	Before Distribution	36,762,243	28,887,601	57,922,472	69,784,532	44,489,619
	After Distribution	64,387,526	34,507,917	94,121,119	80,263,088	63,541,538
Non-current liabilities		27,267,545	39,408,447	39,067,548	34,711,571	30,453,810
Total liabilities	Before Distribution	64,029,788	68,296,048	96,990,020	104,496,103	74,943,429
	After Distribution	91,655,071	73,916,364	133,188,667	114,974,659	93,995,348
Equity attributable to owners of the parent		330,223,061	308,101,359	357,414,468	312,488,434	336,334,286
Common stock		95,259,597	95,259,597	95,259,597	95,259,597	95,259,597
Capital surplus		31,399,948	31,418,849	31,420,682	31,421,269	31,422,014
Retained earnings	Before Distribution	171,224,633	151,066,000	194,466,552	173,046,953	184,550,326
	After Distribution	143,599,350	145,445,684	158,267,905	162,568,397	165,498,407
Other equity		32,338,883	30,356,913	36,267,637	12,760,615	25,102,349
Treasury stock		0	0	0	0	0
Non-controlling Interest		3,778,944	4,525,709	4,352,620	4,796,931	4,883,912
Total equity	Before Distribution	334,002,005	312,627,068	361,767,088	317,285,365	341,218,198
	After Distribution	306,376,722	307,006,752	325,568,441	306,806,809	322,166,279

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 2023 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）				
		2019	2020	2021	2022	2023
Current assets		227,523,818	212,621,640	286,706,644	262,757,723	252,790,537
Property, plant and equipment(Note 2）		94,296,343	90,199,457	88,830,811	82,693,958	77,404,563
Intangible assets		0	0	0	0	0
Other assets(Note 2)		65,217,192	67,294,032	73,268,359	66,016,607	76,358,733
Total assets		387,037,353	370,115,129	448,805,814	411,468,288	406,553,833
Current liabilities	Before Distribution	35,694,376	27,677,805	56,639,797	68,174,243	43,165,010
	After Distribution	63,319,659	33,298,121	92,838,444	78,652,799	62,216,929
Non-current liabilities		21,119,916	34,335,965	34,751,549	30,805,611	27,054,537
Total liabilities	Before Distribution	56,814,292	62,013,770	91,391,346	98,979,854	70,219,547
	After Distribution	84,439,575	67,634,086	127,589,993	109,458,410	89,271,466
Common stock		95,259,597	95,259,597	95,259,597	95,259,597	95,259,597
Capital surplus		31,399,948	31,418,849	31,420,682	31,421,269	31,422,014
Retained earnings	Before Distribution	171,224,633	151,066,000	194,466,552	173,046,953	184,550,326
	After Distribution	143,599,350	145,445,684	158,267,905	162,568,397	165,498,407
Other equity		32,338,883	30,356,913	36,267,637	12,760,615	25,102,349
Treasury stock		0	0	0	0	0
Total equity	Before Distribution	330,223,061	308,101,359	357,414,468	312,488,434	336,334,286
	After Distribution	302,597,778	302,481,043	321,215,821	302,009,878	317,282,367

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 2023 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）				
	2019	2020	2021	2022	2023
Operating revenue	646,022,809	415,281,764	620,062,326	848,048,496	712,576,194
Gross profit	47,719,011	12,967,946	65,779,849	16,215,551	27,022,662
Operating income	36,785,656	2,768,768	55,177,385	5,420,137	15,404,555
Non-operating income and expenses	8,112,695	5,896,281	5,307,590	11,548,259	9,289,124
Income before income tax	44,898,351	8,665,049	60,484,975	16,968,396	24,693,679
Profit from Continuing Operation	36,748,173	7,372,455	49,363,882	14,399,662	21,875,854
Income (Loss) from Discontinued Operation	0	0	0	0	0
Net income (Loss)	36,748,173	7,372,455	49,363,882	14,399,662	21,875,854
Other comprehensive income (net after tax)	1,314,700	-2,174,450	5,403,718	-22,673,007	12,439,351
Total comprehensive income	38,062,873	5,198,005	54,767,600	-8,273,345	34,315,205
Net Income attributable to owners of the parent	36,798,213	7,429,609	49,401,403	14,421,560	21,888,842
Net income attributable to non-controlling interests	-50,040	-57,154	-37,521	-21,898	-12,988
Total comprehensive income attributable to owners of the parent	38,195,509	5,502,823	54,933,674	-8,721,556	34,323,663
Total comprehensive income attributable to non-controlling interests	-132,636	-304,818	-166,074	448,211	-8,458
Earning per share	3.86	0.78	5.19	1.51	2.30

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）				
	2019	2020	2021	2022	2023
Operating revenue	643,824,935	413,042,534	617,439,029	845,450,311	710,310,293
Gross profit	45,978,040	11,507,443	63,867,505	14,268,058	25,367,913
Operating income	36,459,064	2,559,027	54,603,258	4,854,744	15,127,941
Non-operating income and expenses	8,441,239	6,106,317	5,854,745	11,956,741	9,479,048
Income before income tax	44,900,303	8,665,344	60,458,003	16,811,485	24,606,989
Profit from Continuing Operation	36,798,213	7,429,609	49,401,403	14,421,560	21,888,842
Income (Loss) from Discontinued Operation	0	0	0	0	0
Net income (Loss)	36,798,213	7,429,609	49,401,403	14,421,560	21,888,842
Other comprehensive income (net after tax)	1,397,296	-1,926,786	5,532,271	-23,143,116	12,434,821
Total comprehensive income	38,195,509	5,502,823	54,933,674	-8,721,556	34,323,663
Earnings per share (NT$)	3.86	0.78	5.19	1.51	2.30

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	2019	2020	2021	2022	2023
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 203 to Page 210.
3. Audit Committee's Review Report on the Financial Statements for the Most Recent Year: Page 211.
4. Consolidated Financial Statements Audited and Certified by CPA for the Most Recent Year: Page 231 to Page 338.
5. Individual Financial Statements Audited and Certified by CPA for the Most Recent Year: Page 339 to Page 440.
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)				
		2019	2020	2021	2022	2023
Capital structure	Debt ratio (%)	16.09	17.93	21.14	24.77	18.01
	Long-term fund to property, plant and equipment ratio (%)	353.39	354.41	409.29	379.39	424.55
Liquidity	Current ratio (%)	616.10	745.34	499.95	382.90	579.44
	Quick ratio (%)	427.46	542.23	337.16	228.18	355.06
	Times interest earned (times)	76.68	21.75	160.03	30.72	45.99
Operating performance	Accounts receivable turnover (times)	11.93	9.30	13.47	15.25	13.10
	Days sales outstanding	31	39	27	24	28
	Inventory turnover (times)	9.87	7.49	9.26	10.46	8.41
	Accounts payable turnover (times)	35.50	33.42	29.67	35.95	36.50
	Inventory turnover days	37	49	39	35	43
	Property, plant and equipment turnover (times)	6.16	4.12	6.29	8.89	7.90
	Total assets turnover (times)	1.61	1.07	1.48	1.93	1.70
Profitability	Return on total assets (%)	9.26	1.98	11.83	3.37	5.32
	Return on total equity (%)	10.89	2.28	14.64	4.24	6.64
	Pre-tax income to paid-in capital ratio (%) (Note 7)	47.13	9.10	63.49	17.81	25.92
	Net profit margin (%)	5.69	1.78	7.96	1.70	3.07
	Earnings per share(NT$)	3.86	0.78	5.19	1.51	2.30
Cash flow	Cash flow ratio (%)	119.39	123.01	61.33	-13.16	102.01
	Cash flow adequacy ratio (%)	163.89	121.35	97.65	69.14	72.59
	Cash flow reinvestment ratio (%)	-0.27	1.14	3.97	-6.32	4.64
Leverage	Operating leverage	1.85	12.73	1.62	8.20	3.49
	Financial leverage	1.02	1.18	1.01	1.11	1.04

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. Debt ratio:
Debt ratio for the current period is 18.01, a change of 27.29% over the same period of last year’s 24.77.
The change is mainly due to current liabilities in 2023 of NT$44,489,619 thousand, which decreases by NT$25,294,913 thousand compared to that of 2022 at NT$69,784,532 thousand.

2. Current ratio & Quick ratio & Times interest earned:
(1) Current ratio for the current period is 579.44, a change of 51.33% over the same period of last year’s 382.90.
(2) Quick ratio for the current period is 355.06, a change of 55.61% over the same period of last year’s 228.18.
The change is mainly due to current liabilities in 2023 of NT$44,489,619 thousand, which decreases by NT$25,294,913 thousand compared to that of 2022 at NT$69,784,532 thousand.
(3) Times interest earned for the current period is 45.99, a change of 49.71% over the same period of last year's figure of 30.72.
The change is mainly due to increase in net income before tax and interest expenses of NT$7,710,482 thousand in 2022.

3. Inventory turnover days:
Inventory turnover days for the current period is 43 days, a change of 22.86% over the same period of last year’s 35 days.
The change is mainly due to Cost of goods sold in 2023 of NT$685,553,532 thousand, which decreases by NT$146,279,413 thousand compared to that of 2022 at NT$831,832,945 thousand.

4. 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 5.32, a change of 57.86% over the same period of last year's 3.37.
(2) Return on equity for the current period is 6.64, a change of 56.60% over the same period of last year's 4.24.
(3) Ratio of net income before tax to paid-in-capital for the current period amounts to 25.92, a change of 45.54% over the same period of last year's 17.81.
(4) Net profit margin ratio for the current period is 3.07, a change of 80.59% over the same period of last year's 1.7.
(5) Earnings per share for the current period was NT$2.30, a change 52.32% over the same period of last year's NT$1.51.

The change is mainly due to net income after tax in 2023 of NT$21,875,854 thousand, which increases by NT$7,476,192 thousand compared to that of 2022 at NT$14,399,662 thousand.

5. Cash flow ratio & Cash reinvestment ratio:
   (1) The cash flow ratio for the current period is 102.01, a change of 875.15% over the same period of last year's -13.16.
   This is mainly due to the net cash flow from operating activities increased by NT$54,567,253 thousand compared with that of last year, and current liabilities decreased by NT$25,294,913 thousand compared with that of last year.
   (2) The cash reinvestment ratio for the current period is 4.64, a change of 173.42% over the same period of last year's -6.32.
   This is mainly due to the net cash flow from operating activities increased by NT$54,567,253 thousand compared with that of last year
6. Operating leverage：
   The operating leverage for the current period is 3.49, a change of 57.44% over the same period of last year's 8.20; the change is mainly due to operating income in 2023 of NT$15,404,555 thousand, which increases by NT$9,984,418 thousand compared to that of 2022 at NT$5,420,137 thousand.

2.2 Financial Analysis – Individual by IFRSs

Analysis Items (Note 3) \ Year (Note 1)		Financial Analysis in the last five years				
		2019	2020	2021	2022	2023
Capital structure	Debt ratio	16.76	20.36	16.76	24.06	17.27
	Long-term fund to property, plant and equipment ratio (%)	372.59	379.64	441.48	415.14	469.47
Liquidity	Current ratio (%)	637.42	768.20	506.19	385.42	585.64
	Quick ratio (%)	444.77	557.73	340.45	227.74	356.32
	Times interest earned (times)	117.74	33.45	227.38	36.76	54.25
Operating performance	Accounts receivable turnover (times)	12.46	9.71	13.93	15.59	13.36
	Days sales outstanding	29	38	26	23	27
	Inventory turnover (times)	9.91	7.52	9.29	10.49	8.43
	Accounts payable turnover (times)	35.53	33.42	29.65	35.93	36.49
	Inventory turnover days	37	49	39	35	43
	Property, plant and equipment turnover (times)	6.61	4.48	6.90	9.86	8.87
	Total assets turnover (times)	1.63	1.09	1.51	1.97	1.74
Profitability	Return on total assets (%)	9.42	2.02	12.12	3.44	5.44
	Return on total equity (%)	11.02	2.33	14.85	4.31	6.75
	Pre-tax income to paid-in capital ratio (%) (Note 7)	47.13	9.10	63.47	17.65	25.83
	Net profit margin (%)	5.72	1.80	8.00	1.71	3.08
	Earnings per share(NT$)	3.86	0.78	5.19	1.51	2.30
Cash flow	Cash flow ratio (%)	115.00	121.97	59.01	-16.87	103.01
	Cash flow adequacy ratio (%)	167.13	123.56	98.31	67.31	69.55
	Cash flow reinvestment ratio (%)	-0.68	0.89	3.69	-6.65	4.53
Leverage	Operating leverage	1.49	1.82	13.18	1.60	3.44
	Financial leverage	1.01	1.01	1.12	1.00	1.03

＊ 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. Debt ratio:
Debt ratio for the current period is 17.27, a change of 28.22% over the same period of last year's 24.06.
The change is mainly due to current liabilities in 2023 of NT$43,165,010 thousand, which decreases by NT$25,009,233 thousand compared to that of 2022 at NT$68,174,243 thousand.

2.Current ratio & Quick ratio & Times interest earned：
(1) Current ratio for the current period is 585.64, a change of 51.95% over the same period of last year's 385.42.
(2) Quick ratio for the current period is 356.32, a change of 56.46% over the same period of last year's 227.74.
The change is mainly due to current liabilities in 2023 of NT$43,165,010 thousand, which decreases by NT$25,009,233 thousand compared to that of 2022 at NT$68,174,243 thousand.
(3) Times interest earned for the current period is 54.25, which decreases by 47.58% over the same period of last year's figure of 36.76.
The change is mainly due to an increase in net income before tax and interest expenses of NT$7,794,680 thousand in 2022.

3. Inventory turnover days:
Inventory turnover days for the current period is 43 days, a change of 22.86% over the same period of last year's 35 days.
The change is mainly due to Cost of goods sold in 2023 of NT$684,942,380 thousand, which decreases by NT$146,239,873 thousand compared to that of 2022 at NT$831,182,253 thousand.

4.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 5.44, a change of 58.14% over the same period of last year's 3.44.
(2) Return on equity for the current period is 6.75, a change of 56.61% over the same period of last year's 4.31.
(3) Ratio of net income before tax to paid-in-capital for the current period amounts to 25.83, a change of 46.35% over the same period of last year's 17.65.
(4) Net profit margin ratio for the current period is 3.08, a change of 80.12% over the same period of last year's 1.71.
(5) Earnings per share for the current period was NT$2.30, a change 52.32% over the same period of last year's NT$1.51
The change is mainly due to net income after tax in 2023 of NT$21,888,842 thousand, which increases by NT$7,467,282 thousand compared to that of 2022 at NT$14,421,560 thousand.

5. Cash flow ratio & Cash reinvestment ratio:

(1) The cash flow ratio for the current period is 103.01, a change of 710.61% over the same period of last year's -16.87.
This is mainly due to the net cash flow from operating activities increased by NT$55,965,721 thousand compared with that of last year, and current liabilities decreased by NT$25,009,233 thousand compared with that of last year.

(2) The cash reinvestment ratio for the current period is 4.53, a change of 168.12% over the same period of last year's -6.65.
This is mainly due to the net cash flow from operating activities increased by NT$55,965,721 thousand compared with that of last year

6. Operating leverage：

The operating leverage for the current period is 3.44, a change of 60.64% over the same period of last year's 8.74; the change is mainly due to operating income in 2023 of NT$ 15,127,941 thousand, which increases by NT$10,273,197 thousand compared to that of 2022 at NT$4,854,744 thousand.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 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 29th, 2024

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	2023	2022	Difference	
			Amount	%
Current assets	257,789,731	267,202,843	-9,413,112	-3.52
Non-current assets	158,371,896	154,578,625	3,793,271	2.45
Total Assets	416,161,627	421,781,468	-5,619,841	-1.33
Current liabilities	44,489,619	69,784,532	-25,294,913	-36.25
Non-current liabilities	30,453,810	34,711,571	-4,257,761	-12.27
Total Liabilities	74,943,429	104,496,103	-29,552,674	-28.28
Common stock	95,259,597	95,259,597	0	0.00
Capital surplus	31,422,014	31,421,269	745	0.00
Retained earnings	184,550,326	173,046,953	11,503,373	6.65
Other Equity	25,102,349	12,760,615	12,341,734	96.72
Non-controlling Equity	4,883,912	4,796,931	86,981	1.81
Total Equity	341,218,198	317,285,365	23,932,833	7.54

1. Current assets decreased by NT$9,413,112 thousand from the prior period, which was mainly due to:
   Account receivables (including from related parties) decreased by NT$8,265,135 thousand.
2. Non-current assets increased by NT$3,793,271 thousand from the prior period, the main reasons are:
   Financial assets at fair value through other comprehensive income - non-current increased by NT$3,987,945 thousand.
3. Current liabilities decreased by NT$25,294,913 thousand from the prior period due to:
   Short-term loan decreased by NT$6,468,055; Short-term notes and bills payable decreased by NT$16,400,000 thousand; Other account payable decreased by NT$2,246,755 thousand.
4. Non-current liabilities decreased by NT$4,257,761 thousand from the prior period due to:
   Bonds payable decreased by NT$5,650,000 thousand; Long-term loan increased by NT$2,000,000 and Lease liabilities -non-current decreased by NT$641,022 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	2023	2022	Difference	%
Operating revenues	712,576,194	848,048,496	-135,472,302	-15.97
Cost of goods sold	685,553,532	831,832,945	-146,279,413	-17.59
Gross profit (loss)	27,022,662	16,215,551	10,807,111	66.65
Operating expenses	11,618,107	10,795,414	822,693	7.62
Operating income (loss)	15,404,555	5,420,137	9,984,418	184.21
Non-operating income and expenses	9,289,124	11,548,259	-2,259,135	-19.56
Income before income tax	24,693,679	16,968,396	7,725,283	45.53
Income tax expense (profit)	2,817,825	2,568,734	249,091	9.70
Net income	21,875,854	14,399,662	7,476,192	51.92
Analysis of increase or decrease in ratios: 1. Gross profit for the current period increased by NT$10,807,111 thousand. The spread of petrochemical products and naphtha in 2023 is more than in 2022's. Mainly due to the decreased cost of naphtha consumption. Additionally, the reduced cost of coal compared to the previous year contributed to an increase in our company's gross profit for the fiscal year 2023. 2. Operating profit was increased by NT$9,984,418 thousand from the prior period due to the increase 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 2024 to reach 5,169 thousand KL, and the sales of diesel to reach 10,261 thousand KL. With respect to petrochemical products, depending on the downstream demand, the sales of ethylene are estimated to reach 2,380 thousand tons, and the sales of propylene to reach 2,022 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 10.4 billion kWh and the full-year sales of steam will amount to 11,412 thousand tons.

3. Analysis of Cash Flow

(1)Cash Flow Analysis in the last two years

Item \ Year	2023	2022	Difference (%)
Cash flow ratio (%)	102.01%	-13.16%	115.17%
Cash flow adequacy ratio (%)	72.59%	69.14%	3.45%
Cash flow reinvestment ratio (%)	4.64%	-6.32%	10.96%

Analysis of increase or decrease in ratios:

(1) The increase in cash flow ratio comparing with that in the prior period is due to the increase in net cash flow from operating activities and the decrease in current liabilities for this period compared to the previous period.

(2) The increase in cash flow adequacy ratio comparing with that in the prior period is due to the decrease in the sum of capital expenditures, inventory increase, and cash dividends over the last five years for this period compared to the previous period.

(3) The increase in cash reinvestment ratio comparing with that in the prior period is due to the increase in net cash flow from operating activities

(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
37,906,553	34,970,272	39,195,432	33,681,393	-	-

Analysis of changes in cash flow for the current fiscal year:

(1) Operating activities: Net cash inflow is estimated to be NT$34,970,272 thousand in 2024, mainly because company's stable profit earning, which generate net cash inflow from operating activities.

(2) Total cash outflow is estimated to be NT$39,195,432 in 2024. Of the amount:

1. Investment activities: The estimated cash outflow for 2024 is NT$18,603,992 thousand, mainly due to expenditures in investment such as project improvement and reinvestment expenses.
2. Financing activities: the estimated cash outflow in 2024 is NT$20,591,440 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 25 companies under the equity method and recognized profits of NT$ 3,579,662 thousand which more than previous year’s. The main factor contributing to the increase in profit for some companies is the significant decrease in coal prices. 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 329 to 333.

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 2023 was 2.5%, and the annual growth rate of core consumer prices was 2.58%, both the second highest in 15 years, The increase in raw materials and operating costs affected the Company’s profitability but inflation is expected to slow down in the coming 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
Assessment of Reduced Usage of Sulfurization Agent in HDS Decolorization Catalyst.	The high-temperature sulfurization residue discharged from the desulfurization catalyst is utilized to simultaneously low-temperature sulfurize the decolorization catalyst. Subsequently, the ongoing sulfurization of the decolorization catalyst is achieved using the continuous supply of H2S generated from the feed reaction. This method can save approximately 7,100 kg of DMDS, which would have been required to purchase for the decolorization catalyst, at a rate of $4.0/kg, resulting in a benefit of $28,400 per cycle	2024.10.31	1,500
The high level controller performance improvement in 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.	2025.12.31	59,640

Item	Description	Schedule (Estimated date of completion)	Estimated Expenditure
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.	2024.06.30	11,340
Replacement of a smaller impeller for the OL-2 plant's quench oil pump	Reducing the outlet pressure of the quench oil pump can decrease the motor's current. After assessment, with constant flow rate, horsepower decreased from 1,569 BHP to 1,196 BHP. By procuring a set of smaller impellers from the pump manufacturer, it's estimated to save 278 KW in electricity.	2025.09.30	14,665

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 2023 to February 29th, 2024, the changes or developments in governmental policies and regulations are as below:

On October 21, 2021, the Environmental Protection Administration announced the draft amendment to the "Climate Change Response Act", which was passed by the Legislative Yuan in the third reading on January 10, 2023. The Ministry of Environment has also proposed the imposition of carbon fees on manufacturing and electricity industries that have carbon emissions exceeding 25,000 metric tons, starting from 2025. The collection method will be based on the greenhouse gas emissions of the previous year, and the specific rates have not yet been announced. The Company has been conducting provisional estimates on relevant carbon fees at reasonable rates since 2024, and will continue to pay attention to regulatory developments and ensure compliance accordingly. Furthermore, regarding carbon credits, in coordination with the official launch of the Taiwan Carbon Solution Exchange on August 7, 2023, and the commencement of carbon credit trading, the Company will evaluate the demand for trading in a timely manner.

Tai-Zheng-Zhi-Li-Zi No. 11200147631 of the Taiwan Stock Exchange Corporation, dated August 23, 2023, has announced the amendment to the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", stipulating that the minimum number of independent directors of a TWSE listed company is one-third of the seats in the board. This requirement will be applicable to TWSE listed companies with a paid-in capital reaching NT$10 billion starting from 2024. However, for directors whose terms do not expire in 2024, this requirement shall apply upon the expiration of their terms. In addition, starting from 2024, more than half of independent directors of TWSE listed companies shall not serve beyond three consecutive terms. However, for directors whose terms do not expire in 2024, this requirement shall apply upon the expiration of their terms. Starting from 2027, all independent directors shall not serve beyond three consecutive terms. However, for directors whose terms do not expire in 2027, this requirement shall apply upon the expiration of their terms. The Company's Directors will be re-elected when their terms expire in 2024, which will be handled in accordance with the regulations.

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 2023 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. After company's appeal was rejected, we proceeded to file an appeal. The case is currently reviewed by the Kaohsiung High 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. The case is currently under review by the Civil Division of the Yunlin District Court.

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 Jin and others (19 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$ 19,000,000.

(5)Counterparty of litigation: GUAN HUEI ENGINEERING CO., LTD

Summary: The counterparty claims that our company's by-product lime (When the product registration certificate was valid) was placed in their earthworks resource storage site, causing disruption to their operations. Consequently, seeking damages from our company. The case is currently being reviewed by the Tainan District Court.

The amount of money at stake in the dispute: NT$1,248,840,000.

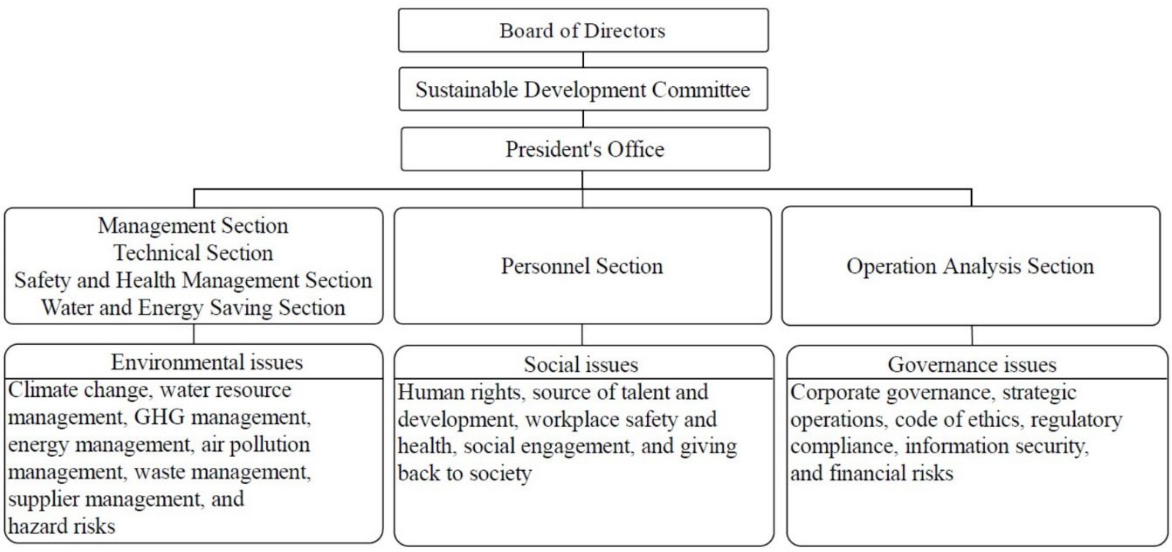
6.13 Risks and the measure to respond associated with climate changes:

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 2023

   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 25, 2023.

7. Other Important Matters: None

VIII. Other Special Notes

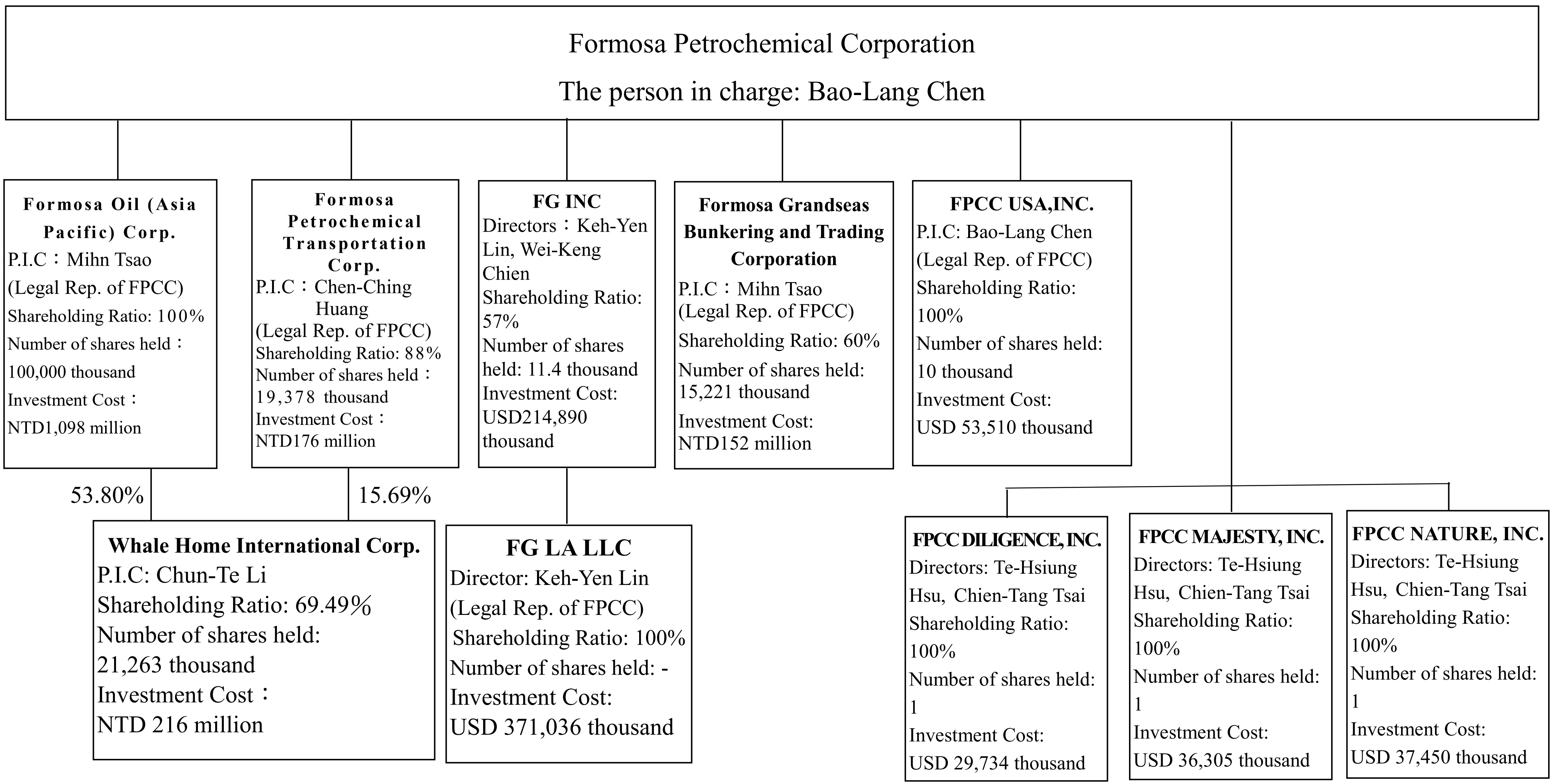
1. Related Information of FPCC's Subsidiary

1.1 Summary of FPCC's Subsidiary:

1.1.1 Subsidiary Chart :(As of December 31st, 2023)

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	6F., No. 388, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114 , 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
Formosa Grandseas Bunkering and Trading Corporation	2018.09.03	26F.-1, No. 29, Haibian Rd., Lingya Dist., Kaohsiung City 802 , Taiwan (R.O.C.)	NTD 253,681	Retail of oil products
FPCC USA, INC.	2006.03.31	Two Riverway, Houston, Harris County, Texas 77056.	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 371,036	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 December 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 (Te-Hsiung Hsu)	100,000,000	100
	Director	FPCC (Ho-Chi Chen)	100,000,000	100
	Supervisor	FPCC (Wen-Hsien Hsu)	100,000,000	100
Formosa Petrochemical Transportation Corporation	Chairman	FPCC (Chen-Ching Huang)	19,377,600	88
	Director	FPCC (Yu-Chih Cheng)	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 (Wen-Hsien Hsu)	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. (Te-Hsiung Hsu)	16,462,820	53.80
	Director	Formosa Oil Corp. (Ho-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. (David Juan)	16,462,820	53.80
	Director	Formosa Oil Corp. (Ying-Han Wu)	16,462,820	53.80
	Director	Formosa Oil Corp. (Yu-Chih Cheng)	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

Name of Subsidiary	Title	Name or Representative	Shareholding	
			Shares	%
Formosa Grandseas Bunkering and Trading Corporation	Chairman	FPCC(Mihn Tsao)	15,220,852	60
	Director	FPCC (Welfred Wang)	15,220,852	60
	Director	FPCC (Te-Hsiung Hsu)	15,220,852	60
	Director	TS LABUAN LTD. (Ching-Ching Tung)	10,147,235	40
	Director	TS LABUAN LTD. (Chin-Chu Lin)	10,147,235	40
	Supervisor	Ho-Chi Chen	0	0
	Supervisor	Yuan-Ju Chien	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
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, 2023)

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	6,630,483	4,394,488	2,235,995	16,958,173	164,173	332,045	3.32
Formosa Petrochemical Transportation Corp.	220,200	516,491	156,079	360,412	516,754	51,151	47,500	2.16
Whale Home International Corp.	306,000	348,626	18,040	330,586	14,913	11,022	8,498	0.28
Formosa Grandseas Bunkering and Trading Corporation	253,681	400,040	156,707	243,333	0	-8,783	-9,696	-0.38
FPCC USA, Inc.	1,644,623	2,168,965	71,680	2,097,285	201,245	56,363	62,512	6,251.23
FG INC	11,587,095	11,030,999	0	11,030,999	0	-15,923	-33,835	-1,691.73
FG LA LLC	11,403,791	10,807,723	4,142	10,803,581	0	-33,916	-32,214	-
FPCC DILIGENCE Corp.	1,364,799	3,376,033	3,402,245	-26,212	665,452	64,197	100,253	100,253,005.12
FPCC MAJESTY Corp.	1,666,435	1,870,766	0	1,870,766	0	0	49,315	49,315,302.85
FPCC NATURE Corp.	1,718,963	1,932,443	0	1,932,443	0	0	51,879	51,878,909.15

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, 2023, US$1 = NT$30.735; for income statement - based on the average exchange rate of 2023, US$1 = NT$31.1782.

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, 2023 And 2022

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, 2023 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 29, 2024

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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material 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 Other 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, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, 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$712,576,194 thousand during 2023, 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 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 6.16 of the notes to the consolidated financial statements.

Valuation of inventories

As of December 31, 2023, the inventories amounted to NT$76,657,730 thousand, representing 18% 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 consolidated financial statements.

Other Matter – Making Reference to the Audits of Other 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 the other auditors. These associates and joint ventures under equity method amounted to NT$6,103,116 thousand and NT$5,482,223 thousand, both representing 1% of consolidated total assets as of December 31, 2023 and 2022. The related shares of profit or loss of the associates and joint ventures under the equity method amounted to NT$171,604 thousand and NT$178,728 thousand, both representing 1% of the consolidated net income before tax for the years ended December 31, 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to NT$(26,871) thousand and NT$104,800 thousand, both representing (0)% of the consolidated other comprehensive income for the years ended December 31, 2023 and 2022, 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2023 and 2022.

Lin, Li Huang
Fuh, Wen Fun
Ernst & Young, Taiwan
February 29, 2024

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 Standards on Auditing of the Republic of China, 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, 2023 AND DECEMBER 31, 2022

(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2023 NTD	December 31, 2022 NTD
CURRENT ASSETS			
Cash and cash equivalents	4 & 6.1 & 12	$37,906,553	$36,510,212
Financial assets at fair value through profit or loss － current	4 & 6.2 & 12	1,641,598	1,562,720
Financial assets at fair value through other comprehensive income － current	4 & 6.3 & 12	57,345,461	49,399,806
Financial assets for hedging － current	4 & 6.4 & 12	55,507	829
Notes receivable, net	4 & 6.5 & 12	345	387
Notes receivable due from related parties, net	4 & 6.5 & 7 & 12	3,854,833	1,745,581
Accounts receivable, net	4 & 6.5 & 12	25,925,672	26,202,846
Accounts receivable due from related parties, net	4 & 6.5 & 7 & 12	19,034,870	27,022,831
Finance lease receivables, net	4 & 6.18 & 7 & 12	353,114	337,638
Other receivables (including from related parties)	7 & 12 & 13	11,095,633	15,875,104
Inventories	4 & 6.6	76,657,730	86,407,870
Prepayments	6.7	23,168,125	21,557,153
Other current assets	8	750,290	579,866
Total current assets		257,789,731	267,202,843
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income － non-current	4 & 6.3 & 12	14,554,519	10,566,574
Investments accounted for using the equity method	4 & 6.8	33,593,077	28,678,842
Property, plant and equipment	4 & 6.9 & 7	87,544,781	92,779,585
Mineral resources	4	1,221,169	1,073,031
Right-of-use assets	4 & 6.18 & 7	4,263,737	4,863,787
Investment property	4 & 6.10	406,867	395,343
Deferred tax assets	4 & 6.22	3,663,847	3,817,736
Long-term finance lease receivable, net	4 & 6.18 & 7 & 12	1,989,013	2,340,191
Other non-current assets, others	4 & 6.10	11,134,886	10,063,536
Total non-current assets		158,371,896	154,578,625
TOTAL ASSETS		$416,161,627	$421,781,468

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, 2023 AND DECEMBER 31, 2022

(Expressed in Thousands of Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2023 NTD	December 31, 2022 NTD
CURRENT LIABILITIES			
Short-term loans	6.11 & 12	$114,337	$6,582,392
Short-term notes and bills payable	6.11 & 12	-	16,400,000
Financial liabilities for hedging — current	4 & 6.4 & 12	3,575	-
Contract liabilities — current	4 & 6.16	67,248	72,304
Notes payable	12	4,944	6,613
Accounts payable	12	13,782,111	15,878,056
Accounts payable to related parties	7 & 12	4,175,402	3,721,264
Other payables	12	16,197,332	18,444,087
Other payables to related parties	7 & 12	470,851	144,497
Current tax liabilities	4 & 6.22	2,581,860	3,348,403
Current lease liabilities	4 & 6.18 & 7 & 12	1,147,203	1,153,656
Current portion of long-term liabilities	6.12 & 12	5,650,000	3,350,000
Other current liabilities, others	9	294,756	683,260
Total current liabilities		44,489,619	69,784,532
NONCURRENT LIABILITIES			
Financial liabilities for hedging-non-current	4 & 6.4 & 12	5,767	-
Bonds payable	6.12 & 12	20,200,000	25,850,000
Long-term loans	6.13 & 12	2,000,000	-
Deferred tax liabilities	4 & 6.22	59,932	68,198
Non-current lease liabilities	4 & 6.18 & 7 & 12	3,289,077	3,930,099
Defined benefit pension liability	4 & 6.14	4,640,579	4,643,424
Other non-current liabilities, others		258,455	219,850
Total non-current liabilities		30,453,810	34,711,571
TOTAL LIABILITIES		74,943,429	104,496,103
EQUITY			
Capital stock			
Common stock	4 & 6.15	95,259,597	95,259,597
Capital surplus		31,422,014	31,421,269
Retained earnings			
Legal reserve		79,317,142	77,839,238
Special reserve		3,033,784	3,033,784
Unappropriated earnings		102,199,400	92,173,931
Total retained earnings		184,550,326	173,046,953
Other equity		25,102,349	12,760,615
Non-controlling interests	6.15	4,883,912	4,796,931
TOTAL EQUITY		341,218,198	317,285,365
TOTAL LIABILITIES AND EQUITY		$416,161,627	$421,781,468

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, 2023 AND 2022
(Expressed in Thousands of Dollars, Except for Earnings per Share)

	Notes	For the Year Ended December 31, 2023 NTD	For the Year Ended December 31, 2022 NTD
OPERATING REVENUES	4 & 6.16 & 7	$712,576,194	$848,048,496
OPERATING COSTS	4 & 6.6 & 6.19 & 7	685,553,532	831,832,945
GROSS PROFIT		27,022,662	16,215,551
OPERATING EXPENSES	4 & 6.14 & 6.17 & 6.19 & 7		
Selling and marketing		6,477,175	5,918,811
General and administrative		4,800,244	4,431,371
Research and development		405,458	406,561
Expected credit losses (gains)		(64,770)	38,671
Total operating expenses		11,618,107	10,795,414
OPERATING INCOME		15,404,555	5,420,137
NON-OPERATING INCOME AND EXPENSES			
Interest income	6.20 & 7	1,059,932	471,265
Other income	6.20 & 7	4,532,275	6,577,703
Other gains and losses	6.20 & 7	1,255,850	5,744,415
Financial costs	6.20 & 7	(542,090)	(556,891)
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 & 6.8	2,983,157	(688,233)
Total non-operating income and expenses		9,289,124	11,548,259
INCOME BEFORE INCOME TAX		24,693,679	16,968,396
INCOME TAX EXPENSE	4 & 6.22	2,817,825	2,568,734
NET INCOME		21,875,854	14,399,662
OTHER COMPREHENSIVE INCOME (LOSS)	6.8 & 6.21		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(2,537)	424,581
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		11,563,531	(23,727,924)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		876,138	(2,012,498)
Income tax (benefit) expense relating to items that will not be reclassified		(507)	84,917
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		11,523	1,579,937
Gains (losses) on hedging instrument		45,201	(39,128)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		(44,077)	1,179,116
Income tax (benefit) expense relating to items that may be reclassified		10,935	(7,826)
Total other comprehensive income (loss) for the period, net of income tax		12,439,351	(22,673,007)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$34,315,205	$(8,273,345)
NET INCOME ATTRIBUTABLE TO:			
Shareholders of the parent		$21,888,842	$14,421,560
Non-controlling interests		(12,988)	(21,898)
		$21,875,854	$14,399,662
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the parent		$34,323,663	$(8,721,556)
Non-controlling interests		(8,458)	448,211
		$34,315,205	$(8,273,345)
EARNINGS PER SHARE (NTD)			
Earnings per share — basic/diluted	4 & 6.23		
Continuing operating income before tax		$2.58	$1.76
Net Income		$2.30	$1.51

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, 2023 AND 2022

(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, 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
Balance as of January 1, 2023	$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
Appropriation of 2022 earnings:											
Legal reserve	-	-	1,477,904	-	(1,477,904)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(10,478,556)	-	-	-	(10,478,556)	-	(10,478,556)
Other change in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	118	-	-	-	-	-	-	118	-	118
Other changes in capital surplus	-	627	-	-	-	-	-	-	627	-	627
Net income (loss) for the year ended December 31, 2023	-	-	-	-	21,888,842	-	-	-	21,888,842	(12,988)	21,875,854
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(1,012)	(36,940)	12,438,507	34,266	12,434,821	4,530	12,439,351
Total comprehensive income (loss)	-	-	-	-	21,887,830	(36,940)	12,438,507	34,266	34,323,663	(8,458)	34,315,205
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	95,439	95,439
Disposal of equity instruments investments designated at fair value through other comprehensive income	-	-	-	-	94,099	-	(94,099)	-	-	-	-
Balance as of December 31, 2023	$95,259,597	$31,422,014	$79,317,142	$3,033,784	$102,199,400	$465,272	$24,602,148	$34,929	$336,334,286	$4,883,912	$341,218,198

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, 2023 AND 2022

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	NTD	NTD
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$24,693,679	$16,968,396
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and depletion	14,849,933	15,018,168
Amortization	1,312,800	1,227,768
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(78,878)	(192,014)
Interest expense	542,090	556,891
Interest income	(1,059,932)	(471,265)
Dividends income	(2,067,007)	(4,170,524)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(2,983,157)	688,233
Loss (gain) on disposal of property, plant and equipment	10,358	1,073
Loss (gain) on disposal of investment property	-	636
Loss (gain) on disposal of other assets	-	(584,021)
Impairment loss on non-financial assets	15,271	99,517
Reversal of impairment loss on non-financial assets	(11,524)	(4,224)
Other adjustments — (gain) loss on lease modifications	-	(1,304)
Other adjustments — (gain) loss on non-cash items	4,128	-
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable (including related parties)	(2,109,210)	(86,108)
(Increase) decrease in accounts receivable (including related parties)	8,265,135	(4,029,769)
(Increase) decrease in other receivables (including related parties)	3,694,962	(2,904,787)
(Increase) decrease in inventories	9,750,140	(13,694,716)
(Increase) decrease in prepayments	(1,609,913)	25,851
(Increase) decrease in other current assets	(118,258)	17,202
Increase (decrease) in contract liabilities	(5,056)	5,120
Increase (decrease) in notes payable	(1,669)	(80)
Increase (decrease) in accounts payable (including related parties)	(1,641,807)	(7,069,373)
Increase (decrease) in other payables	(2,224,988)	253,916
Increase (decrease) in other current liabilities	(388,510)	267,484
Increase (decrease) in defined benefit pension liability, net	(5,381)	(22,439)
Cash from operating activities	48,833,206	1,899,631
Income taxes received (paid)	(3,449,083)	(11,082,761)
Net cash provided by (used in) operating activities	45,384,123	(9,183,130)

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 STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	NTD	NTD
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(500,000)	(12,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	123,083	70,400
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,848	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	(1,931,100)	(1,000,002)
Net cash flow from acquisition of subsidiary	5,426	-
Acquisition of property, plant and equipment:		
Cost paid	(8,358,642)	(7,633,752)
Interest paid	(6,658)	(13,559)
Proceeds from disposal of property, plant and equipment	6,855	16,386
Increase in other receivables — due from affiliates	-	(1,769,039)
Decrease in other receivables — due from affiliates	1,124,336	-
Acquisition of use-of-right assets	(25,000)	-
Proceeds from disposal of investment property	-	576
Decrease in long-term lease receivables	342,633	315,266
Increase in other financial assets	-	(4,402)
Decrease in other financial assets	38,076	-
Increase in other non-current assets	(2,384,150)	(1,987,677)
Interests received	1,020,180	449,442
Dividends received	2,899,207	4,924,813
Other investing activities	(228,170)	352,706
Net cash provided by (used in) investing activities	(7,867,076)	(3,864,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	6,407,527
Decrease in short-term loans	(6,468,055)	-
Increase in short-term notes and bills payable	-	16,400,000
Decrease in short-term notes and bills payable	(16,400,000)	-
Repayment of bonds (including current portion)	(3,350,000)	-
Proceeds from long-term loans	4,000,000	-
Repayment of long-term loans	(2,000,000)	-
Increase in other payables to related parties	326,354	-
Decrease in other payables to related parties	-	(82,657)
Payments of lease liabilities	(1,217,780)	(1,166,342)
Increase in other non-current liabilities	39,232	-
Decrease in other non-current liabilities	-	(16,295)
Cash dividends paid	(10,479,310)	(36,197,781)
Interest paid	(563,291)	(541,079)
Change in non-controlling interests	(6,033)	(3,900)
Net cash provided by (used in) financing activities	(36,118,883)	(15,200,527)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,823)	286,247
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,396,341	(27,961,672)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	36,510,212	64,471,884
CASH AND CASH EQUIVALENTS, END OF PERIOD	$37,906,553	$36,510,212

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Formosa Petrochemical Corporation
Notes To Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(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, 2023.

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, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on February 29, 2024.

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, 2023. 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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, 2024. 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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, 2023 and 2022 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) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfers directly to retained earnings; and
(f) recognizes differences in profit or loss.

B. The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiaries	Main business	December 31, 2023	December 31, 2022
The Company	Formosa Oil (Asia Pacific) Corp.	Sales Retailer	100%	100%
The Company	Formosa Petrochemical Transportation Corp.	Transportation Service	88%	88%
The Company	Formosa Grandseas Bunkering and Trading Corporation (Note)	Sales Retailer	60%	-
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%

Note: The Group acquired 15,221 thousand shares of common stocks of Formosa Grandseas Bunkering and Trading Corp. at a price of NT$152,209 thousand in May 2023. The Group acquired 60% shareholding and control over Formosa Grandseas Bunkering and Trading Corp. which is consolidated.

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, 2023	December 31, 2022
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, 2023 and 2022. Whalehome International Corp., Ltd.'s assets, liabilities and net income only representing 0.08%, 0.02%, 0.02% and 0.08%, 0.03%, (0.10)% of the Group's corresponding accounts as of December 31, 2023 and 2022. 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 the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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) The accounting policy for finance lease receivables impairment, 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.

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 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:

<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.

(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.

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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
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.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

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. 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, 2023	December 31, 2022
	NTD	NTD
Cash on hand and petty cash	$4,944	$4,962
Checking accounts	38,623	1,063,637
Demand deposits	14,036,334	26,380,736
Time deposits	22,581,027	1,281,025
Commercial paper	1,245,625	6,078,852
Repurchase bonds	-	1,701,000
Total	$37,906,553	$36,510,212

A. The Group's cash and cash equivalents were not pledged as collateral or restricted for uses in December 31, 2023 and 2022.

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, 2023	December 31, 2022
	NTD	NTD
Mandatorily measured at fair value through profit or loss:		
Funds	$1,641,598	$1,562,720

The profit (loss) arising from financial assets at fair value through profit or loss were NT$78,878 thousand and NT$192,014 thousand for the years ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
	NTD	NTD
Equity instruments investments measured at fair value through other comprehensive income:		
Listed companies stocks	$57,345,461	$49,399,806
Unlisted companies stocks	14,554,519	10,566,574
Total	$71,899,980	$59,966,380
Current	$57,345,461	$49,399,806
Non-current	14,554,519	10,566,574
Total	$71,899,980	$59,966,380

A. The Group's financial assets at fair value through other comprehensive income were not pledge.

B. The Group invested NT$500 million to subscribe for 50,000 thousand shares of preferred stocks issued by Idemitsu Formosa Specialty Chemicals Corp., the investee of the Group, on June 28, 2023. The prefered stocks without voting right are regarded as the long-term equity in the joint venture based on IFRS 9 "Financial Instruments."

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follow:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Related to investments held at the end of the reporting period	$2,067,007	$4,170,524

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, 2023 and 2022 are as follow:

	For the year ended December 31, 2023	For the year ended December 31, 2022
The fair value of the investments at the date of derecognition	$123,083	$70,400
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	94,099	10,053

(4) Financial assets (liabilities) for hedging － current and non-current

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Financial assets for hedging		
Financial Derivatives		
Energy commodity swap contracts	$55,507	$829
Current	$55,507	$829
Non-current	-	-
Total	$55,507	$829

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Financial liabilities for hedging		
Financial Derivatives		
Energy commodity swap contracts	$9,342	$-
Current	$3,575	$-
Non-current	5,767	-
Total	$9,342	$-

Note: The Group applied hedge accounting according to IAS 39.

A. As of December 31, 2023 and 2022 there were 43 and 6 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, 2023		
			Book Value	
		Notional	Asset	Liability
Type of Transaction	Pricing Period	Quantity	NTD	NTD
Singapore gasoline / Dubai Crack Swap	Jan.1, 2024~ Dec. 31, 2024	600 (1,000 bbls)	$55,507	$-
Henry Hub Natural Gas Bullet Swap	May. 29, 2024~ Nov. 25, 2025	2,420,000 (MMBtu)	-	9,342
Total			55,507	9,342
Less: Financial assets (liabilities) for hedging － current			55,507	3,575
Financial assets (liabilities) for hedging － non-current			$-	$5,767

		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			$-	$-

(5) Notes and accounts receivable

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
A.Notes receivable	$345	$387
Less: Loss allowance	-	-
Notes receivable, net	$345	$387
B. Notes receivable – related parties	$3,854,833	$1,745,581
Less: Loss allowance	-	-
Notes receivable – related parties, net	$3,854,833	$1,745,581
C. Accounts receivable	$26,437,698	$26,779,642
Less: Loss allowance	(512,026)	(576,796)
Accounts receivable, net	$25,925,672	$26,202,846
D.Accounts receivable – related parties	$19,034,870	$27,022,831
Less: Loss allowance	-	-
Accounts receivable – related parties, net	$19,034,870	$27,022,831

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, 2023 and 2022, the book value were NT$49,327,746 thousand and NT$55,548,441 thousand, respectively. Please refer to Note 6.17 for more details on loss allowance of accounts receivables for the years ended December 31, 2023 and 2022. Please refer to Note. 12 for more details on credit risk management.

(6) Inventories

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Raw materials	$25,297,977	$38,488,927
Supplies	6,874,482	5,383,727
Work in process	19,930,521	13,516,886
Finished goods	23,987,125	26,283,394
Goods in transit	564,591	2,731,778
By-product	3,034	3,158
Total	$76,657,730	$86,407,870

The cost of inventories (operating cost) recognized in expenses amounted to NT$685,553,532 thousand and NT$831,832,945 thousand for the years ended December 31, 2023 and 2022, including the expense (benefit) from inventory diluted to its respective net realizable value of NT$(3,089,369) thousand and NT$3,677,793 thousand for the years ended December 31, 2023 and 2022, respectively.

Because of the rising prices of the crude oil and naphtha, the Group had recognized gain from price recovery of inventory in the amount of NT$3,089,369 thousand for the year ended December 31, 2023.

No inventories were pledged as of December 31, 2023 and 2022.

(7) Prepaid expense

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Prepaid expense － Maintenance	$9,966,648	$8,863,970
Prepaid expense － Material	9,057,307	8,816,910
Prepaid expense －Port handling and others	4,144,170	3,876,273
Total	$23,168,125	$21,557,153

(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, 2023		December 31, 2022	
Investee	NTD	Percentage of Ownership (%)	NTD	Percentage of Ownership (%)
Investments in associates				
Mai-Liao Power Corporation	$13,806,041	24.94	$9,769,304	24.94
Yi-Chi Construction Corporation	27,750	40.55	27,772	40.55
Mailiao Harbor Administration Corporation	2,499,130	44.96	2,561,350	44.96
Formosa Development Corporation	728,056	45.99	776,263	45.99
Formosa Marine Corporation	719,690	20.00	648,243	20.00
Simosa Oil Corporation	682,480	20.00	651,599	20.00
Formosa Environmental Technology Corporation	234,986	24.34	231,885	24.34
Formosa Plastics Synthetic Rubber (HK)	1,656,675	33.33	1,846,899	33.33
Nan Ya Photonics, Incorporation	265,009	22.83	286,168	22.83
Whalehome International Corp., Ltd	229,719	69.49	229,150	69.49
TMS Corp.	60,680	49.00	56,005	49.00
Formolight Technologies, Inc.	53,894	39.43	46,776	39.43
Formosa Engineering Technologies, INC.	5,557	20.00	5,528	20.00
Formosa Resources Corporation	7,714,129	25.00	7,703,818	25.00
Formosa Group (Cayman) Limited	835,318	25.00	766,964	25.00
Formosa Smart Energy Tech Corporation	1,733,910	25.00	1,000,818	25.00
Subtotal	31,253,024		26,608,542	
Investments in jointly controlled entities				
Caltex Taiwan Corporation	84,876	50.00	61,857	50.00
Formosa Kraton Chemical Co., Ltd.	1,553,797	50.00	1,551,880	50.00
Idemitsu Formosa Specialty Chemicals Corp.	-	50.00	60,630	50.00
NKFG	701,380	45.00	395,933	45.00
Subtotal	2,340,053		2,070,300	
Total	$33,593,077		$28,678,842	

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, 2023	For the year ended December 31, 2022
Net income (loss)	$2,810,971	$(690,317)
Other comprehensive income (loss), net	832,061	(833,382)
Comprehensive income (loss) for the period	$3,643,032	$(1,523,699)

(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, 2023	For the year ended December 31, 2022
Net income	$172,186	$2,084
Other comprehensive income (loss), net	-	-
Comprehensive income (loss) for the period	$172,186	$2,084

C. The associates and joint ventures had no contingent liability, committed capital or provided guarantee on December 31, 2023 and 2022. 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$6,103,116 thousand and NT$5,482,223 thousand, both representing 1% of the consolidated total assets as of December 31, 2023 and 2022. The share of profit or loss of these associates and joint ventures under the equity method amounted to NT$171,604 thousand and NT$178,728 thousand, both representing 1% of the consolidated income before tax for the years ended December 31, 2023 and 2022. The share of other comprehensive income of these associates and joint ventures under the equity method amounted to NT$(26,871) thousand and NT$104,800 thousand, both representing (0)% of the consolidated other comprehensive income (loss) for the years ended December 31, 2023 and 2022. 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 Tech 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 Company's board of directors resolved to invest NT$1.75 billion to establish Formosa Smart Energy Corporation with other companies on May 5, 2022. The Group already injected NT$1 billion on May 31, 2022, and injected the remaining NT$0.75 billion on July 28, 2023.

F. Formosa Resources Corporation, the associate of the Group, has increased capital by US$100 million in cash. The Group subscribed US$25 million according to the original shareholding percentage.

G. The Group's board of directors resolved to invest NT$382.5 million to subscribe 38,250 thousand shares of NKFG according to the original shareholding percentage on December 7, 2023.

H. Long-term equity investments are not pledged as collaterals for bank loans as of December 31, 2023 and 2022.

(9) Property, plant and equipment

As of December 31, 2023, 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								
2023.1.1	$26,843,318	$45,275,051	$372,743,966	$4,677,216	$876,637	$358,286	$21,009,278	$471,783,752
Additions	-	2,269	74,832	339,741	22,758	-	7,925,700	8,365,300
Acquisitions through business combinations	-	-	-	-	-	-	646	646
Transfer	-	1,336,617	13,465,063	62,054	3,058	-	(14,866,792)	-
Disposals	-	(596)	(977,229)	(144,800)	(17,497)	(1,740)	-	(1,141,862)
Exchange differences	3,155	-	-	27	-	-	4,857	8,039
2023.12.31	$26,846,473	$46,613,341	$385,306,632	$4,934,238	$884,956	$356,546	$14,073,689	$479,015,875
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
Depreciation and impairment:								
2023.1.1	$-	$33,930,122	$340,244,000	$3,919,925	$639,738	$270,382	$-	$379,004,167
Depreciation	-	1,972,693	11,301,219	245,203	58,468	14,022	-	13,591,605
Disposals	-	(472)	(966,051)	(138,889)	(17,497)	(1,740)	-	(1,124,649)
Transfer	-	198,547	(201,151)	233	2,371	-	-	-
Exchange differences	-	-	-	(29)	-	-	-	(29)
2023.12.31	$-	$36,100,890	$350,378,017	$4,026,443	$683,080	$282,664	$-	$391,471,094
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
Net carrying amount as of:								
2023.12.31	$26,846,473	$10,512,451	$34,928,615	$907,795	$201,876	$73,882	$14,073,689	$87,544,781
2022.12.31	$26,843,318	$11,344,929	$32,499,966	$757,291	$236,899	$87,904	$21,009,278	$92,779,585

Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the year ended December 31, 2023	For the year ended December 31, 2022
Construction in progress	$6,658	$13,559
Capitalization rate of borrowing costs	0.96%~1.66%	0.78%~1.56%

A. The Group's property, plant and equipment was not pledged as collaterals.

B. Interest expenses before capitalization were NT$548,748 thousand and NT$570,450 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Investment property and other non-current assets

A. Investment property:

	2023.1.1	Additions	Disposals	2023.12.31
Land:				
Cost	$945,606	$-	$-	$945,606

	2023.1.1	Impairment	Reversal of impairment loss	2023.12.31
Land:				
Accumulated impairment	$550,263	$-	$(11,524)	$538,739

	2023.1.1	2023.12.31
Land:		
Net carrying amount as of	$395,343	$406,867

	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

(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$406,867 thousand and NT$395,343 thousand as of December 31, 2023 and 2022, respectively. The fair value of investment property was valued by an independent external appraisal expert - CCIS Real Estate Joint Appraisers Firm and Honda 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, 2023	December 31, 2022
	NTD	NTD
Refundable deposits	$454,204	$458,820
Prepaid expense — land and equipment	4,226,751	4,133,105
Advance	238,670	187,025
Unamortized expense	1,630,485	1,107,494
Other assets — land	17,609	16,357
Prepaid expense — Maintenance	3,234,975	2,816,230
Other assets — Others	1,332,192	1,344,505
Total	$11,134,886	$10,063,536

As of December 31, 2023 and 2022, the above land was temporarily registered under a third party's name, at cost amounting to NT17,609 thousand and NT$16,357 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$111,160 thousand and NT$100,160 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, 2023	December 31, 2022
	Interest Rate	NTD	NTD
Purchase loans	Floating interest rate	$-	$1,010,317
Credit loans	-	-	5,500,000
Others	1.475%	114,337	72,075
Total		$114,337	$6,582,392
Short-term notes and bills payable	-	$-	$16,400,000

The Group's unused short-term lines of credits amounted to NT$30,549,919 thousand and NT$21,977,029 thousand as of December 31, 2023 and 2022, respectively.

(12) Bonds payable

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Domestic unsecured unconvertible bonds	$25,850,000	$29,200,000
Less: current portion	(5,650,000)	(3,350,000)
Long-term bonds payable	$20,200,000	$25,850,000

As of December 31, 2023, 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	1,100,000	1,400,000	2,250,000	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) Long-term loans

			December 31, 2023		December 31, 2022	
Banks	Repayment Method	Types	NTD	Interest Rate	NTD	Interest Rate
Bank of Taiwan, CTBC Bank and the other 8 banks	The period of the loan is from July 11, 2023 to July 11, 2025. Interest is payable monthly. After receive the loan two years later, the principal should be repaid on maturity date.	As working capital	$2,000,000	1.790%	$-	-
Less: Current portion reclassified to current liability			-		-	
Long-term loans － due after one year			$2,000,000		$-	

(14) 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, 2023 and 2022, the expenses related to defined contribution plan amounted to NT$288,660 thousand and NT$284,544 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, 2023, the amount of contribution expected to be made in the following accounting year is NT$87,560 thousand.

As at December 31, 2023 and 2022, 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, 2023 and 2022 are summarized as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current period service cost	$42,727	$46,582
Net interest on the net defined benefit liability (asset)	57,630	25,323
Total	$100,357	$71,905

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, 2023	December 31, 2022
Present value of defined benefit obligation	$5,678,729	$5,706,611
Fair value of plan assets	(1,038,150)	(1,063,187)
Other non-current liabilities －Accrued pension liabilities recognized on the balance sheets	$4,640,579	$4,643,424

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2022.1.1	$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
Current service cost	42,727	-	42,727
Interest expense (income)	71,333	(13,703)	57,630
Subtotal	5,820,671	(1,076,890)	4,743,781
Remeasurement of defined benefit liabilities/assets			
Experience adjustment	7,615	-	7,615
Return on plan assets	-	(5,078)	(5,078)
Subtotal	7,615	(5,078)	2,537
Payments from the plan	(184,226)	131,379	(52,847)
Contributions by employer	-	(87,561)	(87,561)
Net liabilities (assets) transferred from associates	34,669	-	34,669
2023.12.31	$5,678,729	$(1,038,150)	$4,640,579

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Expected rate of salary increases	2.85%	2.85%

A sensitivity analysis for significant assumption as at December 31, 2023 and 2022 is shown below:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(123,319)	$-	$(135,754)
Discount rate decrease by 0.25%	127,504	-	140,615	-
Future salary increase by 1.0%	528,641	-	582,327	-
Future salary decrease by 1.0%	-	(472,514)	-	(516,739)

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.

(15) 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, 2023 and 2022, respectively. Each share has one vote and the right to receive dividends.

B. Capital surplus

	As of	
	December 31, 2023	December 31, 2022
	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	173,600	173,482
Subsidiary change in equity	2,994	2,994
Others	2,136	1,509
Total	$31,422,014	$31,421,269

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 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, 2023 and 2022, the details of earnings distribution and dividends per share as proposed by the board meeting on February 29, 2024 and resolved by the shareholder’s meeting on May 25, 2023, were as follows:

	Appropriation of earnings		Dividend per share	
	2023	2022	2023	2022
Legal reserve	$2,198,193	$1,477,904		
Common stock — cash dividend	19,051,919	10,478,556	$2.00	$1.10
Total	$21,250,112	$11,956,460		

The legal reserve of 2023 is pending the resolution by the shareholder’s meeting on June 14, 2024. The cash dividends distribution was resolved at the board meeting held on February 29, 2024 and was reported to the shareholder’s meeting.

Please refer to Note 6.19 for details on employee’s compensation.

D. Non-controlling interests

	For the year ended December 31,2023	For the year ended December 31,2022
	NTD	NTD
Beginning balance	$4,796,931	$4,352,620
Cash dividends from subsidiaries	(6,033)	(3,900)
Net loss attributed to the non-controlling interest	(12,988)	(21,898)
Other comprehensive income attributed to the non-controlling interest:		
Remeasurements of defined benefit plans	180	1,163
Exchange differences resulting from translating the financial statements of a foreign operation	4,386	469,179
Income tax (expense) benefit relating to items that will not be reclassified	(36)	(233)
Acquisition of a subsidiary	101,472	-
Ending balance	$4,883,912	$4,796,931

(16) Operating revenues

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Revenue from contracts with customer		
Sales of goods		
Gasoline	$112,579,672	$118,908,802
Petrochemical products (ethylene and propylene, etc.)	130,545,571	182,041,218
Diesel oil	208,200,698	251,448,615
Jet fuel	49,067,062	49,434,976
Electricity	34,770,301	35,552,326
Steam	13,283,483	17,361,440
Others	163,158,961	192,340,150
Subtotal	711,605,748	847,087,527
Service revenues	970,446	960,969
Total	$712,576,194	$848,048,496

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

(1) Disaggregation of revenue

For the year ended December 31, 2023

	Petrochemical Division	Utility Division	Others	Total
Sale of goods				
Gasoline	$100,711,678	$-	$11,867,994	$112,579,672
Petrochemical products (ethylene and propylene, etc.)	130,545,571	-	-	130,545,571
Diesel oil	203,357,913	-	4,842,785	208,200,698
Jet fuel	49,067,062	-	-	49,067,062
Electricity	-	34,770,301	-	34,770,301
Steam	-	13,283,483	-	13,283,483
Others	161,421,386	1,379,376	358,199	163,158,961
Subtotal	645,103,610	49,433,160	17,068,978	711,605,748
Service revenues	-	-	970,446	970,446
Total	$645,103,610	$49,433,160	$18,039,424	$712,576,194
Revenue recognition point:				
At a point in time	$645,103,610	$49,433,160	$18,039,424	$712,576,194

For the year ended December 31, 2022

	Petrochemical Division	Utility Division	Others	Total
Sales 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 recongnition point:				
At a point in time	$775,174,133	$54,258,305	$18,616,058	$848,048,496

(2) Contract balances

Contract liabilities － current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$67,248	$72,304	$67,184

The significant changes in the Group’s balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Revenue recognized during the year that was included in the balance at the beginning of the year	$72,304	$67,184

(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.

(17) Expected credit losses/ (gains)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating expenses－Expected credit losses/ (gains)		
Accounts receivable	$(64,770)	$38,671

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, 2023 and 2022 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, 2023 and 2022.

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, 2023		Past due				
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	Total
Gross carrying amount	$45,176,536	$4,151,210	$-	$-	$-	$49,327,746
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	470,514	41,512	-	-	-	512,026
Total	$44,706,022	$4,109,698	$-	$-	$-	$48,815,720

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

For the years ended December 31, 2023 and 2022, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Receivables
Balance as at January 1, 2023	$576,796
Addition/(reversal) for the current period	(64,770)
Balance as at December 31, 2023	$512,026

	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

(18) 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-four 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, 2023	December 31, 2022
	NTD	NTD
Land	$181,829	$55,600
Buildings	11,007	31,990
Machinery and equipment	49,732	61,116
Transportation equipment	1,523,073	1,985,026
Gas station	2,498,096	2,730,055
Total	$4,263,737	$4,863,787

For the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Group amounting to NT$595,662 thousand and NT$459,260 thousand, respectively.

(b) Lease liability

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Lease liability	$4,436,280	$5,083,755
Current	$1,147,203	$1,153,656
Non-current	$3,289,077	$3,930,099

Please refer to Note 6 (20)D. for the interest on lease liability recognized for the years ended December 31, 2023 and 2022, 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, 2023	For the year ended December 31, 2022
Land	$37,017	$30,853
Buildings	26,875	26,992
Machinery and equipment	36,454	41,566
Transportation equipment	470,385	450,756
Gas station	624,016	611,636
Total	$1,194,747	$1,161,803

C. Income and costs relating to leasing activities

	For the year ended December 31, 2023	For the year ended December 31, 2022
The expense relating to short-term leases	$79,560	$98,088

As at December 31, 2023 and 2022, the Group has no committed short-term lease portfolio.

D. Cash outflow relating to leasing activities

For the year ended December 31, 2023, the Group's total cash outflow for lease liabilities amounting to NT$1,217,780 thousand, interest charge on lease liabilities NT$86,687 thousand and short-term leases NT$79,560 thousand.

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.

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, 2023	For the year ended December 31, 2022
Lease income for operating leases		
Income relating to fixed lease payments	$1,208,829	$1,192,871
Lease income for finance leases		
Finance income on the net investment in the lease	104,859	113,827
Total	$1,313,688	$1,306,698

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, 2023 and 2022 are as follow:

	As of	
	December 31, 2023	December 31, 2022
Not later than one year	$442,513	$440,971
Later than one year but not later than two years	1,907,559	442,138
Later than two years but not later than three years	15,051	1,905,895
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	82,776	97,827
Total undiscounted lease payments	2,478,001	2,916,933
Less: Unearned finance income to finance leases	(135,874)	(239,104)
Net investment in the lease (Finance lease receivables)	$2,342,127	$2,677,829
Current	$353,114	$337,638
Non-current	$1,989,013	$2,340,191

(19) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)
Employee benefits expense	$5,333,377	$3,632,674	$8,966,051	$5,595,296	$3,725,069	$9,320,365
Salaries and wages	4,596,459	3,182,747	7,779,206	4,872,294	3,294,517	8,166,811
Labor and health insurance	361,484	239,885	601,369	364,153	233,507	597,660
Pension	247,982	141,035	389,017	228,277	128,172	356,449
Other employee benefits expense	127,452	69,007	196,459	130,572	68,873	199,445
Depreciation and depletion	13,723,361	1,126,572	14,849,933	13,901,047	1,117,121	15,018,168
Amortization	1,304,845	673	1,305,518	1,220,594	673	1,221,267

The amortization recognized as non-operating income and expenses are NT$7,282 thousand and NT$6,501 thousand for the years ended December 31, 2023 and 20222, respectively.

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$4,922 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the year ended December 31, 2023. According to resolution of the board on February 29, 2024, the compensation will be granted in cash.

The Company resolved to distribute NT$3,363 thousand of employee compensation in cash on the board of director's meeting on February 24, 2023, and announced the resolution on the shareholder's meeting on May 25, 2023. There is no difference between the employee bonus 2022 paid and the employee bonus recognized as expense on the financial report of 2022.

(20) Non-operating income and expenses

A. Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Bank interest income	$778,340	$248,431
Interest income — due from affiliates	133,395	91,080
Interest income — financial leasing	104,859	113,827
Other interest income	43,338	17,927
Total	$1,059,932	$471,265

B. Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Rental income	$1,208,829	$1,192,871
Others	1,256,439	1,214,308
Dividends income	2,067,007	4,170,524
Total	$4,532,275	$6,577,703

C. Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Gains (losses) on disposal and abandon of property, plant and equipment	$(10,358)	$(1,073)
Gains (losses) on disposal of investment property	-	(636)
Gains (losses) on disposal of other assets	-	584,021
Foreign exchange gains (losses), net	1,284,120	5,152,726
Impairment loss/Reversal of impairment loss		
Investment property	11,524	4,224
Exploration and evaluation assets	(15,271)	(99,517)
Other gains (losses) — others	(93,043)	(87,344)
Gains (losses) on financial assets at fair value through profit or loss (Note)	78,878	192,014
Total	$1,255,850	$5,744,415

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, 2023	For the year ended December 31, 2022
	NTD	NTD
Interest on borrowings from bank	$37,938	$64,634
Interest on bonds payable	231,428	244,930
Interbank loans with interest	-	1,576
Interest for lease liabilities	86,687	101,550
Other interest expenses	186,037	144,201
Total financial costs	$542,090	$556,891

(21) Components of other comprehensive income (loss)

For the year ended December 31, 2023

	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	$(2,537)	$-	$(2,537)	$(507)	$(2,030)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	11,563,531	-	11,563,531	-	11,563,531
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	876,138	-	876,138	-	876,138
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	11,523	-	11,523	-	11,523
Gains (losses) on hedging instrument	(29,757)	74,958	45,201	10,935	34,266
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(44,077)	-	(44,077)	-	(44,077)
Total	$12,374,821	$74,958	$12,449,779	$10,428	$12,439,351

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)

(22) Income taxes

The major components of income tax expense (income) for the years ended December 31, 2023 and 2022 were as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Current income tax expense (income):		
Current income tax charge	$2,666,458	$3,436,648
Adjustments in respect of current income tax of prior periods	16,126	(90,296)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	144,098	(760,148)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(8,857)	(17,470)
Total income tax expense (income)	$2,817,825	$2,568,734

Income tax relating to components of other comprehensive income

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Deferred tax expense (income):		
Gains (losses) on hedging instruments	$10,935	$(7,826)
Remeasurements of defined benefit plans	(507)	84,917
Total	$10,428	$77,091

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Accounting profit (loss) before tax from continuing operations	$24,693,679	$16,968,396
Tax at the parent company statutory income tax rate	4,938,736	3,393,679
Tax rate difference of foreign jurisdiction	(27,893)	57,392
Dividend Income	(410,890)	(831,623)
Income (loss) from equity investments	(719,354)	140,318
Income (loss) from securities and futures exchanges	-	34,381
Tax effect of revenues exempt from taxation	(23,486)	(78,233)
Tax effect of non-deductible expense	301	1,155
Others	(98,132)	174
Tax effect of deferred tax assets/liabilities	(954,346)	(144,661)
Surtax on undistributed retain earnings	96,763	86,448
Adjustments in respect of current income tax of prior periods	16,126	(90,296)
Total income tax expense (income) recognized in profit or loss	$2,817,825	$2,568,734

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as at January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Combination	Exchange rate change	Ending balance as at December 31, 2023
Temporary differences						
Depreciation difference for tax purpose	$967,214	$426,631	$-	$	$-	$1,393,845
Foreign currency assets / liabilities losses (gains)	(19,245)	87,896	-		-	68,651
Non-current — defined benefit liability, net	839,089	(7,029)	507		-	832,567
Inventory evaluation	1,025,075	(618,039)	-		-	407,036
Hedging derivative financial instruments sharing the same period(gains)	(166)	-	(10,935)		-	(11,101)
Others	802,216	(33,557)	-		[illegible]	768,624
Unused tax credits	135,355	8,857	-	[illegible]		144,293
Deferred tax income (expense)		$(135,241)	$(10,428)	[illegible]	[illegible]	
Net deferred tax assets (liabilities)	$3,749,538					$3,603,915
Reflected in balance sheet as follows:						
Deferred tax assets	$3,817,736					$3,663,847
Deferred tax liabilities	$(68,198)					$(59,932)

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)

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, 2023 NTD	Unused tax losses as of December 31, 2022 NTD	Expiration year
FPCC USA, INC.				
2010	$85,587	$-	$62,397	2030
2011	44,409	-	44,409	2031
2012	99,250	-	99,250	2032
2014	20,301	-	20,301	2034
2015	66,355	-	66,355	2035
2016	133,535	-	133,535	2036
2017	42,553	-	42,553	2037
2018	36,595	-	36,595	indefinite
2019	260,140	-	260,140	indefinite
2020	113,518	34,557	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	132,785	indefinite
2022	85,934	85,934	-	indefinite
Formosa Grandseas Bunkering and Trading Corporation				
2022	448	448	(Note)	2032
2023	9,692	9,692	(Note)	2033
		$663,858	$1,412,280	

Note: The Group acquired Formosa Grandseas Bunkering and Trading Corporation in May 2023. Therefore, it was not a subsidiary of the group as of December 31, 2022.

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the Group's deferred tax assets have not been recognized amounting to NT$1,938 thousand and NT$0 thousand, respectively.

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 at December 31, 2023, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NT$2,043,157 thousand.

The assessment of income tax returns

As of December 31, 2023, 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 2021
Subsidiary- Formosa Oil (Asia Pacific) Corporation	Assessed and approved up to 2021
Subsidiary- Formosa Petrochemical Transportation Corporation	Assessed and approved up to 2021
Subsidiary- Formosa Grandseas Bunkering and Trading Corporation	Assessed and approved up to 2021

(23) 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, 2023	For the year ended December 31, 2022
	NTD	NTD
Basic/Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$21,888,842	$14,421,560
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	$2.30	$1.51

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.

(24) 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
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 Advanced Technologies Co., Ltd.	Other
Formosa Energy Management Corporation	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
Formosa Steel IB PTY LTD	Other

Significant transactions with the related parties

(1) Sales

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$139,662,953	$167,506,909
Formosa Plastics Corporation	82,553,106	96,109,625
Nan Ya Plastics Corporation	21,696,808	34,652,202
Subtotal	243,912,867	298,268,736
Associate	7,696,028	8,181,171
Joint venture	8,458,160	6,437,442
Others	35,870,889	40,962,228
Total	$295,937,944	$353,849,577

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, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$40,503,437	$46,198,498
Associate	64,179	72,199
Joint venture	110,644	61,852
Others	636,420	977,354
Total	$41,314,680	$47,309,903

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, 2023	December 31, 2022
	NTD	NTD
Others		
National Petroleum Co., Ltd.	$3,854,833	$1,745,581
Total	3,854,833	1,745,581
Less: loss allowance	-	-
Net	$3,854,833	$1,745,581

(4) Accounts receivable – related parties

	As of December 31, 2023	As of December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$8,629,971	$13,087,244
Formosa Plastics Corporation	5,169,432	7,383,800
Nan Ya Plastics Corporation	1,384,442	1,820,446
Subtotal	15,183,845	22,291,490
Associate	248,329	467,909
Joint venture	772,964	622,589
Others	2,829,732	3,640,843
Total	19,034,870	27,022,831
Less: loss allowance	-	-
Net	$19,034,870	$27,022,831

(5) Accounts payable – related parties

	As of December 31, 2023	As of December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$3,520,956	$2,902,296
Others	539,538	728,266
Subtotal	4,060,494	3,630,562
Associate	39,413	25,109
Joint venture	13,261	11,605
Others	62,234	53,988
Total	$4,175,402	$3,721,264

(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, 2023 NTD	For the year ended December 31, 2022 NTD
Entity with joint control or significant influence over the Company	Maintenance	$140,599	$180,871
Entity with joint control or significant influence over the Company	Expansion of facilities	17,419	129,244
Associate	Expansion of facilities	63,708	55,360
Others	Maintenance	462,155	526,802
Others	Expansion of facilities	889,529	837,727
Total		$1,573,410	$1,730,004

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, 2023	December 31, 2022
	NTD	NTD
Others		
Formosa Heavy Industries Corporation	$2,520,000	$4,100,000
Formosa Steel IB PTY LTD	1,622,500	-
Total	$4,142,500	$4,100,000

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, 2023 and 2022, interest income from related parties were NT$71,725 thousand and NT$41,750 thousand, respectively. And interest charged at the rate of 1.86%~1.99% and 0.98%~1.79%, 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, 2023		December 31, 2022	
	Amount NTD	%	Amount NTD	%
Entity with joint control or significant influence over the Company	$5,409	0.05	$7,564	0.05
Associate	30,846	0.08	34,799	0.22
Joint venture	50,448	0.28	4,914	0.03
Others	9,057	0.45	9,164	0.06
Total	$95,760	0.86	$56,441	0.36

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, 2023		December 31, 2022	
	Amount NTD	%	Amount NTD	%
Associate	$33,669	0.20	$13,178	0.07
Others	437,182	2.63	131,319	0.71
Total	$470,851	2.83	$144,497	0.78

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, 2023	December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$24,115	$-
Associate	56,820	100,491
Others	1,523,073	1,985,026
Total	$1,604,008	$2,085,517

(b) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$24,104	$-
Associate	59,481	104,242
Others	1,690,085	2,181,928
Total	$1,773,670	$2,286,170
Current	$531,393	$538,089
Non-current	$1,242,277	$1,748,081

(c) Interest for lease liabilities

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$180	$8
Associate	1,563	2,389
Others	65,692	50,846
Total	$67,435	$53,243

(d) The expense relating to short-term leases

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$45,292	$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, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$178,855	$171,225
Associate	26,317	17,053
Joint venture	32,485	32,485
Others	24,704	24,163
Total	$262,361	$244,926

(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, 2023	For the year ended December 31, 2022
	NTD	NTD
Joint venture	$3,624	$3,905

(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, 2023 NTD	For the year ended December 31, 2022 NTD
Associates	Harbor labor force	$1,497,069	$1,525,109
Joint venture	Refuel, labor force	59,154	43,269
Others	Labor force	1,583	1,822
Total		$1,557,806	$1,570,200

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, 2023	December 31, 2022
	NTD	NTD
Associates	$7,683,750	$7,677,000

(11) Key management personnel compensation

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Short-term employee benefits	$130,067	$133,246

8. PLEDGED ASSETS

The following assets were pledged to banks as collaterals for bank loans:

		As of	
		December 31, 2023	December 31, 2022
Pledged Assets	Contents	NTD	NTD
Other current assets	Certificates of time deposit	$259,939	$203,818

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2023, 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$258,823 thousand.

(3) Guarantee notes issued for borrowings (financing) were NT$184,958,425 thousand.

(4) The unutilized portion of letters of credit issued by banks for importing raw materials was NT$7,838,544 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, the investee of the Group, borrowed credit line of US$2,537.5 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, borrowed credit line of totaled US$430 million from several banks for operating need. According to the requirements of the bank, the Company is required to issue a commitment letter limited to the Company's direct shareholding 25% to ensure the borrower has fulfilled its obligation for repayment.

(9) 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$550 million from banks 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

The Group's board of directers resolved to subscribe for 180 million shares in the cash capital increase of Formosa Grandseas Bunkering and Trading Corporation with a total of NT$1,800,000 thousand on February 24, 2023. Fund of NT$152,209 thousand was injected in May 2023, then another NT$356,400 thousand was injected in January 2024.

12. OTHERS

(1) Categories of financial instruments

	As of	
Financial Assets	December 31, 2023	December 31, 2022
	NTD	NTD
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$1,641,598	$1,562,720
Financial assets at fair value through other comprehensive income	71,899,980	59,966,380
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	37,901,609	36,505,250
Notes and accounts receivable, net (including related party)	48,815,720	54,971,645
Finance lease receivables	2,342,127	2,677,829
Other receivables	11,095,633	15,875,104
Subtotal	100,155,089	110,029,828
Financial assets for hedging	55,507	829
Total	$173,752,174	$171,559,757

Financial Liabilities	As of December 31, 2023	As of December 31, 2022
	NTD	NTD
Financial liabilities at amortized cost:		
Short-term borrowings	$114,337	$6,582,392
Short-term notes and bills payable	-	16,400,000
Notes and accounts payables (including related party)	17,962,457	19,605,933
Other payables (including related party)	16,668,183	18,588,584
Bonds payable (including current portion)	25,850,000	29,200,000
Long-term borrowings	2,000,000	-
Lease liabilities	4,436,280	5,083,755
Subtotal	67,031,257	95,460,664
Financial liabilities for hedging	9,342	-
Total	$67,040,599	$95,460,664

(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$935,744 thousand and NT$389,911 thousand for the years ended December 31, 2023 and 2022, 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$5,000 thousand and NT$57,278 thousand for the years ended December 31, 2023 and 2022, 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$573,455 thousand and NT$493,998 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, accounts receivable from top ten customers represented 68.98% and 74.35% 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, 2023.

(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, 2023							
Borrowings	$115,663	$2,034,800	$-	$-	$-	$-	$2,150,463
Accounts payable	17,962,457	-	-	-	-	-	17,962,457
Other payables	16,668,183	-	-	-	-	-	16,668,183
Bonds payable	5,693,381	5,290,310	6,902,594	3,929,944	1,058,062	3,174,186	26,048,477
Lease liabilities	1,250,397	1,110,195	912,576	471,537	249,049	1,139,856	5,133,610
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

Derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2023					
Inflows	$55,507	$-	$-	$-	$55,507
Outflows	(3,575)	(5,767)	-	-	(9,342)
Net	$51,932	$(5,767)	$-	$-	$46,165
December 31, 2022					
Inflows	$829	$-	$-	$-	$829
Outflows	-	-	-	-	-
Net	$829	$-	$-	$-	$829

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, 2023:

	Short-term loans	Short-term notes payable	Other payable to related parties	Bonds payable (including current portion)	Long-term loans	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2023.1.1	$6,582,392	$16,400,000	$144,497	$29,200,000	$-	$5,083,755	$219,850	$57,630,494
Cash flows	(6,468,055)	(16,400,000)	326,354	(3,350,000)	2,000,000	(1,217,780)	39,232	(25,070,249)
Non-cash changes	-	-	-	-	-	561,251	(627)	560,624
Exchange rate changes	-	-	-	-	-	9,054	-	9,054
2023.12.31	$114,337	$-	$470,851	$25,850,000	$2,000,000	$4,436,280	$258,455	$33,129,923

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

(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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$1,641,598	$-	$1,641,598
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	57,345,461	-	14,554,519	71,899,980
Financial assets for hedging				
Energy commodity swap contracts	55,507	-	-	55,507
Financial liabilities:				
Financial liabilities for hedging				
Energy commodity swap contracts	$(9,342)	$-	$-	$(9,342)

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	49,399,806	-	10,566,574	59,966,380
Financial assets for hedging				
Energy commodity swap contracts	829	-	-	829

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, 2023 and 2022.

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
2023.1.1	$10,566,574
Acquisition	500,000
Proceeds from capital reduction	(6,848)
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	3,494,793
2023.12.31	$14,554,519

	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

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, 2023:

	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%~20.70%	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$1,779,708 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$39,384 thousand

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 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

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, 2023

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to Note 6(10))	$-	$-	$406,867	$406,867

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

(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, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$1,360,397	30.735	$41,811,802	$850,089	30.708	$26,104,533
EUR	135	33.975	4,587	227	32.703	7,424
YEN	9,470	0.217	2,055	68,345	0.231	15,788
Long-term equity Investments － equity method						
USD	$81,080	30.735	$2,491,993	$85,120	30.708	$2,613,863
Financial liabilities						
Monetary items:						
USD	$424,653	30.725	$13,051,710	$460,178	30.708	$14,131,146
EUR	1,465	33.975	49,773	537	32.703	17,562
YEN	841,152	0.217	182,530	59,711	0.231	13,793

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$1,284,120 thousand and NT$5,152,726 thousand for the years ended December 31, 2023 and 2022, 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 33,633,429 thousand; financing to related party and party with business transaction is limited to 25% of the Company's net asset 84,083,572 thousand; financing to others is limited to 20% of the Company's net asset 67,266,857 thousand.	Financing to others is limited to 50% of the Company's net asset 168,167,143 thousand; financing to nonbusiness but in need for capital is limited to 40% of the Company's net asset 134,533,714 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	4,092,440	1,565,422	1,565,422	1.86 ~1.99	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Group Ocean Investment Corporation	Other receivables from related parties	No	1,335,840	948,375	768,375	1.86 ~1.99	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	10,600,000	7,620,000	2,520,000	1.86 ~1.99	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Steel IB PTY LTD	Other receivables from related parties	Yes	1,700,000	1,622,500	1,622,500	1.99 ~1.99	(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		
					Total	$25,756,297	$6,476,297								

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	Formosa Group (Cayman) Limited	(6)	$218,617,286	$8,104,750	$7,683,750	$7,683,750	N/A	2.28	The Company may provide endorsement/guarantee to others but shall not exceed 130% of its net assets. The limit is 437,234,572 thousand. For endorsement/ guarantee to individual entity, the amount is limited to 50% of the limit.	N	N	N
0	The Company	FPCC USA, INC	(2)	218,617,286	324,190	307,350	307,350	N/A	0.09	〃	Y	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 endorsement/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 endorsement/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, 2023 (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, 2023 Shares (In thousand)	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	$10,411,661	2.07%	$79.20	
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	11,917,759	2.26%	66.50	
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	3,025,760	0.83%	62.30	
The Company	Stock －National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–current	60,082	4,223,755	19.44%	70.30	
The Company	Stock －Nan Ya Technology Corporation	-	Financial assets at fair value through other comprehensive income–current	334,815	26,115,602	10.81%	78.00	
The Company	Stock －TSRC Corporation	-	Financial assets at fair value through other comprehensive income–current	41,201	992,944	4.99%	24.10	
The Company	Fund－Mega USD Fend-Shou Private Market Fund	-	Financial assets at fair value through profit or loss–current	4,554	1,641,598	-	360.45	
The Company	Stock －Formosa Ha Tinh (Cayman) Limited	Others	Financial assets at fair value through other comprehensive income–non-current	621,178	6,873,088	11.43%	11.06	
The Company	Stock －Asia Pacific Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	8,950	304,031	2.11%	33.97	
The Company	Stock －Formosa Network Technology Corporation	-	Financial assets at fair value through other comprehensive income–non-current	2,925	265,371	12.50%	90.73	
The Company	Stock －Formosa Heavy Industries Corporation	Others	Financial assets at fair value through other comprehensive income–non-current	25,350	201,283	1.26%	7.94	
The Company	Stock －Formosa Ocean Group Marine Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3	6,307,880	19.00%	2,405,751.39	

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of December 31, 2023 Shares (In thousand)	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	Note
The Company	Stock －Amtrust Capital Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3,750	31,266	3.91%	8.34	
The Company	Stock －Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,390	11,039	1.97%	7.94	
The Company	Stock －Idemitsu Formosa Specialty Chemicals Corporation	Joint venture	Financial assets at fair value through other comprehensive income–non-current	50,000	462,507	-	9.25	

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, 2023		Purchase (Note 3)		Sell (Note 3)				As December 31, 2023	
					Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Price	Book Cost	Gain / Loss	Shares (In thousand)	Amount
The Company	Stock	Financial assets at fair value through other comprehensive income–non-current	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	-	$-	50,000	$500,000	-	$-	$-	$-	50,000	$500,000 (Note5)
The Company	Stock	Investments accounted for using the equity method	Formosa Resources Corporation	Associate	830,047	8,300,471 (Note5)	79,860	798,600	-	-	-	-	909,907	9,099,071 (Note5)
The Company	Stock	Investments accounted for using the equity method	Formosa Smart Energy Tech Corporation	Associate	100,000	1,000,000 (Note5)	75,000	750,000	-	-	-	-	175,000	1,750,000 (Note5)
The Company	Stock	Investments accounted for using the equity method	NKFG Corp.	Joint venture	99,720	997,200 (Note5)	38,250	382,500	-	-	-	-	71,342	1,379,700 (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	$82,553,106 7,004,036	11.59 1.11	30 days after receiving the goods	N/A	N/A	$5,169,432 387,859	11.50 2.16	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	21,696,808 1,369,750	3.04 0.22	30 days after receiving the goods	N/A	N/A	1,384,442 151,679	3.08 0.84	
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Sales Purchases	139,662,953 32,129,651	19.60 5.09	30 days after receiving the goods	N/A	N/A	8,629,971 3,520,956	19.19 19.61	
The Company	National Petroleum Co., Ltd.	Others	Sales Purchases	21,456,421 -	3.01 -	60 days after receiving the goods	N/A	N/A	2,142,050 3,854,833 (Notes Receivable) -	4.76 99.99 -	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	Sales Purchases	14,803,267 -	2.08 -	30 days after receiving the goods	N/A	N/A	1,311,670 -	2.92 -	(Note)
The Company	Formosa Taffeta Co., Ltd	Others	Sales Purchases	9,875,208 2,941	1.39 0.00	30 days after receiving the goods	N/A	N/A	434,086 -	0.97 -	
The Company	Nan Chung Petrochemical Corp.	Others	Sales Purchases	1,461,863 -	0.21 -	30 days after receiving the goods	N/A	N/A	839 -	0.00 -	

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	Caltex Taiwan Corporation	Joint venture	Sales Purchases	7,186,584 -	1.01 -	30 days after receiving the goods	N/A	N/A	711,930 5,453	1.58 0.03	
The Company	Simosa Oil Corporation	Associate	Sales Purchases	4,385,853 -	0.62 -	30 days after receiving the goods	N/A	N/A	207,873 -	0.46 -	
The Company	Formosa BP Chemicals Corporation	Others	Sales Purchases	2,059,059 469,579	0.29 0.07	30 days after receiving the goods	N/A	N/A	221,456 59,852	0.49 0.33	
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Others	Sales Purchases	964,540 -	0.14 -	30 days after receiving the goods	N/A	N/A	28,455 -	0.06 -	
The Company	TMS Corp.	Associate	Sales Purchases	2,780,361 -	0.39 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	Formosa Kraton Chemical Co., Ltd.	Joint venture	Sales Purchases	863,091 -	0.12 -	30 days after receiving the goods	N/A	N/A	7,839 -	0.02 -	
The Company	Mai-Liao Power Corporation	Associate	Sales Purchases	213,885 -	0.03 -	30 days after receiving the goods	N/A	N/A	9,830 -	0.02 -	
The Company	Formosa Plastics Marine Corporation	Associate	Sales Purchases	248,794 -	0.03 -	30 days after receiving the goods	N/A	N/A	27,307 477	0.06 -	
The Company	Formosa Waters Technology Co., Ltd.	Others	Sales Purchases	- 130,711	- 0.02	30 days after receiving the goods	N/A	N/A	- 1,809	- 0.01	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	Sales Purchases	408,485 72,096	0.06 0.01	30 days after receiving the goods	N/A	N/A	53,195 7,699	0.12 0.04	

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			
	Receivables								
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	$8,629,971	13.47	-	-	$8,629,971	NA	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	5,169,432	11.62	-	-	5,169,432	NA	

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	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	1,384,442	11.89	-	-	1,384,442	NA	
The Company	National Petroleum Co., Ltd.	Others	5,996,883	4.34	-	-	4,144,382	NA	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	1,311,670	11.35	-	-	1,311,670	NA	(Note)
The Company	Formosa Taffeta Co., Ltd	Others	434,086	22.64	-	-	434,086	NA	
The Company	Formosa BP Chemicals Corporation	Others	221,456	13.74	-	-	221,456	NA	
The Company	Simosa Oil Corporation	Associate	207,873	12.85	-	-	207,873	NA	
The Company	Caltex Taiwan Corporation	Joint venture	711,930	11.69	-	-	711,930	NA	
	Other receivables from related parties								
The Company	Formosa Heavy Industries Corporation	Others	2,520,000	-	-	-	-	NA	
The Company	Formosa Steel IB PTY LTD	Others	1,622,500	-	-	-	-	NA	

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 (Note 3)
0	The Company	Formosa Oil (Asia Pacific) Corporation	1	Sales revenue	$14,803,267	Prices similar to those with non-related parties	2.08%
				Accounts receivable	1,311,670	Receive in the following month	0.32%
1	Formosa Oil (Asia Pacific) Corporation	The Company	2	Labor force revenue	90,250	Prices similar to those with non-related parties	0.01%
				Accounts receivable	420,422	Receive in the following month	0.10%
2	Formosa Petrochemical Transportation Corporation	The Company	2	Labor force revenue	516,754	Prices similar to those with non-related parties	0.07%
				Accounts receivable	13,364	Receive in the following month	0.00%
3	FPCC DILIGENCE Corp.	The Company	2	Labor force revenue	665,452	Prices similar to those with non-related parties	0.09%

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, 2023 (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, 2023	Balance at December 31, 2022	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	$2,235,995	$332,045	$332,045	(Note3)
The Company	Formosa Petrochemical Transportation Corporation	ROC	Transportation	176,019	176,019	19,378	88.00	317,162	47,500	41,799	(Note3)
The Company	Formosa Grandseas Bunkering and Trading Corporation	ROC	Retail of petrochemical	152,209	-	15,221	60.00	146,000	(9,696)	(6,209)	(Note3)
The Company	FPCC USA, INC.	US	Oil drilling	1,637,968	1,637,968	10	100.00	2,097,285	62,512	62,512	(Note3)
The Company	FPCC DILIGENCE Corp.	Liberia	Ship chartering	894,723	894,723	-	100.00	(26,212)	100,253	100,253	(Note3)
The Company	FPCC MAJESTY Corp.	Liberia	Ship chartering	1,092,467	1,092,467	-	100.00	1,870,766	49,315	49,315	(Note3)
The Company	FPCC NATURE Corp.	Liberia	Ship chartering	1,126,902	1,126,902	-	100.00	1,932,443	51,879	51,879	(Note3)
The Company	FG INC.	US	Investing	6,506,856	6,506,856	11	57.00	6,287,670	(33,835)	(19,285)	(Note3)
The Company	Mai-Liao Power Corporation	ROC	Electricity generation	5,985,983	5,985,983	764,257	24.94	13,806,041	12,446,276	3,104,587	
The Company	Yi-Chi Construction Corporation	ROC	Construction	18,508	18,508	1,695	40.55	27,750	(55)	(22)	
The Company	Mailiao Harbor Administration Corporation	ROC	Harbor manage	1,348,137	1,348,137	98,907	44.96	2,499,130	627,210	281,979	
The Company	Formosa Development Corporation	ROC	Development of land	229,970	229,970	52,302	45.99	728,056	(13,609)	(6,259)	
The Company	Formosa Marine Corporation	ROC	Transportation	20,000	20,000	15,542	20.00	719,690	670,573	134,114	
The Company	Simosa Oil Corporation	ROC	Retail of other oil products and manufacturing	54,000	54,000	41,748	20.00	682,480	648,307	129,662	
The Company	Caltex Taiwan Corporation	ROC	Retail of petrochemical products and airport refueling	21,501	21,501	2,400	50.00	84,876	77,613	38,806	
The Company	Formosa Environmental Technology Corporation	ROC	Crop cultivating, Disposals of waste and sewage	417,145	417,145	41,714	24.34	234,986	12,839	3,125	
The Company	Formosa Plastics Synthetic Rubber(HK)	HK	Investing	4,244,064	4,244,064	138,333	33.33	1,656,675	(492,590)	(164,180)	

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, 2023	Balance at December 31, 2022	Number of shares (in thousand)	Percentage	Amount			
The Company	Formosa Kraton Chemical Co., Ltd.	ROC	Synthetic Rubber Manufacturing	1,237,500	1,237,500	-	50.00	1,553,797	542,127	271,063	
The Company	Formolight Technologies, Inc.	ROC	LED	80,361	80,361	8,036	39.43	53,894	9,005	3,551	
The Company	Formosa Resources Corporation	ROC	Mining	9,099,071	8,300,471	909,907	25.00	7,714,129	(3,064,624)	(766,156)	
The Company	Formosa Group (Cayman) Limited	Cayman	Investing	377	377	13	25.00	835,318	274,623	68,656	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	ROC	Retail of petrochemical products	750,000	750,000	75,000	50.00	-	(196,246)	(60,630)	
The Company	NKFG	ROC	Electronic components manufacturing & selling	1,379,700	997,200	71,342	45.00	701,380	(171,229)	(77,053)	
The Company	Nan Ya Photonics Incorporation	ROC	Lighting equipment manufacting	270,584	270,584	10,522	22.83	265,009	100,680	23,018	
The Company	Formosa Smart Energy Corporation	ROC	Manufacture of power generation, transmission and distribution machinery	1,750,000	1,000,000	175,000	25.00	1,733,910	(67,630)	(16,908)	
Formosa Oil (Asia Pacific) Corporation	TMS Corp.	ROC	Vehicle and parts export and import	40,000	40,000	3,920	49.00	60,680	20,695	9,870	
Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd	ROC	Retail of petrochemical	167,323	167,323	16,463	53.80	177,855	8,498	4,572	
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	5,557	143	29	
Formosa Petrochemical Transportation Corporation	Whalehome International Corp., Ltd	ROC	Retail of petrochemical	48,209	48,209	4,801	15.69	51,864	8,498	1,333	
FG INC.	FG LA LLC	US	Petrochemical products manufacturing & selling	11,088,287	11,029,430	-	100.00	10,803,581	(32,214)	(32,214)	(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 share of 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 are eliminated in the consolidated financial Statements.

B. The company has controlling power over Formosa Petrochemical Transportation Corporation, Formosa Oil (Asia Pacific) Corporation, Formosa Grandseas Bunkering and Trading 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 (Note 1)	Creditor	Borrower	General Leger account (Note 2)	Related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023 (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	$1,117,998	$2,235,995

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, 2023: None.

(c) Securities held as of December 31, 2023

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of December 31, 2023			
				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	$50,393	0.23%	$70.30
Formosa Oil (Asia Pacific) Corporation	Stock－North-Star Petroleum Co., Ltd.	-	Financial assets at fair value through other comprehensive income－current	11,617	607,587	3.56%	52.30
Formosa Oil (Asia Pacific) Corporation	Stock－Tai Yi Feng Corporation	-	Financial assets at fair value through other comprehensive income－non-current	2,500	98,054	5.00%	39.22

(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: Please refer to Notes 6(4) and 12.

(j) Significant inter-company transactions: None.

C. Investment in Mainland China as of December 31, 2023

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investees company net income (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Formosa Plastics Synthetic Rubber (Ningbo)	Synthetic Rubber Manufacturing	US$415,000 NT$12,755,025	(2)	US$138,333 NT$4,244,059			US$138,333 NT$4,244,059	NT$(492,590)	33.33%	NT$(164,180)	NT$1,656,675	$-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
US$138,333 NT$4,244,059	US$138,333 NT$4,244,059	NT$204,730,919

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, 2023

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	$645,103,610	$49,433,160	$18,039,424	$-	$712,576,194
Inter-segment	14,803,077	15,164,292	2,830,893	(32,798,262)	-
Total revenue	$659,906,687	$64,597,452	$20,870,317	$(32,798,262)	$712,576,194
Interest revenue	-	-	1,059,932	-	1,059,932
Rent revenue	1,066,616	-	142,213	-	1,208,829
Interest expense	296,018	144,094	101,978	-	542,090
Depreciation and depletion	8,565,385	4,429,998	1,854,550	-	14,849,933
Amortization	1,305,518	-	7,282	-	1,312,800
Other material non-cash items:					
Impairment of assets	-	-	3,747	-	3,747
Segment profit	$3,750,286	$9,043,084	$1,281,869	$10,618,440	$24,693,679
Assets					
Investments accounted for using the equity method	-	-	33,593,077	-	33,593,077
Segment assets	$187,004,409	$25,631,227	$221,848,560	$(18,322,569)	$416,161,627
Segment liabilities	$37,166,778	$6,845,610	$34,392,501	$(3,461,460)	$74,943,429

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

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, 2023	For the year ended December 31, 2022
	NTD	NTD
Total revenue from reportable segments	$724,504,139	$861,969,302
Other revenue	20,870,317	21,347,102
Elimination of inter－segment revenue	(32,798,262)	(35,267,908)
Total revenue	$712,576,194	$848,048,496

B. Profit or loss:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Net income from reportable segments	$12,793,370	$9,876,518
Net income from other segments	1,281,869	1,608,781
Adjustment	10,618,440	5,483,097
Net income from continuing operations	$24,693,679	$16,968,396

C. Assets:

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Total assets of reportable segments	$212,635,636	$236,246,170
Total assets of other segments	221,848,560	202,771,659
Adjustment	(18,322,569)	(17,236,361)
Segment assets	$416,161,627	$421,781,468

D. Liabilities:

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Total liabilities of reportable segments	$44,012,388	$45,032,765
Total liabilities of other segments	34,392,501	62,594,653
Adjustment	(3,461,460)	(3,131,315)
Segment liabilities	$74,943,429	$104,496,103

E. Other material items:

For the year ended December 31, 2023

	Reportable segments	Adjustments	Consolidated
Interest revenue	$-	$1,059,932	$1,059,932
Rent revenue	1,066,616	142,213	1,208,829
Interest expense	440,112	101,978	542,090
Depreciation and depletion	12,995,383	1,854,550	14,849,933
Amortization	1,305,518	7,282	1,312,800
Impairment of assets	-	3,747	3,747
Equity accounted investments	-	33,593,077	33,593,077

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

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, 2023	For the year ended December 31, 2022
	NTD	NTD
Taiwan	$381,039,423	$449,980,009
Australia	69,890,802	84,167,607
Korea	8,372,626	16,542,725
Philippines	10,537,873	28,815,439
Singapore	79,441,468	61,163,393
Malaysia	43,517,638	43,600,183
Mainland China	12,490,792	16,988,016
Other countries	107,285,572	146,791,124
Total	$712,576,194	$848,048,496

The revenue information above is based on the location of the customer.

Non-current assets

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Taiwan	$88,287,145	$92,472,979
Other countries	12,020,558	11,838,516
Total	$100,307,703	$104,311,495

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, 2023

Customer	Sales Amount	Division
Formosa Chemicals & Fibre Corporation	$139,662,953	Petrochemical and utility divisions
Formosa Plastics Corporation	82,553,106	Petrochemical and utility divisions
	$222,216,059	

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	

FORMOSA PETROCHEMICAL CORPORATION
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2023 And 2022

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 parent company only balance sheets of Formosa Petrochemical Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only 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 Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and their financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, 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$710,310,293 thousand during 2023, 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 6.16 of the notes to the parent company only financial statements.

Valuation of inventories

As of December 31, 2023, the inventories amounted to NT$76,339,884 thousand, representing 19% 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 parent company only financial statements.

Other Matter – Making Reference to the Audits of Other Auditor

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$6,042,436 thousand and NT$5,426,218 thousand, both representing 1% of parent company total assets as of December 31, 2023 and 2022. The related shares of profit or loss of subsidiaries, associates and joint ventures under the equity method amounted to NT$161,734 thousand and NT$167,799 thousand, both representing 1% of the parent company income before tax for the years ended December 31, 2023 and 2022, and the related shares of other comprehensive income of subsidiaries, associates and joint ventures under the equity method amounted to NT$(26,370) thousand and NT$104,800 thousand, both representing (0)% of the parent company other comprehensive income for the years ended December 31, 2023 and 2022.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the 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 committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2023 parent company only 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 29, 2024

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying parent company only 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

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND DECEMBER 31, 2022

(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2023 NTD	December 31, 2022 NTD
CURRENT ASSETS			
Cash and cash equivalents	4 & 6.1 & 12	$33,945,986	$32,393,643
Financial assets at fair value through profit or loss — current	4 & 6.2 & 12	1,641,598	1,562,720
Financial assets at fair value through other comprehensive income — current	4 & 6.3 & 12	56,687,481	48,910,250
Financial assets for hedging — current	4 & 6.4 & 12	55,507	829
Notes receivable, net	4 & 6.5 & 12	245	155
Notes receivable due from related parties, net	4 & 6.5 & 7 & 12	3,854,833	1,745,581
Accounts receivable, net	4 & 6.5 & 12	25,682,424	25,986,142
Accounts receivable due from related parties, net	4 & 6.5 & 7 & 12	20,346,540	28,461,162
Finance lease receivables, net	4 & 6.18 & 7 & 12	11,716	11,427
Other receivables (including from related parties)	7 & 12 & 13	11,132,320	15,840,480
Inventories	4 & 6.6	76,339,884	86,102,878
Prepayments	6.7	22,645,271	21,391,842
Other current assets	8	446,732	350,614
Total current assets		252,790,537	262,757,723
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income — non-current	4 & 6.3 & 12	14,456,465	10,517,040
Investments accounted for using equity method	4 & 6.8	48,184,442	42,617,135
Property, plant and equipment	4 & 6.9 & 7	77,404,563	82,693,958
Right-of-use assets	4 & 6.18 & 7	84,141	144,804
Investment property, net	4 & 6.10	406,867	395,343
Deferred tax assets	4 & 6.22	3,503,548	3,665,366
Long-term finance lease receivables, net	4 & 6.18 & 7 & 12	127,167	138,883
Other non-current assets, others	4 & 6.10	9,596,103	8,538,036
Total non-current assets		153,763,296	148,710,565
TOTAL ASSETS		$406,553,833	$411,468,288

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND DECEMBER 31, 2022

(Expressed in Thousands of Dollars)

		December 31, 2023	December 31, 2022
LIABILITIES AND EQUITY	**Notes**	**NTD**	**NTD**
CURRENT LIABILITIES			
Short-term loans	6.11 & 12	$111,581	$6,580,576
Short-term notes and bills payable	6.11 & 12	-	16,400,000
Contract liabilities － current	4 & 6.16	6,421	7,887
Notes payable	12	4,944	6,613
Accounts payable	12	13,767,480	15,865,402
Accounts payable to related parties	7 & 12	4,175,402	3,721,264
Other payables	12	16,187,933	18,417,956
Other payables to related parties	7 & 12	470,851	144,497
Current tax liabilities	4 & 6.22	2,495,281	3,260,269
Current lease liabilities	4 & 6.18 & 7 & 12	59,077	87,492
Current portion of long-term liabilities	6.12 & 12	5,650,000	3,350,000
Other current liabilities, others		236,040	332,287
Total current liabilities		43,165,010	68,174,243
NONCURRENT LIABILITIES			
Bonds payable	6.12 & 12	20,200,000	25,850,000
Long-term loans	6.13 & 12	2,000,000	-
Deferred tax liabilities	4 & 6.22	11,101	19,411
Non-current lease liabilities	4 & 6.18 & 7 & 12	25,816	59,345
Defined benefit pension liability	4 & 6.14	4,552,153	4,551,324
Other non-current liabilities, others	4 & 6.8	265,467	325,531
Total non-current liabilities		27,054,537	30,805,611
TOTAL LIABILITIES		70,219,547	98,979,854
EQUITY			
Capital stock			
Common stock	4 & 6.15	95,259,597	95,259,597
Capital surplus		31,422,014	31,421,269
Retained earnings			
Legal reserve		79,317,142	77,839,238
Special reserve		3,033,784	3,033,784
Unappropriated earnings		102,199,400	92,173,931
Total retained earnings		184,550,326	173,046,953
Other equity		25,102,349	12,760,615
TOTAL EQUITY		336,334,286	312,488,434
TOTAL LIABILITIES AND EQUITY		$406,553,833	$411,468,288

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of Dollars, Except for Earnings per Share)

	Notes	For the Year Ended December 31, 2023 NTD	For the Year Ended December 31, 2022 NTD
OPERATING REVENUES	4 & 6.16 & 7	$710,310,293	$845,450,311
OPERATING COSTS	4 & 6.6 & 6.19 & 7	684,942,380	831,182,253
GROSS PROFIT		25,367,913	14,268,058
OPERATING EXPENSES	4 & 6.14 & 6.17 & 6.19 & 7		
Selling and marketing		5,311,480	4,780,095
General and administrative		4,588,460	4,187,464
Research and development		405,458	406,561
Expected credit losses (gains)		(65,426)	39,194
Total operating expenses		10,239,972	9,413,314
OPERATING INCOME		15,127,941	4,854,744
NON-OPERATING INCOME AND EXPENSES			
Interest income	6.20 & 7	827,481	335,508
Other income	6.20 & 7	4,250,801	6,311,069
Other gains and losses	6.20 & 7	1,276,439	5,264,180
Financial costs	6.20 & 7	(455,335)	(456,159)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	4 & 6.8	3,579,662	502,143
Total non-operating income and expenses		9,479,048	11,956,741
INCOME BEFORE INCOME TAX		24,606,989	16,811,485
INCOME TAX EXPENSE	4 & 6.22	2,718,147	2,389,925
NET INCOME		21,888,842	14,421,560
OTHER COMPREHENSIVE INCOME (LOSS)	6.8 & 6.21		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(4,965)	410,368
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		11,223,504	(23,827,511)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		1,217,963	(1,902,473)
Income tax (benefit) expense relating to items that will not be reclassified		(993)	82,073
Items that may be reclassified subsequently to profit or loss			
Gains (losses) on hedging instrument		54,678	(39,128)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		(46,417)	2,289,875
Income tax (benefit) expense relating to items that may be reclassified		10,935	(7,826)
Total other comprehensive income (loss) for the period, net of income tax		12,434,821	(23,143,116)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$34,323,663	$(8,721,556)
EARNINGS PER SHARE (NTD)	4 & 6.23		
Earnings per share — basic/diluted			
Continuing operating income before tax		$2.58	$1.76
Net Income		$2.30	$1.51

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(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, 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
Balance as of January 1, 2023	$95,259,597	$31,421,269	$77,839,238	$3,033,784	$92,173,931	$502,212	$12,257,740	$663	$312,488,434
Appropriation of 2022 earnings:									
Legal reserve	-	-	1,477,904	-	(1,477,904)	-	-	-	-
Cash dividends	-	-	-	-	(10,478,556)	-	-	-	(10,478,556)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	118	-	-	-	-	-	-	118
Other changes in capital surplus	-	627	-	-	-	-	-	-	627
Net income for the year ended December 31, 2023	-	-	-	-	21,888,842	-	-	-	21,888,842
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(1,012)	(36,940)	12,438,507	34,266	12,434,821
Total comprehensive income (loss)	-	-	-	-	21,887,830	(36,940)	12,438,507	34,266	34,323,663
Disposal of equity instruments designated at fair value through other comprehensive income	-	-	-	-	94,099	-	(94,099)	-	-
Balance as of December 31, 2023	$95,259,597	$31,422,014	$79,317,142	$3,033,784	$102,199,400	$465,272	$24,602,148	$34,929	$336,334,286

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	NTD	NTD
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$24,606,989	$16,811,485
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and depletion	13,598,248	13,725,699
Amortization	1,312,800	1,227,768
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(78,878)	(192,014)
Interest expense	455,335	456,159
Interest income	(827,481)	(335,508)
Dividends income	(2,054,450)	(4,158,116)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(3,579,662)	(502,143)
Loss (gain) on disposal of property, plant and equipment	10,482	2,492
Loss (gain) on disposal of investment property	-	636
Reversal of impairment loss on non-financial assets	(11,524)	(4,224)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable (including related parties)	(2,109,342)	(85,876)
(Increase) decrease in accounts receivable (including related parties)	8,418,340	(4,167,186)
(Increase) decrease in other receivables (including related parties)	3,606,766	(2,899,522)
(Increase) decrease in inventories	9,762,994	(13,687,828)
(Increase) decrease in prepayments	(1,253,429)	67,143
(Increase) decrease in other current assets	(95,985)	(6,807)
Increase (decrease) in contract liabilities	(1,466)	(855)
Increase (decrease) in notes payable	(1,669)	(80)
Increase (decrease) in accounts payable (including related parties)	(1,643,784)	(7,074,571)
Increase (decrease) in other payables	(2,208,068)	288,487
Increase (decrease) in other current liabilities	(96,247)	(22,465)
Increase (decrease) in defined benefit pension liability, net	(4,136)	(20,753)
Cash from operating activities	47,805,833	(578,079)
Income taxes received (paid)	(3,339,569)	(10,921,378)
Net cash provided by (used in) operating activities	44,466,264	(11,499,457)

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of Dollars)

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	NTD	NTD
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(500,000)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,848	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	(2,083,309)	(1,000,002)
Acquisition of property, plant and equipment:		
Cost paid	(8,229,260)	(7,495,729)
Interest paid	(6,658)	(13,559)
Proceeds from disposal of property, plant and equipment	6,655	13,084
Increase in other receivables — due from affiliates	-	(1,769,039)
Decrease in other receivables — due from affiliates	1,124,336	-
Proceeds from disposal of investment property	-	576
Decrease in long-term lease receivables	11,427	11,145
Increase in other financial assets	(133)	-
Decrease in other financial assets	-	172
Increase in other non-current assets	(2,370,867)	(1,697,283)
Interests received	804,539	329,316
Dividends received	3,223,060	5,235,329
Net cash provided by (used in) investing activities	(8,013,362)	(3,959,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	6,406,643
Decrease in short-term loans	(6,468,995)	-
Increase in short-term notes and bills payable	-	16,400,000
Decrease in short-term notes and bills payable	(16,400,000)	-
Repayments of bonds (including current portion)	(3,350,000)	-
Proceeds from long-term loans	4,000,000	-
Repayments of long-term loans	(2,000,000)	-
Increase in other payables to related parties	326,354	-
Decrease in other payables to related parties	-	(82,657)
Payments of lease liabilities	(91,353)	(95,559)
Increase in other non-current liabilities	39,281	-
Decrease in other non-current liabilities	-	(17,911)
Cash dividends paid	(10,479,310)	(36,197,781)
Interest paid	(476,536)	(440,347)
Net cash provided by (used in) financing activities	(34,900,559)	(14,027,612)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,552,343	(29,486,479)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	32,393,643	61,880,122
CASH AND CASH EQUIVALENTS, END OF PERIOD	$33,945,986	$32,393,643

The accompanying notes are an integral part of the financial statements.

Formosa Petrochemical Corporation
Notes To Financial Statements
For The Years Ended December 31, 2023 and 2022
(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, 2023.

(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, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on February 29, 2024.

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, 2023. 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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, 2024. 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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, 2023 and 2022 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 the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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.

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 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 lease receivables arising from transactions within the scope of IFRS 16, 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:

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.

(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 parent company only 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 parent company only 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 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 Company’s share of net assets of the associate or joint venture. 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 or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate or joint venture, 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 or joint venture on a prorate basis.

When the associate or joint venture issues new stock and the Company's interest in an associate or joint venture is reduced or increased as the Company 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 Company disposes of the associate or joint venture.

The financial statements of the associate or joint venture 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 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 Company 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 Company 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.
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 Company 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 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 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.

(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 transfers to or from investment properties according to the actual use of the properties.

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.

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.

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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
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.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

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. Please refer to Note 6 for more details.

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. 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. 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, 2023	December 31, 2022
	NTD	NTD
Cash on hand and petty cash	$82	$51
Checking accounts	24,544	1,042,653
Demand deposits	13,513,223	24,655,231
Time deposits	20,381,637	-
Commercial paper	26,500	4,994,708
Repurchase bonds	-	1,701,000
Total	$33,945,986	$32,393,643

A. Cash and cash equivalents were not pledged as collateral or restricted for uses in December 31, 2023 and 2022.

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, 2023	December 31, 2022
	NTD	NTD
Mandatorily measured at fair value through profit or loss:		
Funds	$1,641,598	$1,562,720

The profit (loss) arising from financial assets at fair value through profit or loss were NT$78,878 thousand and NT$192,014 thousand for the years ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
	NTD	NTD
Equity instruments investments measured at fair value through other comprehensive income:		
Listed companies stocks	$56,687,481	$48,910,250
Unlisted companies stocks	14,456,465	10,517,040
Total	$71,143,946	$59,427,290
Current	$56,687,481	$48,910,250
Non-current	14,456,465	10,517,040
Total	$71,143,946	$59,427,290

A. The Company’s financial assets at fair value through other comprehensive income were not pledged.

B. The Company invested NT$500 million to subscribe for 50,000 thousand shares of preferred stocks issued by Idemitsu Formosa Specialty Chemicals Corp., the investee of the Company, on June 28, 2023. The prefered stocks without voting right are regarded as the long-term equity in the joint venture based on IFRS 9 “Financial Instruments.”

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follow:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Related to investments held at the end of the reporting period	$2,054,450	$4,158,116

(4) Financial assets for hedging － current and non-current

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Financial assets for hedging		
Financial Derivatives		
Energy commodity swap contracts	$55,507	$829
Current	$55,507	$829
Non-current	-	-
Total	$55,507	$829

Note: The Company applied hedge accounting according to IAS 39.

A. As of December 31, 2023 and 2022, there were 24 and 6 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, 2023		
			Book Value	
		Notional	Asset	Liability
Type of Transaction	Pricing Period	Quantity	NTD	NTD
Singapore gasoline/ Dubai Crack Swap	Jan.1, 2024~ Dec.31, 2024	600 (1,000 bbls)	$55,507	$-
Total			55,507	-
Less: Financial assets (liabilities) for hedging － current			55,507	-
Financial assets (liabilities) for hedging － non-current			$-	$-

		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			$-	$-

(5) Notes and accounts receivable

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
A. Notes receivable	$245	$155
Less: Loss allowance	-	-
Notes receivable, net	$245	$155
B. Notes receivable – related parties	$3,854,833	$1,745,581
Less: Loss allowance	-	-
Notes receivable – related parties, net	$3,854,833	$1,745,581
C. Accounts receivable	$26,187,787	$26,556,931
Less: Loss allowance	(505,363)	(570,789)
Accounts receivable, net	$25,682,424	$25,986,142
D. Accounts receivable － related parties	$20,346,540	$28,461,162
Less: Loss allowance	-	-
Accounts receivable － related parties, net	$20,346,540	$28,461,162

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, 2023 and 2022, the total carrying value were NT$50,389,405 thousand and NT$56,763,829 thousand, respectively. Please refer to Note 6.17 for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Raw materials	$25,297,977	$38,488,927
Supplies	6,844,146	5,363,104
Work in process	19,930,521	13,516,886
Finished goods	23,702,649	26,002,183
Goods in transit	564,591	2,731,778
Total	$76,339,884	$86,102,878

The cost of inventories (operating cost) recognized in expenses amounted to NT$684,942,380 thousand and NT$831,182,253 thousand for the year ended December 31, 2023 and 2022, including the expense (benefit) from inventory diluted to its respective net realizable value of NT$(3,090,199) thousand and NT$3,677,762 thousand, respectively.

Because of the rising prices of the crude oil and naphtha, the Company had recognized gain from price recovery of inventory in the amount of NT$3,090,199 thousand for the year ended December 31, 2023.

No inventories were pledged as of December 31, 2023 and 2022.

(7) Prepaid expense

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Prepaid expense — Maintenance	$9,883,534	$8,798,606
Prepaid expense — Material	9,057,307	8,816,910
Prepaid expense — Port handling and others	3,704,430	3,776,326
Total	$22,645,271	$21,391,842

(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, 2023		December 31, 2022	
Investee	NTD	Percentage of Ownership (%)	NTD	Percentage of Ownership (%)
Subsidiary company				
Formosa Oil (Asia Pacific) Corporation	$2,235,995	100.00	$1,865,881	100.00
Formosa Petrochemical Transportation Corporation	317,162	88.00	318,547	88.00
Formosa Grandseas Bunkering and Trading Corporation	146,000	60.00	-	-
FPCC USA, INC.	2,097,285	100.00	2,043,207	100.00
FPCC MAJESTY Corp.	1,870,766	100.00	1,820,551	100.00
FPCC NATURE Corp.	1,932,443	100.00	1,879,649	100.00
FG INC.	6,287,670	57.00	6,301,141	57.00
Subtotal	14,887,321		14,228,976	
Investments in associates				
Mai-Liao Power Corporation	13,806,041	24.94	9,769,304	24.94
Yi-Chi Construction Corporation	27,750	40.55	27,772	40.55
Mailiao Harbor Administration Corporation	2,499,130	44.96	2,561,350	44.96
Formosa Development Corporation	728,056	45.99	776,263	45.99
Formosa Marine Corporation	719,690	20.00	648,243	20.00
Simosa Oil Corporation	682,480	20.00	651,599	20.00
Formosa Environmental Technology Corporation	234,986	24.34	231,885	24.34
Formosa Plastics Synthetic Rubber (HK)	1,656,675	33.33	1,846,899	33.33
Formolight Technologies, Inc.	53,894	39.43	46,776	39.43
Formosa Resources Corporation	7,714,129	25.00	7,703,818	25.00
Formosa Group (Cayman) Limited	835,318	25.00	766,964	25.00
Nan Ya Photonics Incorporation	265,009	22.83	286,168	22.83
Formosa Smart Energy Tech Corporation	1,733,910	25.00	1,000,818	25.00
Subtotal	30,957,068		26,317,859	
Investments in jointly controlled entities				
Caltex Taiwan Corporation	84,876	50.00	61,857	50.00
Formosa Kraton Chemical Co., Ltd.	1,553,797	50.00	1,551,880	50.00
Idemitsu Formosa Specialty Chemicals Corp.	-	50.00	60,630	50.00
NKFG	701,380	45.00	395,933	45.00
Subtotal	2,340,053		2,070,300	
Total	$48,184,442		$42,617,135	
Subsidiary company				
FPCC DILIGENCE Corp.(Note 1)	$(26,212)	100.00	$(124,930)	100.00

Note 1: As of December 31, 2023, 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 parent company only 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, 2023	For the year ended December 31, 2022
Net income	$612,309	$1,205,070
Other comprehensive income (loss), net	338,984	1,220,784
Comprehensive income (loss) for the period	$951,293	$2,425,854

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, 2023	For the year ended December 31, 2022
Net income (loss)	$2,795,167	$(705,011)
Other comprehensive income (loss), net	832,562	(833,382)
Comprehensive income (loss) for the period	$3,627,729	$(1,538,393)

(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, 2023	For the year ended December 31, 2022
Net income	$172,186	$2,084
Other comprehensive income (loss), net	-	-
Comprehensive income (loss) for the period	$172,186	$2,084

D. The associates and joint venture had no contingent liability, committed capital or provided guarantee on December 31, 2023 and 2022. 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$6,042,436 thousand and NT$5,426,218 thousand, both representing 1% of the parent company total assets as of December 31, 2023 and 2022. The share of profit or loss of these associates and joint ventures under the equity method amounted to NT$161,734 thousand and NT$167,799 thousand, both representing 1% of the parent company income before tax for the years ended December 31, 2023 and 2022. The share of other comprehensive income of these associates and joint ventures under the equity method amounted to NT$(26,370) thousand and NT$104,800 thousand, both representing (0)% of the parent company other comprehensive income for the years ended December 31, 2023 and 2022. The financial statements of Yi-Chi Construction Corporation, Formosa Environmental Technology Corporation, Formosa Plastics Synthetic Rubber (HK), Formosa Group (Cayman) Limited, Formosa Smart Energy Tech Corporation and Formosa Kraton Chemical Co., Ltd. were audited by other auditors.

E. The Company acquired 15,221 thousand shares of common stocks of Formosa Grandseas Bunkering and Trading Corp. at a price of NT$152,209 thousand in May 2023. The Company acquired 60% shareholding and control over Formosa Grandseas Bunkering and Trading Corp., which was consolidated as a subsidiary.

F. The Company's board of directors resolved to invest NT$1.75 billion to establish Formosa Smart Energy Tech Corporation with other companies on May 5, 2022. The Company already injected NT$1 billion on May 31, 2022, and injected the remaining NT$0.75 billion on July 28, 2023.

G. Formosa Resources Corporation, the associate of the Company, has increased capital by US$100 million in cash. The Company subscribed US$25 million according to the original shareholding percentage.

H. The Company's board of directors resolved to invest NT$382.5 million to subscribe 38,250 thousand shares of NKFG according to the original shareholding percentage on December 7, 2023.

I. Long-term equity investments are not pledged as collaterals for bank loans as of December 31, 2023 and 2022.

(9) Property, plant and equipment

As of December 31, 2023, 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:							
2023.1.1	$23,074,338	$45,243,951	$372,441,769	$4,442,692	$565,137	$15,026,621	$460,794,508
Additions	-	2,269	59,090	328,399	20,452	7,825,708	8,235,918
Transfer	-	1,336,617	13,465,063	62,054	3,058	(14,866,792)	-
Disposals	-	(596)	(970,061)	(134,016)	(14,567)	-	(1,119,240)
2023.12.31	$23,074,338	$46,582,241	$384,995,861	$4,699,129	$574,080	$7,985,537	$467,911,186
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
Depreciation and impairment:							
2023.1.1	$-	$33,926,996	$340,041,825	$3,702,759	$428,970	$-	$378,100,550
Depreciation	-	1,970,840	11,269,666	233,899	33,771	-	13,508,176
Transfer	-	198,547	(201,151)	233	2,371	-	-
Disposals	-	(472)	(958,955)	(128,109)	(14,567)	-	(1,102,103)
2023.12.31	$-	$36,095,911	$350,151,385	$3,808,782	$450,545	$-	$390,506,623
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
Net carrying amount as of:							
2023.12.31	$23,074,338	$10,486,330	$34,844,476	$890,347	$123,535	$7,985,537	$77,404,563
2022.12.31	$23,074,338	$11,316,955	$32,399,944	$739,933	$136,167	$15,026,621	$82,693,958

Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the year ended December 31,2023	For the year ended December 31,2022
Construction in progress	$6,658	$13,559
Capitalization rate of borrowing costs	0.96%~1.66%	0.78%~1.56%

A. The Company's property, plant and equipment was not pledged as collaterals.

B. Interest expenses before capitalization were NT$461,993 thousand and NT$469,718 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Investment property and other non-current assets

A. Investment property:

	2023.1.1	Additions	Disposals	2023.12.31
Land				
Cost	$945,606	$		$945,606

	2023.1.1	Impairment	Reversal of impairment loss	2023.12.31
Land				
Accumulated impairment	$550,263	$	$(11,524)	$538,739

	2023.1.1	2023.12.31
Land		
Net carrying amount as of	$395,343	$406,867

	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

(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$406,867 thousand and NT$395,343 thousand as of December 31, 2023 and December 31, 2022, respectively. The fair value of investment property was valued by an independent external appraisal expert – CCIS Real Estate Joint Appraisers Firm and Honda 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, 2023	December 31, 2022
	NTD	NTD
Refundable deposits	$101,405	$107,961
Unamortized expense	1,630,485	1,107,494
Prepaid expense － land and equipment	4,226,751	4,133,105
Advance	195,458	154,151
Other assets － land	17,609	16,357
Prepaid expense－ Maintenance	3,234,975	2,816,230
Other assets －Others	189,420	202,738
Total	$9,596,103	$8,538,036

As of December 31, 2023 and 2022, the above land was temporarily registered under a third party's name, at cost amounting to NT$17,609 thousand and NT$16,357 thousand, respectively. 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$111,160 thousand and NT$100,160 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, 2023	December 31, 2022
	Interest Rate	NTD	NTD
Purchase loans	Floating interest rate	$-	$1,010,317
Credit loans	-	-	5,500,000
Others	1.475%	111,581	70,259
Total		$111,581	$6,580,576
Short-term notes and bills payable	-	$-	$16,400,000

The Company's unused short-term lines of credit amounted to NT$30,549,919 thousand and NT$21,977,029 thousand as of December 31, 2023 and 2022, respectively.

(12) Bonds payable

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Domestic unsecured unconvertible bonds	$25,850,000	$29,200,000
Less: current portion	(5,650,000)	(3,350,000)
Long-term bonds payable	$20,200,000	$25,850,000

As of December 31, 2023, 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	1,100,000	1,400,000	2,250,000	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) Long-term loans

			December 31, 2023		December 31, 2022	
Banks	Repayment Method	Types	NTD	Interest Rate	NTD	Interest Rate
Bank of Taiwan, CTBC Bank and the other 8 banks	The period of the loan is from July 11, 2023 to July 11, 2025. Interest is payable monthly. After receive the loan two years later, the principal should be repaid on maturity date.	As working capital	$2,000,000	1.790%	$-	-
Less: Current portion reclassified to current liability			-		-	
Long-term loans – due after one year			$2,000,000		$-	

(14) 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, 2023 and 2022, the expenses related to defined contribution plan amounted to NT$253,714 thousand and NT$251,577 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, 2023, the amount of contribution expected to be made in the following accounting year was NT$84,803 thousand.

As at December 31, 2023 and 2022, 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, 2023 and 2022 are summarized as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current period service cost	$42,350	$46,091
Net interest on the net defined benefit liability (asset)	56,495	24,790
Subtotal	$98,845	$70,881

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, 2023	December 31, 2022
Present value of defined benefit obligation	$5,514,927	$5,542,144
Fair value of plan assets	(962,774)	(990,820)
Other non-current liabilities —Accrued pension liabilities recognized on the balance sheets	$4,552,153	$4,551,324

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2022.01.01	$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
Current service cost	42,350	-	42,350
Interest expense (income)	69,277	(12,782)	56,495
Subtotal	5,653,771	(1,003,602)	4,650,169
Remeasurement of defined benefit liabilities/assets			
Experience adjustment	9,348	-	9,348
Return on plan assets	-	(4,383)	(4,383)
Subtotal	9,348	(4,383)	4,965
Payments from the plan	(182,861)	130,014	(52,847)
Contributions by employer	-	(84,803)	(84,803)
Net liabilities (assets) transferred from associates	34,669	-	34,669
2023.12.31	$5,514,927	$(962,774)	$4,552,153

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Expected rate of salary increases	2.85%	2.85%

A sensitivity analysis for significant assumption as at December 31, 2023 and 2022 is shown below:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(123,319)	$-	$(135,754)
Discount rate decrease by 0.25%	127,504	-	140,615	-
Future salary increase by 1.0%	528,641	-	582,327	-
Future salary decrease by 1.0%	-	(472,514)	-	(516,739)

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.

(15) 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, 2023 and 2022, respectively. Each share has one vote and the right to receive dividends.

B. Capital surplus

	As of	
	December 31, 2023	December 31, 2022
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	173,600	173,482
Subsidiary change in equity	2,994	2,994
Others	2,136	1,509
Total	$31,422,014	$31,421,269

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, 2023 and 2022, the details of earnings distribution and dividends per share as proposed by the board meeting on February 29, 2024 and resolved by the shareholder's meeting on May 25, 2023 were as follows:

	Appropriation of earnings		Dividend per share	
	2023	2022	2023	2022
Legal reserve	$2,198,193	$1,477,905		
Common stock − cash dividend	19,051,919	10,478,556	$2.00	$1.10
Total	$21,250,112	$11,956,461		

The legal reserve of 2023 will be resolved by the shareholder's meeting on June 14, 2024. The cash dividends distribution was resolved by the board of direction's meeting held on February 29, 2024 and will be reported to the shareholder's meeting.

Please refer to Note 6.19 for details of the bonus to employees.

(16) Operating revenues

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Revenue from contracts with customer		
Sales of goods		
Gasoline	$111,177,414	$117,482,773
Petrochemical products (ethylene and propylene, etc.)	130,545,571	182,041,218
Diesel oil	207,722,738	250,995,200
Jet fuel	49,067,062	49,434,976
Electricity	34,770,301	35,552,326
Steam	13,283,483	17,361,440
Others	162,773,278	191,621,409
Subtotal	709,339,847	844,489,342
Service revenues	970,446	960,969
Total	$710,310,293	$845,450,311

Analysis of revenue from contracts with customers during the year is as follows:

(1) Disaggregation of revenue

For the year ended December 31, 2023

	Petrochemical Division	Utility Division	Others	Total
Sales of goods				
Gasoline	$111,177,414	$-	$-	$111,177,414
Petrochemical products (ethylene and propylene, etc.)	130,545,571	-	-	130,545,571
Diesel oil	207,722,738	-	-	207,722,738
Jet fuel	49,067,062	-	-	49,067,062
Electricity	-	34,770,301	-	34,770,301
Steam	-	13,283,483	-	13,283,483
Others	161,393,902	1,379,376	-	162,773,278
Subtotal	659,906,687	49,433,160	-	709,339,847
Rendering of services	-	-	970,446	970,446
Total	$659,906,687	$49,433,160	$970,446	$710,310,293
Timing of revenue recognition:				
At a point in time	$659,906,687	$49,433,160	$970,446	$710,310,293

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

(2) Contract balances

Contract liabilities － current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$6,421	$7,887	$8,742

The significant changes in the Company’s balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Revenue recognized during the year that was included in the balance at the beginning of the year	$7,887	$8,742

(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.

(17) Expected credit losses/ (gains)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating expenses－Expected credit losses/(gains)		
Accounts receivable	$(65,426)	$39,194

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, 2023 and 2022 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, 2023 and 2022.

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, 2023		Past due				
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	Total
Gross carrying amount	$46,238,195	$4,151,210	$-	$-	$-	$50,389,405
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	463,851	41,512	-	-	-	505,363
Total	$45,774,344	$4,109,698	$-	$-	$-	$49,884,042

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

For the years ended December 31, 2023 and 2022, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Receivables
Balance as at January 1, 2023	$570,789
Addition/(reversal) for the current period	(65,426)
Balance as at December 31, 2023	$505,363
Balance as at January 1, 2022	$531,595
Addition/(reversal) for the current period	39,194
Balance as at December 31, 2022	$570,789

(18) 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 restrictions placed upon the Company in the contracts.

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, 2023	December 31,2022
	NTD	NTD
Land	$26,497	$55,600
Buildings	7,912	28,088
Machinery and equipment	49,732	61,116
Total	$84,141	$144,804

For the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Company amounting to NT$29,409 thousand and NT$8,447 thousand, respectively.

(b) Lease liability

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Lease liability	$84,893	$146,837
Current	$59,077	$87,492
Non-current	$25,816	$59,345

Please refer to Note 6 (20)(D) for the interest on lease liability recognized for the years ended December 31, 2023 and 2022, 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, 2023	For the year ended December 31, 2022
Land	$30,849	$30,853
Buildings	22,769	22,715
Machinery and equipment	36,454	41,566
Total	$90,072	$95,134

C. Income and costs relating to leasing activities

	For the year ended December 31, 2023	For the year ended December 31, 2022
The expense relating to short-term leases	$66,954	$66,764

The Company has no committed short-term lease portfolio for the years ended December 31, 2023 and 2022.

D. Cash outflow relating to leasing activities

For the year ended December 31, 2023, the Company's total cash outflow for leases amounting to NT$91,353 thousand, interest charge on lease liabilities NT$1,110 thousand and short-term leases NT$66,954 thousand.

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.

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, 2023	For the year ended December 31, 2022
Lease income for operating leases		
Income relating to fixed lease payment	$1,206,320	$1,192,271
Lease income for finance leases		
Finance income on the net investment in the lease	3,624	3,905
Total	$1,209,944	$1,196,176

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, 2023 and 2022 are as follow:

	As of	
	December 31, 2023	December 31, 2022
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	82,776	97,827
Total undiscounted lease payments	158,031	173,082
Less: Unearned finance income to finance leases	(19,148)	(22,772)
Net investment in the lease (Finance lease receivables)	$138,883	$150,310
Current	$11,716	$11,427
Non-current	$127,167	$138,883

(19) Summary statement of employee benefits, depreciation and amortization expenses by function as follows:

Function / Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)
Employee benefits expense	$5,213,864	$2,913,096	$8,126,960	$5,476,818	$3,046,029	$8,522,847
Salaries and wages	4,513,261	2,562,228	7,075,489	4,789,919	2,703,601	7,493,520
Labor and health insurance	353,063	168,837	521,900	355,752	168,952	524,704
Pension	243,039	109,520	352,559	223,663	98,795	322,458
Director’s remuneration	-	24,771	24,771	-	25,874	25,874
Other employee benefits expense	104,501	47,740	152,241	107,484	48,807	156,291
Depreciation and depletion	13,163,572	434,676	13,598,248	13,286,637	439,062	13,725,699
Amortization	1,304,845	673	1,305,518	1,220,594	673	1,221,267

The amortization recognized as non-operating income and expenses are NT$7,282 thousand and NT$6,501 thousand for the years ended December 31, 2023 and 2022, respectively.

Note:

1. For the years ended December 31, 2023 and 2022, the Company had average 5,198 and 5,230 employees, which included 9 and 7 non-employee directors, respectively.

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$1,562 thousand for the year ended December 31, 2023. (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$1,627 thousand for the year ended December 31, 2022. (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$1,364 thousand for the year ended December 31, 2023. (the current salaries and wages / the current average number of employees excluded non-employee directors)
   The Company’s average salaries and wages were NT$1,435 thousand for the year ended December 31, 2022. (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 (4.95)% for the year ended December 31, 2023. (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, 2023 and 2022 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$4,922 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the year ended December 31, 2023. According to resolution of the board on February 29, 2024, the compensation will be granted in cash.

The Company's board of director's meeting on February 24, 2023, resolved to distribute NT$3,363 thousand of employee compensation in cash, which was reported at the shareholders' meeting on May 25, 2023. No difference existed between the employee compensation distributed and disclosed in the financial statements of 2022.

(20) Non-operating income and expenses

A. Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Bank interest income	$657,177	$226,890
Interest income — due from affiliates	133,395	91,080
Interest income — financial leasing	3,624	3,905
Other interest income	33,285	13,633
Total	$827,481	$335,508

B. Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rental income	$1,206,320	$1,192,271
Other income—others	990,031	960,682
Dividends income	2,054,450	4,158,116
Total	$4,250,801	$6,311,069

C. Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Gains (losses) on disposal and abandon of property, plant and equipment	$(10,482)	$(2,492)
Gains (losses) on disposal of investment property	-	(636)
Foreign exchange (losses) gains, net	1,284,120	5,152,726
Impairment loss/Reversal of impairment loss		
Investment property	11,524	4,224
Other gains (losses) — others	(87,601)	(81,656)
Gains (losses) on financial assets at fair value through profit or loss (Note)	78,878	192,014
Total	$1,276,439	$5,264,180

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, 2023	For the year ended December 31, 2022
	NTD	NTD
Interest on borrowings from bank	$37,938	$64,634
Interest on bonds payable	231,428	244,930
Interbank loans with interest	-	1,576
Interest for lease liabilities	1,100	888
Other interest expenses	184,869	144,131
Total financial costs	$455,335	$456,159

(21) Components of other comprehensive income (loss)

For the year ended December 31, 2023

	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	$(4,965)	$-	$(4,965)	$(993)	$(3,972)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	11,223,504	-	11,223,504	-	11,223,504
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	1,217,963	-	1,217,963	-	1,217,963
Items that may be reclassified subsequently to profit or loss:					
Gains (losses) on hedging instrument	(20,280)	74,958	54,678	10,935	43,743
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(46,417)	-	(46,417)	-	(46,417)
Total	$12,369,805	$74,958	$12,444,763	$9,942	$12,434,821

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)

(22) Income taxes

The major components of income tax expense (income) for the year ended December 31, 2023 and 2022 are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2023 NTD	For the year ended December 31, 2022 NTD
Current income tax expense (income):		
Current income tax charge	$2,558,144	$3,288,076
Adjustments in respect of current income tax of prior periods	16,437	(90,178)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	143,566	(807,973)
Total income tax expense (income)	$2,718,147	$2,389,925

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Income tax relating to components of other comprehensive income

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Deferred tax expense (income):		
Gain (losses) on hedging instruments	$10,935	$(7,826)
Remeasurements of defined benefit plans	(993)	82,073
Total	$9,942	$74,247

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Accounting profit before tax from continuing operations	$24,606,989	$16,811,485
Tax at the statutory income tax rate	4,921,398	3,362,297
Dividend income	(410,890)	(831,623)
Income (loss) from equity investments	(841,679)	(100,429)
Income (loss) from securities and futures exchange	-	34,381
Tax effect of revenues exempt from taxation	(18,081)	(73,502)
Tax effect of non-deductible expense	300	1,155
Others	(98,298)	-
Tax effect of deferred tax assets/liabilities	(947,803)	1,376
Surtax on undistributed retain earnings	96,763	86,448
Adjustments in respect of current income tax of prior periods	16,437	(90,178)
Total income tax expense (income) recognized in profit or loss	$2,718,147	$2,389,925

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as at January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2023
Temporary differences				
Depreciation difference for tax purpose	$967,214	$426,631	$-	$1,393,845
Foreign currency assets / liabilities losses (gains)	(19,245)	87,896	-	68,651
Inventory evaluation	1,025,075	(618,039)	-	407,036
Hedging derivative financial instruments sharing the same period (gains)	(166)	-	(10,935)	(11,101)
Non-Current－defined benefit liability, net	825,105	(6,780)	993	819,318
Others	847,972	(33,274)	-	814,698
Deferred tax income (expense)		$(143,566)	$(9,942)	
Net deferred tax assets (liabilities)	$3,645,955			$3,492,447
Reflected in balance sheet as follows:				
Deferred tax assets	$3,665,366			$3,503,548
Deferred tax liabilities	$(19,411)			$(11,101)

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)

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, 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 at 31 December 2023, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NT$2,043,157 thousand.

The assessment of income tax returns

As of December 31, 2023, 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 2021

(23) 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, 2023	For the year ended December 31, 2022
	NTD	NTD
Basic/Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$21,888,842	$14,421,560
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	$2.30	$1.51

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
Formosa Grandseas Bunkering and Trading 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 Advanced Technologies Co., Ltd.	Other
Formosa Energy Management Corporation	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
Formosa Waters Technology Co., Ltd.	Other
Formosa Steel IB PTY LTD	Other

Significant transactions with related parties

(1) Sales

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$139,662,953	$167,506,909
Formosa Plastics Corporation	82,553,106	96,109,625
Nan Ya Plastics Corporation	21,696,808	34,652,202
Subtotal	243,912,867	298,268,736
Associate	4,915,667	8,181,171
Joint venture	8,458,160	6,437,442
Subsidiary	14,803,267	15,056,904
Others	38,651,250	40,962,228
Total	$310,741,211	$368,906,481

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, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$40,503,437	$46,198,498
Associate	64,179	72,199
Joint venture	110,644	61,852
Others	636,420	977,354
Total	$41,314,680	$47,309,903

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, 2023	December 31, 2022
	NTD	NTD
Others		
National Petroleum Co., Ltd.	$3,854,833	$1,745,581
Total	3,854,833	1,745,581
Less: loss allowance		
Net	$3,854,833	$1,745,581

(4) Accounts receivable – related parties

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$8,629,971	$13,087,244
Formosa Plastics Corporation	5,169,432	7,383,800
Nan Ya Plastics Corporation	1,384,442	1,820,446
Subtotal	15,183,845	22,291,490
Associate	248,329	467,909
Joint venture	772,964	622,589
Subsidiary	1,311,670	1,438,331
Others	2,829,732	3,640,843
Total	20,346,540	28,461,162
Less: loss allowance		
Net	$20,346,540	$28,461,162

(5) Accounts payable – related parties

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	$3,520,956	$2,902,296
Others	539,538	728,266
Subtotal	4,060,494	3,630,562
Associate	39,413	25,109
Joint venture	13,261	11,605
Others	62,234	53,988
Total	$4,175,402	$3,721,264

(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, 2023 NTD	For the year ended December 31, 2022 NTD
Entity with joint control or significant influence over the Company	Maintenance	$140,599	$180,871
Entity with joint control or significant influence over the Company	Expansion of facilities	17,419	129,244
Associate	Expansion of facilities	63,708	55,360
Others	Maintenance	462,155	526,802
Others	Expansion of facilities	889,529	837,727
Total		$1,573,410	$1,730,004

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, 2023	December 31, 2022
	NTD	NTD
Others		
Formosa Heavy Industries Corporation	$2,520,000	$4,100,000
Formosa Steel IB PTY LTD	1,622,500	-
Total	$4,142,500	$4,100,000

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, 2023 and 2022, interest income from related parties were NT$71,725 thousand and NT$41,750 thousand, respectively. And interest charged at the rate of 1.86%~1.99% and 0.98%~1.79%, 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, 2023		December 31, 2022	
	Amount NTD	%	Amount NTD	%
Entity with joint control or significant influence over the Company	$5,409		$7,564	
Associate	18,155		22,321	
Subsidiary	168		10	
Joint venture	50,448		4,914	
Others	21,748		21,642	
Total	$95,928		$56,451	

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, 2023		December 31, 2022	
	Amount NTD	%	Amount NTD	%
Associate	$33,669	0.20	$13,178	
Others	437,182	2.63	131,319	
Total	$470,851	2.83	$144,497	

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, 2023	December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$24,115	$-
Associate	7,475	37,376
Total	$31,590	$37,376

(b) Lease liability

	As of	
	December 31, 2023	December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$24,104	$-
Associate	7,829	38,780
Total	$31,933	$38,780
Current	$11,404	$30,952
Non-current	$20,529	$7,828

(c) Interest for lease liabilities

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$180	$8
Associate	460	1,031
Total	$640	$1,039

(d) The expense relating to short-term leases

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$45,292	$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, 2023	For the year ended December 31, 2022
	NTD	NTD
Entity with joint control or significant influence over the Company	$178,855	$171,225
Associate	26,317	17,053
Joint venture	32,485	32,485
Others	24,704	24,163
Total	$262,361	$244,926

(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, 2023	For the year ended December 31, 2022
	NTD	NTD
Joint venture	$3,624	$3,905

(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, 2023	For the year ended December 31, 2022
		NTD	NTD
Associate	Harbor labor force	$1,497,069	$1,525,109
Subsidiary	Labor force	579,615	488,740
Joint venture	Refuel	59,154	43,269
Others	Labor force	1,583	1,822
Total		$2,137,421	$2,058,940

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, 2023	December 31, 2022
	NTD	NTD
Associate	$7,683,750	$7,677,000
Subsidiary	307,350	307,080
Total	$7,991,100	$7,984,080

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 2023 and 2022, the oil tanker rental cost were US$20,763 thousand and US$20,060 thousand, respectively, which were recorded under operating cost and accrued freight expenses.

(11) Key management personnel compensation

	For the year ended December 31, 2023	For the year ended December 31, 2022
	NTD	NTD
Short-term employee benefits	$130,067	$133,246

8. PLEDGED ASSETS

The following assets were pledged to banks as collaterals for bank loans:

		As of	
		December 31, 2023	December 31, 2022
Pledged Assets	Contents	NTD	NTD
Other current assets	Certificates of time deposit	$41,133	$41,000

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2023, 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$258,823 thousand.

(2) Guarantee notes issued for borrowings (financing) were NT$184,958,425 thousand.

(3) The unutilized portions of letters of credit issued by banks for importing raw materials was NT$7,838,544 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 on 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, the investee of the Company, borrowed credit line of US$2,537.5 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.

(7) Formosa Resources Corp., the investee of the Group, borrowed credit line of totaled US$430 million from several banks for operating need. According to the requirements of the bank, the Company is required to issue a commitment letter limited to the Company's direct shareholding 25% to ensure the borrower has fulfilled its obligation for repayment.

(8) Formosa Resources Corp. the investee of the Company, and Formosa Steel IB Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed credit line of US$550 million from banks 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

The Company's board of directers resolved to subscribe for 180 million shares in the cash capital increase of Formosa Grandseas Bunkering and Trading Corporation with a total of NT$1,800,000 thousand on February 24, 2023. Fund of NT$152,209 thousand was injected in May 2023, then another NT$356,400 thousand was injected in January 2024.

12. OTHERS

(1) Categories of financial instruments

	As of	
Financial Assets	December 31, 2023	December 31, 2022
	NTD	NTD
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$1,641,598	$1,562,720
Financial assets at fair value through other comprehensive income	71,143,946	59,427,290
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	33,945,904	32,393,592
Notes and accounts receivable, net (including related party)	49,884,042	56,193,040
Finance lease receivables	138,883	150,310
Other receivables	11,132,320	15,840,480
Subtotal	95,101,149	104,577,422
Financial assets for hedging	55,507	829
Total	$167,942,200	$165,568,261

Financial Liabilities	As of December 31, 2023	As of December 31, 2022
	NTD	NTD
Financial liabilities at amortized cost:		
Short-term borrowings	$111,581	$6,580,576
Short-term notes and bills payable	-	16,400,000
Notes and accounts payable (including related party)	17,947,826	19,593,279
Other payables (including related party)	16,658,784	18,562,453
Bonds payable (including current portion)	25,850,000	29,200,000
Long-term borrowings	2,000,000	-
Lease liabilities	84,893	146,837
Total	$62,653,084	$90,483,145

(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.

Foreign currency risk

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$935,744 thousand and NT$389,911 thousand for the years ended December 31, 2023 and 2022, 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 at 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$5,000 thousand and NT$57,278 thousand for the years ended December 31, 2023 and 2022, 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 financial assets measured at fair value through profit or loss and financial assets measured at 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$566,875 thousand and NT$489,103 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, accounts receivable from top ten customers represented 67.53% and 72.76% 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. 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, 2023.

(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, 2023							
Borrowings	$112,875	$2,034,800	$	$	$	$	$2,147,675
Accounts payable	17,947,826						17,947,826
Other payables	16,658,784						16,658,784
Bonds payable	5,693,381	5,290,310	6,902,594	3,929,944	1,058,062	3,174,186	26,048,477
Lease liabilities	59,415	3,925	3,839	3,148	1,709	14,294	86,330
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

Derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2023					
Inflows	$55,507	$-	$-	$-	$55,507
Outflows	-	-	-	-	-
Net	$55,507	$-	$-	$-	$55,507
December 31, 2022					
Inflows	$829	$-	$-	$-	$829
Outflows	-	-	-	-	-
Net	$829	$-	$-	$-	$829

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, 2023:

	Short-term loans	Short-term notes and bills payable	Other payables to related parties	Bonds payable (including current portion)	Long-term loans	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2023.1.1	$6,580,576	$16,400,000	$144,497	$29,200,000		$146,837	$200,601	$52,672,511
Cash flows	(6,468,995)	(16,400,000)	326,354	(3,350,000)	2,000,000	(91,353)	39,281	(23,944,713)
Non-cash changes						29,409	(627)	28,782
2023.12.31	$111,581		$470,851	$25,850,000	$2,000,000	$84,893	$239,255	$28,756,580

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

(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, 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 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 related 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$1,641,598	$-	$1,641,598
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	56,687,481	-	14,456,465	71,143,946
Financial assets for hedging				
Energy commodity swap contracts	55,507	-	-	55,507

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

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, 2023 and 2022.

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
2023.1.1	$10,517,040
Acquisition	500,000
Proceeds from capital reduction	(6,848)
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	3,446,273
2023.12.31	$14,456,465

	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

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, 2023:

	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%~20.70%	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$1,767,451 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$39,384 thousand

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

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, 2023

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to note 6(10))	$-	$-	$406,867	$406,867

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

(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, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$1,360,397	30.735	$41,811,802	$850,089	30.708	$26,104,533
EUR	135	33.975	4,587	227	32.703	7,424
YEN	9,470	0.217	2,055	68,345	0.231	15,788
Long-term equity investments － equity method						
USD	$476,784	30.735	$14,653,945	$473,280	30.708	$14,533,481
Financial liabilities						
Monetary items:						
USD	$424,653	30.735	$13,051,710	$460,178	30.708	$14,131,146
EUR	1,465	33.975	49,773	537	32.703	17,562
YEN	841,152	0.217	182,530	59,711	0.231	13,793

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$1,284,120 thousand and NT$5,152,726 thousand for the years ended December 31, 2023 and 2022, 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

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 33,633,429 thousand; financing to related party and party with business transaction is limited to 25% of the Company’s net asset 84,083,572 thousand; financing to others is limited to 20% of the Company’s net asset 67,266,857thousand.	Financing to others is limited to 50% of the Company's net asset 168,167,143 thousand; financing to nonbusiness but in need for capital is limited to 40% of the Company’s net asset 134,533,714 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	4,092,440	1,565,422	1,565,422		(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Group Ocean Investment Corporation	Other receivables from related parties	No	1,335,840	948,375	768,375		(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	10,600,000	7,620,000	2,520,000		(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Steel IB PTY LTD	Other receivables from related parties	Yes	1,700,000	1,622,500	1,622,500		(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		
					Total	$25,756,297	$6,476,297								

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	Formosa Group (Cayman) Limited	(6)	$218,617,286	$8,104,750	$7,683,750	$7,683,750	N/A	2.28	The Company may provide endorsement/guarantee to others but shall not exceed 130% of its net assets. The limit is 437,234,572 thousand. For endorsement/ guarantee to individual entity, the amount is limited to 50% of the limit.	N	N	N
0	The Company	FPCC USA, INC	(2)	218,617,286	324,190	307,350	307,350	N/A	0.09	〃	Y	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, 2023 (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, 2023 Shares (In thousand)	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	$10,411,661	2.07%	$79.20	
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	11,917,759	2.26%	66.50	
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	3,025,760	0.83%	62.30	
The Company	Stock －National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income–current	60,082	4,223,755	19.44%	70.30	
The Company	Stock －Nan Ya Technology Corporation	-	Financial assets at fair value through other comprehensive income–current	334,815	26,115,602	10.81%	78.00	
The Company	Stock －TSRC Corporation	-	Financial assets at fair value through other comprehensive income–current	41,201	992,944	4.99%	24.10	
The Company	Fund－Mega USD Fend-Shou Private Market Fund	-	Financial assets at fair value through profit or loss–current	4,554	1,641,598	-	360.45	
The Company	Stock －Formosa Ha Tinh (Cayman) Limited	Others	Financial assets at fair value through other comprehensive income–non-current	621,178	6,873,088	11.43%	11.06	
The Company	Stock －Asia Pacific Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current	8,950	304,031	2.11%	33.97	

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of December 31, 2023				Note
				Shares (In thousand)	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	
The Company	Stock －Formosa Network Technology Corporation	-	Financial assets at fair value through other comprehensive income–non-current	2,925	265,371	12.50%	90.73	
The Company	Stock －Formosa Heavy Industries Corporation	Others	Financial assets at fair value through other comprehensive income–non-current	25,350	201,283	1.26%	7.94	
The Company	Stock －Formosa Ocean Group Marine Investment Corporation	-	Financial assets at fair value through other comprehensive income–non-current		6,307,880	19.00%	2,405,751.39	
The Company	Stock －Amtrust Capital Corporation	-	Financial assets at fair value through other comprehensive income–non-current	3,750	31,266	3.91%	8.34	
The Company	Stock －Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	1,390	11,039	1.97%	7.94	
The Company	Stock －Idemitsu Formosa Specialty Chemicals Corporation	Joint venture	Financial assets at fair value through other comprehensive income–non-current	50,000	462,507	-	9.25	

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, 2023		Purchase (Note 3)		Sell (Note 3)				As December 31, 2023	
					Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Price	Book Cost	Gain / Loss	Shares (In thousand)	Amount
The Company	Stock	Financial assets at fair value through other comprehensive income–non-current	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	-	$-	50,000	$500,000	-	$-	$-	$-	50,000	$500,000 (Note 5)
The Company	Stock	Investments accounted for using the equity method	Formosa Resources Corporation	Associate	830,047	8,300,471 (Note 5)	79,860	798,600	-	-	-	-	909,907	9,099,071 (Note 5)

Company	Securities Category (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	As January 1, 2023		Purchase (Note 3)		Sell (Note 3)				As December 31, 2023	
					Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Price	Book Cost	Gain / Loss	Shares (In thousand)	Amount
The Company	Stock	Investments accounted for using the equity method	Formosa Smart Energy Tech Corporation	Associate	100,000	1,000,000 (Note 5)	75,000	750,000	-	-	-	-	175,000	1,750,000 (Note 5)
The Company	Stock	Investments accounted for using the equity method	NKFG Corp.	Joint venture	99,720	997,200 (Note 5)	38,250	382,500	-	-	-	-	71,342	1,379,700 (Note 5)

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 accounted 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	$82,553,106 7,004,036	11.59 1.11	30 days after receiving the goods	N/A	N/A	$5,169,432 387,859	11.50 2.16	
The Company	Nan Ya Plastics Corporation	Entity with significant influence over the Company	Sales Purchases	21,696,808 1,369,750	3.04 0.22	30 days after receiving the goods	N/A	N/A	1,384,442 151,679	3.08 0.84	

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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 Chemicals & Fibre Corporation	Entity with significant influence over the Company	Sales Purchases	139,662,953 32,129,651	19.60 5.09	30 days after receiving the goods	N/A	N/A	8,629,971 3,520,956	19.19 19.61	
The Company	National Petroleum Co., Ltd.	Others	Sales Purchases	21,456,421 -	3.01 -	60 days after receiving the goods	N/A	N/A	2,142,050 3,854,833 (Notes Receivable) -	4.76 99.99 - -	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	Sales Purchases	14,803,267 -	2.08 -	30 days after receiving the goods	N/A	N/A	1,311,670 -	2.92 -	
The Company	Formosa Taffeta Co., Ltd	Others	Sales Purchases	9,875,208 2,941	1.39 0.00	30 days after receiving the goods	N/A	N/A	434,086 -	0.97 -	
The Company	Nan Chung Petrochemical Corp.	Others	Sales Purchases	1,461,863 -	0.21 -	30 days after receiving the goods	N/A	N/A	839 -	0.00 -	
The Company	Caltex Taiwan Corporation	Joint venture	Sales Purchases	7,186,584 -	1.01 -	30 days after receiving the goods	N/A	N/A	711,930 5,453	1.58 0.03	
The Company	Simosa Oil Corporation	Associate	Sales Purchases	4,385,853 -	0.62 -	30 days after receiving the goods	N/A	N/A	207,873 -	0.46 -	
The Company	Formosa BP Chemicals Corporation	Others	Sales Purchases	2,059,059 469,579	0.29 0.07	30 days after receiving the goods	N/A	N/A	221,456 59,852	0.49 0.33	
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Others	Sales Purchases	964,540 -	0.14 -	30 days after receiving the goods	N/A	N/A	28,455 -	0.06 -	
The Company	TMS Corp.	Others	Sales Purchases	2,780,361 -	0.39 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	Formosa Kraton Chemical Co., Ltd.	Joint venture	Sales Purchases	863,091 -	0.12 -	30 days after receiving the goods	N/A	N/A	7,839 -	0.02 -	
The Company	Mai-Liao Power Corporation	Associate	Sales Purchases	213,885 -	0.03 -	30 days after receiving the goods	N/A	N/A	9,830 -	0.02 -	
The Company	Formosa Plastics Marine Corporation	Associate	Sales Purchases	248,794 -	0.03 -	30 days after receiving the goods	N/A	N/A	27,307 477	0.06 -	
The Company	Formosa Waters Technology Co., Ltd.	Others	Sales Purchases	- 130,711	- 0.02	30 days after receiving the goods	N/A	N/A	- 1,809	- 0.01	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	Sales Purchases	408,485 72,096	0.06 0.01	30 days after receiving the goods	N/A	N/A	53,195 7,699	0.12 0.04	

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	$8,629,971	13.47	-	-	$8,629,971	NA	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	5,169,432	11.62	-	-	5,169,432	NA	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	1,384,442	11.89	-	-	1,384,442	NA	
The Company	National Petroleum Co., Ltd.	Others	5,996,883	4.34	-	-	4,144,382	NA	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	1,311,670	11.35	-	-	1,311,670	NA	
The Company	Formosa Taffeta Co., Ltd	Others	434,086	22.64	-	-	434,086	NA	
The Company	Formosa BP Chemicals Corporation	Others	221,456	13.74	-	-	221,456	NA	
The Company	Simosa Oil Corporation	Associate	207,873	12.85	-	-	207,873	NA	
The Company	Caltex Taiwan Corporation	Joint venture	711,930	11.69	-	-	711,930	NA	
	Other receivables from related parties								
The Company	Formosa Heavy Industries Corporation	Others	2,520,000	-	-	-	-	NA	
The Company	Formosa Steel IB PTY LTD	Others	1,622,500	-	-	-	-	NA	

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 (Note 3)
0	The Company	Formosa Oil (Asia Pacific) Corporation	1	Sales revenue	$14,803,267	Prices similar to those with non-related parties	2.08%
				Accounts receivable	1,311,670	Receive in the following month	0.32%
1	Formosa Oil (Asia Pacific) Corporation	The Company	2	Labor force revenue	90,250	Prices similar to those with non-related parties	0.01%
				Accounts receivable	420,422	Receive in the following month	0.10%
2	Formosa Petrochemical Transportation Corporation	The Company	2	Labor force revenue	516,754	Prices similar to those with non-related parties	0.07%
				Accounts receivable	13,364	Receive in the following month	0.00%
3	FPCC DILIGENCE Corp.	The Company	2	Labor force revenue	665,452	Prices similar to those with non-related parties	0.09%

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, 2023 (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, 2023	Balance at December 31, 2022	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	$2,235,995	$332,045	$332,045	
The Company	Formosa Petrochemical Transportation Corporation	ROC	Transportation	176,019	176,019	19,378	88.00	317,162	47,500	41,799	
The Company	Formosa Grandseas Bunkering and Trading Corporation	ROC	Retail of petrochemical	152,209	-	15,221	60.00	146,000	(9,696)	(6,209)	
The Company	FPCC USA, INC.	US	Oil drilling	1,637,968	1,637,968	10	100.00	2,097,285	62,512	62,512	
The Company	FPCC DILIGENCE Corp.	Liberia	Ship chartering	894,723	894,723	-	100.00	(26,212)	100,253	100,253	
The Company	FPCC MAJESTY Corp.	Liberia	Ship chartering	1,092,467	1,092,467	-	100.00	1,870,766	49,315	49,315	
The Company	FPCC NATURE Corp.	Liberia	Ship chartering	1,126,902	1,126,902	-	100.00	1,932,443	51,879	51,879	
The Company	FG INC.	US	Investing	6,506,856	6,506,856	11	57.00	6,287,670	(33,835)	(19,285)	
The Company	Mai-Liao Power Corporation	ROC	Electricity generation	5,985,983	5,985,983	764,257	24.94	13,806,041	12,446,276	3,104,587	
The Company	Yi-Chi Construction Corporation	ROC	Construction	18,508	18,508	1,695	40.55	27,750	(55)	(22)	
The Company	Mailiao Harbor Administration Corporation	ROC	Harbor manage	1,348,137	1,348,137	98,907	44.96	2,499,130	627,210	281,979	
The Company	Formosa Development Corporation	ROC	Development of land	229,970	229,970	52,302	45.99	728,056	(13,609)	(6,259)	
The Company	Formosa Marine Corporation	ROC	Transportation	20,000	20,000	15,542	20.00	719,690	670,573	134,114	
The Company	Simosa Oil Corporation	ROC	Retail of other oil products and manufacturing	54,000	54,000	41,748	20.00	682,480	648,307	129,662	
The Company	Caltex Taiwan Corporation	ROC	Retail of petrochemical products and airport refueling	21,501	21,501	2,400	50.00	84,876	77,613	38,806	
The Company	Formosa Environmental Technology Corporation	ROC	Crop cultivating, Disposals of waste and sewage	417,145	417,145	41,714	24.34	234,986	12,839	3,125	
The Company	Formosa Plastics Synthetic Rubber(HK)	HK	Investing	4,244,064	4,244,064	138,333	33.33	1,656,675	(492,590)	(164,180)	

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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, 2023	Balance at December 31, 2022	Number of shares (in thousand)	Percentage	Amount			
The Company	Formosa Kraton Chemical Co., Ltd.	ROC	Synthetic Rubber Manufacturing	1,237,500	1,237,500	-	50.00	1,553,797	542,127	271,063	
The Company	Formolight Technologies, Inc.	ROC	LED	80,361	80,361	8,036	39.43	53,894	9,005	3,551	
The Company	Formosa Resources Corporation	ROC	Mining	9,099,071	8,300,471	909,907	25.00	7,714,129	(3,064,624)	(766,156)	
The Company	Formosa Group (Cayman) Limited	Cayman	Investing	377	377	13	25.00	835,318	274,623	68,656	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	ROC	Retail of petrochemical products	750,000	750,000	75,000	50.00	-	(196,246)	(60,630)	
The Company	NKFG	ROC	Electronic components manufacturing & selling	1,379,700	997,200	71,342	45.00	701,380	(171,229)	(77,053)	
The Company	Nan Ya Photonics Incorporation	ROC	Lighting equipment manufacturing	270,584	270,584	10,522	22.83	265,009	100,680	23,018	
The Company	Formosa Smart Energy Tech Corporation	ROC	Manufacture of power generation, transmission and distribution machinery	1,750,000	1,000,000	175,000	25.00	1,733,910	(67,630)	(16,908)	
Formosa Oil (Asia Pacific) Corporation	TMS Corp.	ROC	Vehicle and parts export and import	40,000	40,000	3,920	49.00	60,680	20,695	9,870	
Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd.	ROC	Retail of petrochemical	167,323	167,323	16,463	53.80	177,855	8,498	4,572	
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	5,557	143	29	
Formosa Petrochemical Transportation Corporation	Whalehome International Corp., Ltd.	ROC	Retail of petrochemical	48,209	48,209	4,801	15.69	51,864	8,498	1,333	
FG INC.	FG LA LLC	US	Petrochemical products manufacturing & selling	11,088,287	11,029,430	-	100.00	10,803,581	(32,214)	(32,214)	

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, Formosa Grandseas Bunkering and Trading 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, 2023 (Note 3)	Balance at December 31, 2023 (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	$1,117,998	$2,235,995

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, 2023: None.

(c) Securities held as of December 31, 2023:

Shares：In thousand

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of December,31 2023			
				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	$50,393	0.23%	$70.30
Formosa Oil (Asia Pacific) Corporation	Stock－North-Star Petroleum Co., Ltd.	-	Financial assets at fair value through other comprehensive income－current	11,617	607,587	3.56%	52.30
Formosa Oil (Asia Pacific) Corporation	Stock－Tai Yi Feng Corporation	-	Financial assets at fair value through other comprehensive income－non-current	2,500	98,054	5.00%	39.22

(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: Please refer to Notes 6(4) and 12.

(j) Significant inter-company transactions: None.

C. Investment in Mainland China as of December 31, 2023

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investees company net income (Note2)	Percentage of Ownership	Share of Profits/Losses (Note2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Formosa Plastics Synthetic Rubber (Ningbo)	Synthetic Rubber Manufacturing	US$415,000 NT$12,755,025	(2)	US$138,333 NT$4,244,059		- -	US$138,333 NT$4,244,059	NT$(492,590)	33.33%	NT$(164,180)	NT$1,656,675	$-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
US$138,333 NT$4,244,059	US$138,333 NT$4,244,059	NT$204,730,919

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

Shares / Major shareholders	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.