

FORMOSA PLASTICS CORPORATION

2023 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK

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

MAY 30, 2023

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FORMOSA PLASTICS CORPORATION

2023 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Extraordinary Motions
6. Meeting Adjourned

FORMOSA PLASTICS CORPORATION

2023 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time : 10:00 a.m., Tuesday, May 30, 2023

Venue : Illume Taipei
(NO. 100, Dun Hua North Road, Taipei, Taiwan)

Means : Physical Shareholders' Meeting

1. Report Items

- (1) 2022 Business Report
- (2) Audit Committee' Review Report on the 2022 Financial Statements
- (3) Distribution of 2022 Employees Compensation
- (4) Distribution of 2022 Cash Dividend

2. Ratification Items

- (1) Please approve the 2022 Business Report and Financial Statements as required by the Company Act.
- (2) Please approve the Proposal for Distribution of 2022 Profits as required by the Company Act.

Report Items

1. About the Company's results of operation for fiscal year 2022, please refer to Business Report for further details (on page 4 of the Handbook) which is hereby reported for record.
2. The Company's Audit Committee members reviewed the 2022 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Audit Committee's Review Report (on page 20 of the Handbook).
3. The Company has issued the report on compensation distributed to its employees for 2022.

The pre-tax profit prior to deducting employees' compensation distributable for 2022 is NTD 42,638,874,023. The Company has no accumulated losses. Adopted by the Board Meeting on March 10, 2023, 0.13% of the profit is allocated as employees' compensation in accordance with Article 39 of the Articles of Incorporation. The total allocated amount is NTD 55,483,170 which shall be distributed in cash. The above is hereby reported for record.

4. The Company has issued the report on cash dividend distribution for 2022.

Adopted by the Board Meeting of the Company on March 10, 2023 in accordance with Article 40 of the Articles of Incorporation, the Company will distribute total amount of cash dividend NTD 26,736,111,280 with NTD 4.2 per share for 2022 which will be paid after Board Meeting sets the record date.

Formosa Plastics Corporation 2022 Business Report

1. 2022 Business Report:

The Company (Formosa Plastics Corporation) generated consolidated sales of NTD 251.64bn in 2022, reaching 91% of its target of NTD 277.06bn and was down by 8% from NTD 273.59bn generated in 2021. Consolidated pre-tax profit came in at NTD 43.79bn in 2022, reaching 64% of its target of NTD 68.11bn and declined by 49% from NTD 85.95bn generated in 2021.

It is a challenging year in 2022. In the first quarter, the outbreak of the war between Russia and Ukraine pushing up the price of crude oil, natural gas, coal and other energy prices drove up the price of petrochemical products. In the first half of the year, the consolidated sales and pre-tax profit of the Company reached a new historical high during the same period. However, in the second half the year, the inflation and the accelerated interest rate lifting in the US and Europe affected consumer purchasing power, and both of production and consumption were hindered by the recurrent waves of COVID-19 pandemic, which led to an economic slowdown. The petrochemical industry was not spared. The plummeting product prices on muted demand resulted in a sharp contrast between the industry's boom in the first half of the year and a slump in the latter half of the year. As a result, the Company's consolidated revenue in 2022 decreased by 8% from 2021 and operating profit of NTD 26.79bn was down by NTD 33.36bn from 2021 with a decrease of 55%, mainly due to the narrowed spreads from the most products as their average selling prices could not fully reflect the cost of raw material.

Even though the total cash dividend revenue in 2022 was NTD 8.44bn with an increase of NTD 5.44bn from 2021, the equity income from investees including Formosa Petrochemical Corp. and Formosa Plastics Corp., U.S.A.(FPC-USA) lowered by NTD 17.69bn from 2021 to NTD 5.44 bn in 2022. The decrease has led the Company's pre-tax profit to decline significantly by 49% YoY.

Looking back at 2022, the war between Russia and Ukraine triggered financial sanctions on oil and gas, and boosted up energy and commodity prices that impacted the global supply chain and caused inflation surge. In an attempt to curb the soaring inflation, countries such as the US and Europe instituted a series of aggressive interest rate hikes and tightened their monetary policies, which has plunged the economy into severe contraction. In addition, the escalation of the trade war between the US and China, COVID-19 policy and the property market situation in China, global climate change, recurrent waves of COVID-19 pandemic and other crisis also led to the economy further towards the trend of de-globalization and set back global trade developments. This appeared to impact Taiwan as its GDP growth of 2022 below 3%. Although Taiwan's economy has been performing well for quite long time, with GDP per capita reaching USD 30, 000, many problems have emerged along with its economic and industrial developments that need to be solved by the government and industry together.

Taiwan has an independent power grid system, and a stable power supply is the primary goal of the economic stability and development. Since 2016, Taiwan government has been promoting the energy policy of "Promote Green Energy, Increase Natural Gas, Reduce Coal-Fired Power, and Achieve Nuclear-free", aiming to replace nuclear electricity with natural gas power and renewable energy. However, the energy shortage issue is still not solved under the situation of the lagged construction progress of renewable energy and the unstable power supply. Besides, Taiwan is highly dependent on imported natural gas. In the face of energy shortage and the delayed construction of gas receiving stations, the industry not only was forced to reduce production, but was also pressured to cooperate with some local governments in transitioning away from coal power, which are uncondusive to the long-term development of the industry.

The pursuit of net-zero carbon emission has been the internationally agreed upon goal to fight against global warming and climate change. The Company, as a global corporate citizen, has committed to achieving carbon

neutrality by 2050. However, Taiwan authorities ruling out nuclear energy as an option to the road to net zero has plunged Taiwan into a power shortage crisis, and as aforementioned, making it more difficult for the industry to achieve carbon neutrality goals. Meanwhile in Europe, under the Carbon Border Adjustment Mechanism (CBAM), the importers of certain goods will be required to report on their emissions starting in 2023, while the obligation for importers to pay a levy will kick off in 2027. The countries around the world are expected to follow suit, and if Taiwan is not able to come up with a carbon pricing or carbon control mechanism soon to meet the international carbon reduction requirements, it will adversely affect Taiwan's global competitiveness.

Moreover, Taiwan has been excluded in both the "Comprehensive and Progressive Agreement for Trans-Pacific Partnership" (CPTPP), which has long been in place, and the world's largest free trade deal "Regional Comprehensive Economic Partnership" (RCEP), which has entered into force in 2022. In the short term, the impact of long timeline of tariff reduction under RCEP and the not high rate of cut would be limited for Taiwan as already 70% of the exports to ASEAN region are duty-free and that some Taiwanese companies have set up manufacturing facilities in Southeast Asia. In the long term, however, it is expected to rise pressure on tariff as Taiwan's free trade agreement (FTA) coverage is standing at less than 10%. As an export-oriented country, this is casting out concerns over Taiwan's economic growth momentum, particularly in petrochemical, steel and textile industries, as RCEP would provide an access within Asia, Australia and New Zealand to link their resources and reshape APAC supply chain.

In the face of the crises and challenges mentioned above, the Company recommends the government to establish pragmatic energy transition policies, especially at a time when the war between Russia and Ukraine has plunged the European countries that are highly dependent on natural gas into a dilemma of high energy prices and shortage. The government should deploy diversified energy sources, carefully evaluate the extension of existing nuclear power plants under safe circumstances,

and assess the feasibility of developing an advanced small modular reactors (SMR) to ensure stable energy supply. The authorities should construct carbon pricing policies and measures that are in line with international carbon market to minimize the gap with international rules, and provide the support to small and mid-size enterprises in reducing carbon footprint. In addition, they should actively participate in regional economic and trade integration with key trading partners to offset the negative impact that RCEP has brought on Taiwan. The Company hopes the Taiwan government would work with the industry to build a friendly and sustainable investment development environment.

In response to the depressed demand and supply bottlenecks in petrochemical industry amid global political and economic challenges, the Company adheres to the guidance of “Sustainable Operation, and Positive Contribution to Society” ruled by our two founders. By utilizing the advantages of our R&D technology and economies of scale for production capacity accumulated over many years in the industry, the Company and the downstream companies has jointly developed a functional fabric that is fully recyclable, lightweight, antibacterial and organic, aiming to enhance the value of the products and sales volume while improving human’s well-being and quality of life. It is used in apparel productions from industrial, medical, consumer to sports industries such as EVA foam footwear, carbon fiber work boots, 100% polypropylene clothing, etc.

The Company has deepened the development and application of artificial intelligence (AI) technology and digital transformation, and combined AR, VR, and digital twinning technology to realize the application of the Metaverse, and gradually developed AI modules for optimizing the entire factory and digitizing operations, moving towards intelligent factories to improve operational performance. In 2022, 188 out of 415 AI projects completed with an estimated annual benefit of NTD 600 million. Aside from this, in an effort to cultivate existing talents, the Company continues to provide business managers and outstanding talents the training courses from professional institution such as Taiwan Artificial Intelligence School. As of 2022, 88 employees have completed the training

courses. In order to cultivate more cutting-edge talents, improve the development technology, accelerate process, and lay a solid foundation for digital transformation, the Company provided systemic training courses at all stages, interacted and cooperated with other companies, academic institutions, domestic and foreign experts, and established an AI exchange platform to hold competitions. Furthermore, an automatic machine learning and data lake platform will be built in 2023 in response to the needs of data integration and operation after AI models went online. This is to utilize automated processes in order to reduce the difficulty of maintaining AI models and ensure smooth operation. The Company established a dedicated team for information security in order to strengthen and implement information security measures from these three aspects of management, technology and training.

Furthermore, to achieve the digital transformation goal of customer-centricity and develop towards a smart production and marketing system, following the establishment of the “Formosa Plastics E-Commerce Platform” in 2021, the Company established a combat center in 2022 in order to integrate real-time information required for operation and management and to improve operational efficiency. The Company would conduct reviews on production, sales, R&D and effectiveness of market expansion on a regular basis, keep abreast of the industry trend, and form strategic alliance with customers as well as with the related industries to improve technology and develop new products and applications. Jointly apply for patents to support market development and create a win-win situation with customers.

Meanwhile, in an attempt to develop circular economy, promote project improvements, reduce the consumption of water, energy, and the utility usage volume per unit, the Company accomplished 1,104 projects in 2022 with an annual benefit of NTD 680 million. By the means mentioned above, the Company is able to gradually pursue the rationalization, strengthen the business essence, and mitigate the impact of various operating challenges on the Company.

Moreover, the two founder's offices in the Kaohsiung plant, the birthplace of Formosa Plastics Group, were registered as monument by Kaohsiung City Government. The "Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park" was established in the 2.5 hectares' original site. The restoration was completed and opened to the public from April 2022. The Company, its China Ningbo and the US subsidiaries mainly produce plastics and chemical fiber raw materials. In 1H22, demand from downstream processors of PVC remained strong compared to the previous year, leading to the increase in the price and sales volume. However, the sales volume of PVC in 2022 declined by 3.5% to 1,610K MT from 2021, given (1) the demand in American or European housing and automotive market declined significantly in 2H22 due to accelerated interest lifting against the high inflation, and (2) orders from processing customers decreased sharply due to strict pandemic restrictions policy in China. In 1H22, the sales of caustic soda benefitted from favorable EDC prices, and the peers in Europe reduced production caused by rising energy prices due to the outbreak of the war between Russia and Ukraine, making the customers turn to Asia for procurement, and leading to increased productions and sales for caustic soda plants of the Company. However, the sales volume of caustic soda in 2022 declined by 4.3% to 1,460K MT from 2021, because the Company adjusted production rate during peak and off-peak time after considering the poor profit synergy for EDC and caustic soda, as the market reversed due to inflation and interest rate lifting in 2H22.

The sales volume of high density polyethylene (HDPE) in 2022 decreased by 24.1% to 360K MT from 2021, given (1) the weak global economic growth amid high inflation triggered by the war between Russia and Ukraine and interest rate lifting in the US, and (2) the falling demand under the strict pandemic restriction policy in China made the price overwhelmed by the variable cost. The sales volume of polyethylene vinyl acetate (EVA) in 2022 decreased by 6.8% to 274K MT from 2021, because of the slowdown in the global economy and the decrease in demand in China, coupled with the reduced production due to the regular

maintenance at Mailiao and Ningbo EVA plants. The sales volume of linear low density polyethylene (LLDPE) in 2022 decreased by 0.8% to 480K MT from 2021 as the same reasons abovementioned, which resulted in lower sales volume by 27.1% in Taiwan plants, but it was partially offset by the increasing productions and sales volume of HDPE plants from the US subsidiary, Formosa Industries Corp. The sales volume of acrylic esters (AE) in 2022 decreased by 7.2% to 532K MT from 2021, given (1) the weak demand for house coatings and packaging tapes due to high inflation and interest rate lifting in various counties depressed the demand of raw materials, and (2) the downstream customers gave priority to destocking existing inventory and purchasing based on immediate demand. The sales volume of carbon fiber in 2022 decreased by 9.5% to 6K MT from 2021 as the Company improved the sales mix through strategically increasing production of high-value-added products with better profitability and reducing the 48K large-tow carbon fiber with low margin. The Company's supply of N-butanol (NBA) is mainly for captive use by AE plants at Taiwan and Ningbo and sales volume in 2022 increased by 3.2% to 220K from 2021 MT, because the Company resumed normal operation in 2022 after the replacement of catalyst in 2021. The sales volume of super absorbent polymer (SAP) in 2022 increased by 14.1% to 192k MT from 2021 due to the order won from Middle East and Turkey market where the local player's productions were constraints by the shortage of raw materials, acrylic acid.

The sales volume of Polypropylene (PP) in 2022 decreased by 22.1% to 746K MT from 2021, given (1) the production in 1H22 decreased because of the upgrade of granulators at Linyuan PP plant, (2) the retailer focused on destocking due to the weakened customer purchasing power triggered by the severe situation of the war between Russia and Ukraine, and inflation, and (3) the weak demand in China because of the strict pandemic restrictions policy. The sales volume of AN in 2022 decreased by 28.2% to 201K MT from 2021, given (1) the shrinking terminal demand due to intensified inflation, (2) the peers in China added the new capacity, which resulted in the sharp decline in the demand for import, and

(3) the peers aggressively exported to make the fierce competition. The sales volume of methyl methacrylate (MMA) in 2022 declined by 24.6% to 64K MT from 2021, due to a significant decline in demand for both consumer and durable goods triggered by the slowdown in economic growth. On the other hand, as the supply and demand in the US and Europe have stabilized, Asian suppliers, who used to rely on exports to clear inventory, have been forced to compete within the region. This has resulted in a severe oversupply in the spot market. The sales volume of epichlorohydrin (ECH) in 2022 decreased by 9.4% to 87K MT from 2021 because of the weaker than expected downstream Epoxy demand during the downcycle in tech sector.

In terms of capacity expansion, in order to strengthen the competitiveness and enhance the product's added value, the Company aggressively expanded its capacities and conducted debottleneck projects. In Taiwan Complex, the debottleneck project of PP plant in Linyaun with new capacities by 10K MT to 484K MT per annum has been completed in 1H22. The debottleneck project of PVC plants in Renwu, Linyaun and Mailiao with new capacities by 100K MT to 1,415K MT per annum is expected to be completed in 2023. In addition, the Company has set up a medical material center in Renwu to produce medical-grade compound resin and natural antibacterial materials such as PVC, PE and PP. It is expected to be completed and commerce in 2023. The expansion project of Renwu carbon fiber series A with an annual output of 1,600 MT is expected to be completed in 1H25.

In Ningbo Complex, the EVA debottleneck project with new capacity by 28K to 100K MT per annum has been completed and started production in 2022. The new PDH plant with annual capacity of 600K MT propylene is expected to be completed and commence production in 2H23. In the US Complex, the new Texas 1-hexene plant with annual capacity of 100K MT is planned to be completed at the end of 2025.

Furthermore, in Kaohsiung, the Company's storage tank in Qianzhen District will be moved to the Phase II intercontinental petrochemical zone in order to follow the local urban development plan. The Company has

rent the land and dock from Kaohsiung Taiwan International Ports Corporation for petrochemical usage and will build 12 storage tanks and 1 salt warehouse, which are expected to be completed by 1H25. In addition, in order to increase the storage space of the Linyuan factory area and strengthen research and development, it is planned to build a new Linyuan joint shipping center and a R&D building, which are expected to be completed at the end of 2024.

In terms of equity investments, FPC-USA's (22.66% owned by the Company) pre-tax income of USD 726 million declined from 2021 due to the war between Russia and Ukraine has led to a global surge in energy prices. In addition, the United States Federal Reserve accelerated interest rate hikes to curb the persistent inflationary pressure. The global supply and demand chain have become imbalanced due to factors such as China's mainland epidemic prevention and control policies. As a result, the prices of major products of the Company have dropped significantly since 3Q22, leading to a decrease in profits.

In addition, Fujian Fuxin Special Steel Co., Ltd. (29.16% owned by the Company) struggled and continued to operate at loss in 2022 as demand deteriorated amidst rising energy prices in Europe, China lockdowns, and global high inflation environment. Moreover, in order to ease the debt pressure in the real estate market, China announced various fiscal stimulus, but the effect was minimal, resulting in a significant reduction in steel demand. At the same time, Chinese government promoted carbon neutrality, implemented energy consumption dual control, and limited electricity production. It is expected that the pandemic prevention control in China will be gradually loosened, and stimulus policies to boost domestic demand will be rolled out, and the stainless steel market is expected to rebound in 2023.

In terms of research and development, the Company spent NTD 3bn on R&D in 2022, accounted for 1% of the Company's revenues. These R&D expenses were mainly spent on new formulation development, production process improvement, product quality upgrade, energy consumption saving, and human resources cultivation to increase added

value and lower cost. In 2022, the Company completed 59 R&D projects with an annual benefit of NTD 150 million. Meanwhile, the Company conducted R&D on advanced production techniques and commercialize specialty products including micro-suspension paste PVC for low-temperature foaming application, cross-linked paste PVC for matte finish product, high efficiency baffle in the reactor, silica aerogel insulation paint, anti-fouling peritoneal dialysis silicone catheter, PERT-I type heat-resistant HDPE pipe, black HDPE compound for injection-molded pressure fittings, fully recyclable physical foaming EVA resin, modulus enhanced carbon fiber with dry jet wet spinning, intermediate modulus carbon fiber with dry jet wet spinning, high-end thermoplastic carbon fiber composite, biopropylene based SAP, biodegradable PP, post-consumer recycled resin(PCR), anti-adhesion PP paint bucket, high gloss random impact PP copolymer, which has achieved good results in increasing the added value of downstream products

In order to enhance the competitiveness, the Company actively invested in the key technology development and applied for both domestic and international patents. In 2022, the Company received approval on 40 patents, and had a total of 250 effective patents as of the end of 2022. In order to deepen the research and development foundation and continue to strengthen the connotation of industry-academia cooperation, the Company speeds up and widens the research ability, which help to shorten product development cycle by the quantum high-speed computing research resources from top domestic academic institutions. In addition, combined with the establishment of Mailiao high-end instrument center and virtual laboratories, the Company will develop forward-looking composite materials such as medical materials, energy, and green materials. Meanwhile, the Company also set up medical material center and continued to work with industry experts and academic areas to specialize ultra-high-performance PP melt-blown filter materials and zwitterionic anti-fouling compound resin, as well as natural anti-bacterial and beauty-related green products.

Regarding to the National Science and Technology Program, “Capture and Reuse of Flue Gas “, was qualified to receive the subsidy from Ministry of Economic Affairs in 2019. It was put into trial operation in December 2021 and review meeting was completed in September 2022 in Renwu Complex, which will help to promote ESG and carbon neutral development policies in the future.

On the operational safety and environmental protection front, the Company always puts emphasis on industry development and environmental protection equally. As of the end of 2022, the accumulated investments on operational safety, environmental protection, and firefighting reached NTD 28bn, which was mainly spent on controlling pollution, energy saving, waste and greenhouse gases reduction, and operational safety and firefighting improvement. The Company’s pollution treatment and emissions are better than national regulatory standards. In 2022, several business units of the Company were praised by local government on the good performance in operational safety and environmental protection front, such as, Mailiao ECH and Butanol plants praised by Yunlin government for strong performance on occupational safety and health. The Mailiao ECH factory won the Five-Star Award due to its good performance in the last three years. The Company also received the Green Procurement Excellent Unit awards separately from Department of Environmental Protection in Taipei and Kaohsiung.

In terms of greenhouse gas reduction, the Company sets short-term (20% reduction in 2025), medium-term (40% reduction in 2030) and long-term (carbon neutrality by 2050) reduction targets based on the benchmark of greenhouse gas (Scope 1 and 2) emissions in 2020 with 8.635 million MT. After a thorough test conducted by a third-party institution, the total greenhouse gas (Scope 1 and 2) emissions in 2021 was 8.604 million MT, a reduction of 31,000 MT compared with 2020, a decrease of 0.4%.

In terms of water and energy conservation and greenhouse emissions reduction, the Company accomplished 949 improvement projects in 2022. Total water saved amounted to 3,789 MT/day, while greenhouse gas

emissions reduction reached 136K MT/year. Other ongoing 1,179 improvement projects were expected to further conserve water by 8,202 MT/day and reduce greenhouse gas emissions by 389K MT/year. According to the results announced by Carbon Disclosure Project (CDP) in 2022, the Company was rated as “A-” in climate change assessment and water resources assessment. Both achievements were among the top rankings within many well-known international chemical companies, which shows that the Company’s efforts in energy saving, emission reduction and circular economy in response to climate change have achieved considerable results.

Besides, in order to enhance operational safety, prevent occupational disasters, and ensure the safety and health of labors, the Company continued to conduct overall equipment inspection, implement Standard Operating Procedures (SOP), Management of Change (MOC) and Process Hazard Analysis (PHA) operations, and strengthen inspections of machinery and equipment for improvement. For the Company’s expansion projects, supervisors and contractors are required to manage themselves and mobile cameras are installed on site to strengthen the control of operation progress to supervise whether the safety regulations of operators are implemented, and to assist supervisors to better ensure industrial safety. Besides, the company developed “Image Recognition System for Construction Site Safety” through AI and image recognition technology to set up electronic fences. It can be applied to personnel control in suspension areas, helmet belt wearing, and high-risk area management which have been tested at the expansion construction site to fulfil the need to monitor construction site 24 hours a day, implement industrial safety management, prevent productions issues, and establish a happy, friendly and healthy workplace.

In response to increasingly stringent environmental regulations, all plants are required to implement measures such as reducing VOC sources, streamlining equipment components, and gradually eliminating low-leakage equipment components. The Company also strengthen autonomous inspections by the application of infrared detector (Gas

Finder). Meanwhile, the Company enhance the management of various environmental indicators to continue promoting carbon neutrality and zero discharge of wasted water for a friendly environment.

2. Business Performance:

The consolidated operating sales of NTD 251.64bn in 2022 decreased NTD 21.95bn from NTD 273.59bn in 2021. After deducting operating costs of NTD 209.08bn and operating expenses of NTD 15.75bn, the operating income was NTD 26.79bn, with an operating profit rate of 11%. Plus net non-operating revenues and expenses of NTD 16.99bn (including net gains and losses recognized by equity method for affiliated companies and joint ventures of NTD 5.76bn), the pre-tax net income of NTD 43.79bn in 2022 dropped by 49% from 2021.

3. 2023 Business Performance Target and Outlook:

Looking ahead to 2023, due to the ongoing uncertainty from the war between Russia and Ukraine and the high interest rate in several major countries, global economy is faced with suppressed outlook. According to the forecast of the International Monetary Fund (IMF), the global economic growth rate will decline compared with 2022 and be the weakest in the near 90 years. However, the recent high inflation in the US and Europe seems to have reached the peak. The prices of energy, shipping and logistics costs, real estate and rents have fallen due to the expectation of slowing down of inflation and interest rate lifting. With increasing demand after the reopening in China, sign of recovering economy has emerged.

Nonetheless, there is still uncertainty ahead. The timing and magnitude of recovery may depend on when the war between Russia and Ukraine ends, the development of pandemic and the adjustment of pandemic prevention control policies in various countries, the interest rate hikes cycle and inflation status, and the impact of geopolitical risks on raw material prices.

The supply of petrochemical raw materials exceeded demand in the 2H22. According to the estimate of the international professional organization CMA (Chemical Market Analytics), the global annual

ethylene production capacity will increase by 10.76 million MT in 2023. In terms of demand, based on the global ethylene demand growth of 0.9x of GDP growth, demand should only increase by 4.4 million MT in 2023. While propylene net capacity increase will be 12.08 million MT in 2023, the incremental propylene demand (based on 0.6x of GDP growth) should only be 2 million MT in 2023. The supply of petrochemical products will continue to exceed demand.

After recording a historical strong performance in 2021, the war between Russia and Ukraine and deglobalization caused the rising price in food and energy in 2022, which pushed up the inflation. The Consumer Price Index (CPI) of the US and Europe hit the historical peak respectively after June 2022, which made Fed in the US and central bank in Europe lift the interest rate to depress the inflation. However, it resulted in the weak terminal demand, the declined product price, comprehensive inventory adjustment across the petrochemical and related industry chains and sharply decreased international trade logistics which could be evidenced by falling freight in 2022. The global economy depressed and the demand of Asia's petrochemical raw material sharply declined. As the CPI in various countries seems to have peaked at the end of 2022 and the prices of energy, raw materials and shipping logistics costs have fallen, the market expects inflation to decrease quarter by quarter. As the interest rate hikes cycle may normalize, and consumer confidence may also improve, the demand of petrochemical products is expected to gradually recover. Inventory destocking at retailers is expected to come to the end after three quarters of adjustment from the 2Q22.

Furthermore, China is the largest market for petrochemical products and the key factor of the market price. As the China government loosen the pandemic restrictions in December 2022 and cancelled lockdown in January 2023, it may face the period of economic pain intensified by the pandemic in the short term. In the long term, it is expected to achieve herd immunity early by coexisting with the virus. If the China government still promotes the economy stimulation policy and stabilize the real estate market after the meeting of the 20th National Congress of the Communist

Party, it could be a positive on the demand of petrochemical products and shorten the stock adjustment cycle. Therefore, petrochemical industry is expected to rebound from the bottom in 2023.

However, several factors will lead to the regionalization of the industrial chain, including pandemic, extreme weather, geopolitical conflicts, deglobalization, and the war between Russia and Ukraine. In addition, the new capacity from peers will make the market more competitive and the Company's operation will be more challenging.

In order to achieve sustainable operation and minimize the impact of industry fluctuations, the Company strictly monitors capital expenditures, reduces raw materials and finished product inventories, and thoroughly reviews various safety management regulations of petrochemical plants, and replaces old equipment. The Company also implements SOP, MOC, and PHA operations to eliminate potential safety hazards and allow the factory to maintain stable production with zero accidents. In terms of sales management, differentiated and high-quality products and timely services are provided to win the trust of customers. The Company will also accelerate digital transformation, use AI technology to optimize production and sales, and actively expand new customers and new markets through long-distance marketing to enhance competitiveness.

Meanwhile, to better support its future growth, the Company will continue to deepen AI development, strengthen industry-academia-research cooperation, and seek advanced technology transfer or cooperative development. To follow the success in the development of shoe materials, the Company will join with raw material suppliers, upstream and downstream supply chains through strategic alliances to enhance its technology capability and develop new products. The Company will also apply for patents for its new development to ensure its market monopoly and share future growth profits.

In addition, in the face of the global low-carbon transformation wave, and the trend of health care, technological innovation and new economic development in the post-pandemic era, the Company is committed to the research and development of environmentally-friendly and medical-grade

products, such as fully recycled plastics, anti-adhesive composite rubber resins, biodegradable and green plastics, etc. The Company will also continue to promote product transformation, create product's multiple values, promote circular economy and energy conservation and carbon reduction transformation strategies, strengthen risk control of climate change, cooperate with upstream and downstream supply chains to promote ESG transformation, and move towards carbon neutrality by 2050. The Company looks forward to strengthening its business operations through innovative and adaptable strategies, in order to mitigate operation headwinds, maintain profitability in the downturn, and fully prepare for the next upcycle in petrochemical industry.

Chairman: Jason Lin President: Jason Lin In-charge Accountant: I-Yu Chiu

Formosa Plastics Corporation

Audit Committee' Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, including Consolidated and Individual Financial Statement, and Proposal for Profits Distribution. The CPA firm of KPMG was retained to audit Formosa Plastics Corporation's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Formosa Plastics Corporation. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

Formosa Plastics Corporation
Chairman of the Audit Committee: Chi-Lin, Wei

March 10, 2023

Ratification Items Proposal 1

Proposal: For approval of the 2022 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

Explanation:

- 1.The preparation of the Company's 2022 Consolidated and Individual Financial Statements were completed. The aforementioned Financial Statement were reviewed by the Audit Committee and approved by the Board Meeting on March 10, 2023, and audited by independent auditors, Mr. Astor Kou and Mr. Winston Yu, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.
- 2.For the aforementioned Business Report, please refer to page 4 through page 19of the Meeting Handbook. As for the Financial Statements, please refer to page 23 through page 30 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items Proposal 2

Proposal: For approval of the proposal for distribution of 2022 Profits as required by the Company Act.

Proposed by the Board of Directors

Explanation:

Please refer to page 31 of the Handbook for the Statement of Profits Distribution, which has been reviewed by the Audit Committee members of Formosa Plastics Corporation and approved by the Board of Directors on March 10, 2023.

Resolution:

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(r) and 7)	\$251,647,354	100	273,598,301	100
5000	Operating costs (Notes 6(e), (g), (h), (n), (s) and 7)	<u>209,088,610</u>	<u>83</u>	<u>197,437,397</u>	<u>72</u>
	Gross profit	<u>42,558,744</u>	<u>17</u>	<u>76,160,904</u>	<u>28</u>
	Operating expenses (Notes 6(c), (g), (h), (n), (s) and 7):				
6100	Selling expenses	8,528,229	3	8,667,267	3
6200	Administrative expenses	5,339,273	2	5,535,739	2
6300	Research and development expenses	1,893,058	1	1,713,289	1
6450	Expected credit (gain) loss	<u>(1,033)</u>	<u>-</u>	<u>80,616</u>	<u>-</u>
	Total operating expenses	<u>15,759,527</u>	<u>6</u>	<u>15,996,911</u>	<u>6</u>
	Operating income	<u>26,799,217</u>	<u>11</u>	<u>60,163,993</u>	<u>22</u>
	Non-operating income and expenses (Notes 6(f), (g), (m), (t) and 7):				
7100	Interest income	380,017	-	236,164	-
7010	Other income	8,640,672	3	3,155,509	1
7020	Other gains and losses	3,250,260	1	(261,506)	-
7050	Finance costs	(1,037,054)	-	(790,439)	-
7060	Recognized share of profit of associates and joint ventures accounted for using equity method, net	<u>5,761,275</u>	<u>2</u>	<u>23,453,093</u>	<u>8</u>
	Total non-operating income and expenses	<u>16,995,170</u>	<u>6</u>	<u>25,792,821</u>	<u>9</u>
	Profit from continuing operations before tax	43,794,387	17	85,956,814	31
9300	Less: Income tax expenses (Note 6(o))	<u>7,651,519</u>	<u>3</u>	<u>14,601,503</u>	<u>5</u>
	Profit	<u>36,142,868</u>	<u>14</u>	<u>71,355,311</u>	<u>26</u>
8300	Other comprehensive income (loss) (Notes 6(o) and (p)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	143,385	-	(388,687)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	(30,720,101)	(12)	13,272,328	5
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(10,897,733)	(4)	4,745,997	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>28,677</u>	<u>-</u>	<u>(77,737)</u>	<u>-</u>
		<u>(41,503,126)</u>	<u>(16)</u>	<u>17,707,375</u>	<u>6</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	9,905,336	4	(2,696,843)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,295,247	1	(516,507)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>154,405</u>	<u>-</u>	<u>(50,981)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>12,046,178</u>	<u>5</u>	<u>(3,162,369)</u>	<u>(1)</u>
8300	Other comprehensive income (loss)	<u>(29,456,948)</u>	<u>(11)</u>	<u>14,545,006</u>	<u>5</u>
8500	Total comprehensive income (loss)	<u>\$ 6,685,920</u>	<u>3</u>	<u>85,900,317</u>	<u>31</u>
		Before	After	Before	After
Basic/Diluted earnings per share(NT dollars) (Note 6(q))		<u>\$ 6.88</u>	<u>5.68</u>	<u>13.50</u>	<u>11.21</u>

(English Translation of Financial Statements and Report Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(r) and 7)	\$ 195,086,831	100	210,675,530	100
5000	Operating costs (Notes 6(e), (g), (h), (n), (s) and 7)	156,000,801	80	148,982,375	71
	Gross profit from operations	39,086,030	20	61,693,155	29
5920	Add: Realized profit (loss) on from sales	60,304	-	(12,640)	-
	Gross profit from operations	39,146,334	20	61,680,515	29
	Operating expenses (Notes 6(c), (g), (h), (n), (s) and 7):				
6100	Selling expenses	7,021,560	4	7,322,880	3
6200	Administrative expenses	4,845,580	2	4,945,270	2
6300	Research and development expenses	1,893,058	1	1,713,289	1
6450	Expected credit loss	236	-	63,492	-
	Total operating expenses	13,760,434	7	14,044,931	6
	Operating income	25,385,900	13	47,635,584	23
	Non-operating income and expenses (Notes 6(f), (n), (t) and 7):				
7100	Interest income	127,158	-	62,838	-
7010	Other income	8,630,525	4	3,155,509	1
7020	Other gains and losses	3,020,269	2	(384,433)	-
7050	Finance costs	(689,196)	-	(595,976)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6,108,735	3	32,444,780	15
	Total non-operating income and expenses	17,197,491	9	34,682,718	16
	Profit from continuing operations before income tax	42,583,391	22	82,318,302	39
6400	Less: Income tax expenses (Note 6(o))	6,440,523	3	10,962,991	5
	Profit	36,142,868	19	71,355,311	34
8300	Other comprehensive income (loss) (Notes 6(n), (o) and (p)):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	143,385	-	(388,687)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	(30,685,509)	(16)	13,217,196	6
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(10,932,325)	(6)	4,801,129	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	28,677	-	(77,737)	-
		(41,503,126)	(22)	17,707,375	8
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	9,905,336	5	(2,696,843)	(1)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,295,247	1	(516,507)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	154,405	-	(50,981)	-
	Components of other comprehensive income that will be reclassified to profit or loss	12,046,178	6	(3,162,369)	(1)
8300	Other comprehensive income (loss)	(29,456,948)	(16)	14,545,006	7
	Total comprehensive income (loss)	\$ 6,685,920	3	85,900,317	41
		Before	After	Before	After
9710	Basic/Diluted earnings per share (NT dollars) (Note 6(q))	\$ 6.69	5.68	12.93	11.21

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (Note 6(a))	\$	17,110,163	3	13,715,454	3	2100	Short-term borrowings (Note 6(i))	3	14,900,000	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))		1,562,720	1	3,793,399	1	2110	Short-term notes and bills payable (Note 6(j))	4	19,430,865	4
1120	Current financial assets at fair value through other comprehensive income (Note 6(b))						2170	Accounts payable	1	5,445,904	1
1150	Notes receivable (Notes 6(c) and (r))		86,948,159	17	109,316,870	20	2180	Accounts payable—related parties (Note 7)	2	6,328,325	2
1170	Accounts receivable, net (Notes 6(c) and (r))		1,996,187	1	5,806,161	1	2200	Other payables	1	5,735,863	1
1180	Accounts receivable—related parties (Notes 6(c), (r) and 7)		9,659,490	2	15,109,576	3	2220	Other payables—related parties (Note 7)	2	14,138,127	3
1200	Other receivables (Note 6(d))		4,197,388	1	4,688,703	1	2280	Current lease liabilities (Note 6(m))	-	26,811	-
1210	Other receivables—related parties (Notes 6(d) and 7)		1,480,775	-	1,365,955	-	2321	Current portion of bonds payable (Note 6(l))	2	8,846,341	2
130X	Inventories (Note 6(e))		10,492,259	2	7,362,620	1	2322	Current portion of long-term borrowings(Notes 6(k) and 8)	1	5,000,000	1
1470	Other current assets		22,411,798	4	24,525,572	4	2399	Other current liabilities (Include related parties) (Note 7)	3	16,011,084	3
Total current assets			4,961,321	1	3,577,911	1					
			160,820,260	32	189,262,221	35					
Non-current assets:											
1517	Financial assets at fair value through other comprehensive income-non-current (Note 6(b))		16,564,214	3	24,910,619	5	2530	Bonds payable (Note 6(l))	5	27,274,332	7
1550	Investments accounted for using equity method (Note 6(f))		212,475,605	42	218,625,143	40	2540	Long-term debts (Notes 6(k) and 8)	1	6,437,383	1
1600	Property, plant and equipment (Notes 6(g), 7 and 8)		107,315,483	21	97,343,039	18	2570	Deferred tax liabilities	4	19,369,781	4
1755	Right-of-use assets (Note 6(h))		1,624,919	-	1,133,986	-	2580	Non-current lease liabilities (Note 6(m))	-	607,619	-
1780	Intangible assets		607,382	-	623,165	-	2640	Net defined benefit liabilities-non-current	1	3,886,866	1
1840	Deferred tax assets		1,251,835	-	1,962,887	-	2670	Other non-current liabilities (Note 6(f))	-	130,243	-
1900	Other non-current assets (Note 8)		10,594,709	2	9,817,862	2	Total non-current liabilities				
Total non-current assets			350,434,147	68	354,416,701	65	Total liabilities				
							Equity (Note 6(p)):				
							3110	Common stock	12	63,657,408	12
							3200	Capital surplus	2	11,797,297	2
Retained earnings:											
							3310	Legal reserve	15	74,910,988	15
							3320	Special reserve	16	82,520,970	16
							3350	Unappropriated retained earnings	14	72,838,396	14
								Total retained earnings	45	230,270,354	45
							3400	Other components of equity	10	51,959,804	10
Total assets		\$	511,254,407	100	543,678,922	100	Total equity				
							Total liabilities and equity				
										\$	511,254,407
											543,678,922
											100

(English Translation of Financial Statements and Report Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021			
		Amount	%	Amount	%	Amount	%
Assets							
Current assets:							
11100	Cash and cash equivalents (Note 6(a))	\$ 8,979,747	2	5,946,231	1	2100	Short-term borrowings (Note 6(i))
11110	Current financial assets at fair value through profit or loss (Note 6(b))	1,562,720	-	3,793,399	1	2110	Short-term notes and bills payable (Note 6(j))
11120	Current financial assets at fair value through other comprehensive income (Note 6(b))	86,948,159	18	109,316,870	21	2170	Accounts payable
11170	Notes and accounts receivable, net (Note 6(c))	7,694,413	2	11,430,079	2	2180	Accounts payable—related parties (Note 7)
11180	Accounts receivable—related parties (Notes 6(c) and 7)	4,687,408	1	6,295,311	1	2200	Other payables
1200	Other receivables (Note 6(d))	1,205,377	-	1,333,041	-	2220	Other payables—related parties (Note 7)
1210	Other receivables—related parties (Notes 6(d) and 7)	7,523,237	1	5,117,317	1	2280	Current lease liabilities (Note 6(m))
130X	Inventories (Note 6(e))	14,302,555	3	14,317,296	3	2321	Current portion of bonds payable (Note 6(l))
1470	Other current assets	3,908,290	1	2,504,367	1	2322	Current portion of long-term borrowings (Notes 6(k) and 8)
	Total current assets	136,811,906	28	160,053,911	31	2399	Other current liabilities
Non-current assets:							
1510	Financial assets at fair value through other comprehensive income-non-current (Note 6(b))	16,428,859	3	24,749,907	5		Total current liabilities
1550	Investments accounted for using equity method (Notes 6(f) and 7)	275,797,968	57	277,781,251	54		Non-Current liabilities:
1600	Property, plant and equipment (Notes 6(g), 7 and 8)	51,626,928	11	46,142,880	9	2530	Bonds payable (Note 6(l))
1755	Right-of-use assets (Note 6(h))	631,554	-	145,095	-	2540	Long-term debts (Notes 6(k) and 8)
1780	Intangible assets	140,000	-	124,762	-	2570	Deferred income tax liabilities (Note 6(o))
1840	Deferred income tax assets (Note 6(o))	1,098,911	-	1,560,055	-	2580	Non-current lease liabilities (Note 6(m))
1900	Other non-current assets (Note 8)	6,698,084	1	6,671,805	1	2640	Net defined benefit liabilities-non-current (Note 6(n))
	Total non-current assets	352,422,304	72	357,175,755	69	2670	Other non-current liabilities
							Total non-current liabilities
							Total liabilities
							Equity (Note 6(p)):
						3110	Ordinary shares
						3200	Capital surplus
							Retained earnings:
						3310	Legal reserve
						3320	Special reserve
						3350	Unappropriated retained earnings
							Total retained earnings
						3400	Other equity
							Total equity
							Total liabilities and equity
		\$ 489,234,210	100	517,229,666	100		

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Retained earnings					Total other equity interest				
	Share capital					Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Gains (losses) on hedging instruments	Revaluation surplus	Total equity
Balance on January 1, 2021										
Common stock	63,657,408	11,742,124	65,791,185	68,879,676	55,559,015	71,355,311	(9,603,060)	37,988	-	332,536,140
Net Income for the period	-	-	-	-	71,355,311	-	-	-	-	71,355,311
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	(51,598)	(3,135,343)	(3,135,343)	(27,026)	-	14,545,006
Total comprehensive income (loss) for the period	-	-	-	-	71,303,713	(3,135,343)	(3,135,343)	(27,026)	-	85,900,317
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	1,989,128	-	(1,989,128)	-	-	-	-	-
Special reserve appropriated	-	-	-	2,472,591	(2,472,591)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(15,277,778)	-	-	-	-	(15,277,778)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	3,034	-	-	-	-	3,034
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity method	-	527	-	-	-	-	-	-	-	527
Other changes in capital surplus	-	28,034	-	-	-	-	-	-	-	28,034
Balance on December 31, 2021										
Common stock	63,657,408	11,770,685	67,780,313	71,352,267	107,126,265	94,230,777	(12,738,403)	10,962	-	403,190,274
Net Income for the period	-	-	-	-	36,142,868	-	-	-	-	36,142,868
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	86,584	(42,592,303)	12,135,050	(88,872)	1,002,593	(29,456,948)
Total comprehensive income (loss) for the period	-	-	-	-	36,229,452	(42,592,303)	12,135,050	(88,872)	1,002,593	6,685,920
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	7,130,675	-	(7,130,675)	-	-	-	-	-
Special reserve appropriated	-	-	-	11,168,703	(11,168,703)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(52,199,074)	-	-	-	-	(52,199,074)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(18,869)	-	-	-	-	(18,869)
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity method	-	171	-	-	-	-	-	-	-	171
Other changes in capital surplus	-	26,441	-	-	-	-	-	-	-	26,441
Balance on December 31, 2022										
Common stock	63,657,408	11,797,297	74,910,988	82,520,970	72,838,396	51,638,474	(603,353)	(77,910)	1,002,593	357,684,863

FORMOSA PLASTICS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital	Retained earnings				Total other equity interest			
		Retained earnings				Unrealized gains (losses) from financial assets measured at fair value			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of financial statements	Gains (losses) on hedging instruments	Revaluation surplus	Total equity
Balance on January 1, 2021	\$ 63,657,408	11,742,124	65,791,185	68,879,676	55,559,015	(9,603,060)	37,988	-	332,536,140
Net Income for the period	-	-	-	-	71,355,311	-	-	-	71,355,311
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	(51,598)	(3,135,343)	(27,026)	-	14,545,006
Total comprehensive income (loss) for the period	-	-	-	-	71,303,713	(3,135,343)	(27,026)	-	85,900,317
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	1,989,128	-	(1,989,128)	-	-	-	-
Special reserve appropriated	-	-	-	2,472,591	(2,472,591)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(15,277,778)	-	-	-	(15,277,778)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	3,034	-	-	-	3,034
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	527	-	-	-	-	-	-	527
Other changes in capital surplus	-	28,034	-	-	-	-	-	-	28,034
Balance on December 31, 2021	63,657,408	11,770,685	67,780,313	71,352,267	107,126,265	(12,738,403)	10,962	-	403,190,274
Net Income for the period	-	-	-	-	36,142,868	-	-	-	36,142,868
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	86,584	12,135,050	(88,872)	1,002,593	(29,456,948)
Total comprehensive income (loss) for the period	-	-	-	-	36,229,452	12,135,050	(88,872)	1,002,593	6,685,920
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	7,130,675	-	(7,130,675)	-	-	-	-
Special reserve appropriated	-	-	-	11,168,703	(11,168,703)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(52,199,074)	-	-	-	(52,199,074)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(18,869)	-	-	-	(18,869)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	171	-	-	-	-	-	-	171
Other changes in capital surplus	-	26,441	-	-	-	-	-	-	26,441
Balance on December 31, 2022	\$ 63,657,408	11,797,297	74,910,988	82,520,970	72,838,396	(603,353)	(77,910)	1,002,593	357,684,863

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 43,794,387	85,956,814
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,511,001	7,307,919
Amortization expense	945,271	1,036,461
Expected credit (gain) loss	(1,033)	80,616
Interest expense	1,037,054	790,439
Net (gain) loss on financial assets at fair value through profit	(192,016)	95,484
Interest income	(380,017)	(236,164)
Dividend income	(8,441,831)	(2,999,580)
Share of profit of associates and joint ventures accounted for using equity method	(5,761,275)	(23,453,093)
Gain on disposal of property, plant and equipment	(31,512)	(17,476)
Gain on early termination of contract	(2,319)	-
Unrealized foreign exchange loss (gain)	123,984	(130,129)
Total adjustments to reconcile profit	(5,192,693)	(17,525,523)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	3,809,974	(3,657,900)
Accounts receivable	5,450,086	(4,687,166)
Accounts receivable due from related parties	491,316	(1,249,491)
Other receivables	(114,820)	(457,132)
Other receivables due from related parties	174,828	172,275
Inventories	2,113,774	(8,202,010)
Other current assets	(1,383,410)	1,727,935
Total changes in operating assets	10,541,748	(16,353,489)
Changes in operating liabilities:		
Accounts payable	(2,322,994)	1,756,262
Accounts payable to related parties	(1,873,422)	1,099,182
Other payables	4,963,059	(42,512)
Other payables to related parties	708,263	515,522
Other current liabilities	(1,025,697)	3,745,737
Net defined benefit liability	(2,272,319)	(790,433)
Total changes in operating liabilities	(1,823,110)	6,283,758
Total changes in operating assets and liabilities	8,718,638	(10,069,731)
Total adjustments	3,525,945	(27,595,254)
Cash inflow generated from operations	47,320,332	58,361,560
Interest received	378,613	177,341
Dividends received	20,940,421	5,259,139
Interest paid	(716,799)	(787,439)
Income taxes paid	(11,120,952)	(5,151,258)
Net cash flows from operating activities	56,801,615	57,859,343
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(91,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	2,422,695	-
Acquisition of investments accounted for using equity method	(1,000,000)	(1,387,981)
Proceeds from capital reduction of investments accounted for using equity method	-	43,895
Acquisition of property, plant and equipment	(14,775,464)	(18,196,657)
Proceeds from disposal of property, plant and equipment	38,627	53,791
Acquisition of intangible assets	(11,181)	(84,637)
Increase in other receivables due from related parties	(3,304,467)	(993,439)
Increase in other non-current assets	(1,695,154)	(1,164,820)
Net cash flows used in investing activities	(18,320,694)	(21,820,848)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	129,692,300	193,773,116
Decrease in short-term borrowings	(119,276,976)	(204,637,833)
Increase (Decrease) in short-term notes and bills payable	17,350,000	(14,900,000)
Proceeds from issuing bonds	-	7,500,000
Repayments of bonds	(9,400,000)	(2,900,000)
Proceeds from long-term debts	7,565,803	2,636,444
Repayments of long-term debts	(316,012)	(2,000,000)
Decrease in due to related parties (recognized as other payables — related parties and long-term accounts payable to related parties)	(3,731,462)	(137,792)
Payment of lease liabilities	(47,076)	(30,766)
Decrease in other non-current liabilities	(69,095)	(7,263)
Cash dividends paid	(52,172,634)	(15,282,289)
Net cash used in financing activities	(30,405,152)	(35,986,383)
Effect of exchange rate changes on cash and cash equivalents	(4,681,060)	(481,768)
Net increase (decrease) in cash and cash equivalents	3,394,709	(429,656)
Cash and cash equivalents at beginning of period	13,715,454	14,145,110
Cash and cash equivalents at end of period	\$ 17,110,163	13,715,454

(English Translation of and Report Originally Issued in Chinese)

FORMOSA PLASTICS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 42,583,391	82,318,302
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,111,118	3,969,927
Amortization expense	266,160	310,774
Expected credit loss	236	63,492
Interest expense	689,196	595,976
Net (gain) loss on financial assets at fair value through profit	(192,016)	95,484
Interest revenue	(127,158)	(62,838)
Dividend income	(8,441,831)	(2,999,580)
Share of profit of associates and joint ventures accounted for using equity method	(6,108,735)	(32,444,780)
Gain on disposal of property, plant and equipment	(34,240)	(22,606)
Gain on early termination of contract	(2,319)	-
Realized (gain) loss from sales	(60,304)	12,640
Unrealized foreign exchange loss (gain)	123,984	(123,237)
Unrealized gain from affiliated company	(419,631)	-
Total adjustments to reconcile profit	(10,195,540)	(30,604,748)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	3,735,430	(4,081,607)
Accounts receivable due from related parties	1,607,903	(1,918,046)
Other receivables	151,245	(457,413)
Other receivables due from related parties	330,086	618,030
Inventories	(27,122)	(4,863,996)
Other current assets	(1,403,923)	650,539
Total changes in operating assets	4,393,619	(10,052,493)
Changes in operating liabilities:		
Accounts payable	(1,841,141)	692,286
Accounts payable to related parties	(2,032,412)	1,169,463
Other payables	84,904	24,704
Other payables to related parties	593,428	148,486
Other current liabilities	1,614,418	2,038,898
Net defined benefit liability	(2,128,934)	(790,433)
Total changes in operating liabilities	(3,709,737)	3,283,404
Total changes in operating assets and liabilities	683,882	(6,769,089)
Total adjustments	(9,511,658)	(37,373,837)
Cash inflow generated from operations	33,071,733	44,944,465
Interest received	98,035	55,267
Dividends received	20,940,421	5,259,139
Interest paid	(718,942)	(603,419)
Income taxes paid	(9,433,672)	(2,479,847)
Net cash flows from operating activities	43,957,575	47,175,605
Cash flows (used in) from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(91,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	2,422,695	-
Acquisition of investments accounted for using equity method	(3,096,710)	(1,387,981)
Proceeds from capital reduction of investments accounted for using equity method	-	43,895
Acquisition of property, plant and equipment	(9,506,929)	(8,013,993)
Proceeds from disposal of property, plant and equipment	37,625	36,564
(Increase) Decrease in other receivables due from related parties	(2,730,465)	1,620,896
Acquisition of intangible assets	(15,873)	-
Increase in other non-current assets	(268,607)	(986,387)
Net cash flows used in investing activities	(13,154,014)	(8,778,006)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	129,692,300	193,642,107
Decrease in short-term borrowings	(119,276,976)	(203,784,041)
Increase (Decrease) in short-term notes and bills payable	17,350,000	(14,900,000)
Proceeds from issuing bonds	-	7,500,000
Repayments of bonds	(9,400,000)	(2,900,000)
Proceeds from long-term debt	7,500,000	-
Repayments of long-term debt	-	(2,000,000)
Payment of lease liabilities	(47,076)	(30,766)
(Decrease) Increase in other non-current liabilities	(1,433,847)	1,432,348
Cash dividends paid	(52,172,634)	(15,282,289)
Net cash flows used in financing activities	(27,788,233)	(36,322,641)
Effect of exchange rate changes on cash and cash equivalents	18,188	102,946
Net increase in cash and cash equivalents	3,033,516	2,177,904
Cash and cash equivalents at beginning of period	5,946,231	3,768,327
Cash and cash equivalents at end of period	\$ 8,979,747	5,946,231

Formosa Plastics Corporation
Statement of Profits Distribution
For the year of 2022

Unit : NTD

Items		Amount
Available for Distribution:		
1.Unappropriated retained earnings of previous years		36,628,192,670
2.Net profit after tax of current year		36,142,867,806
3.Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period		67,714,576
Total		72,838,775,052
Distribution Items:		
1.Appropriation of legal reserve		3,621,058,238
2.Appropriation of special reserve		5,038,899,206
3.Distribution of dividends and bonus in cash (NTD 4.2 per share)		26,736,111,280
4.Unappropriated retained earnings carried forward to next year		37,442,706,328
Total		72,838,775,052
Explanation	1. According Article 40 of the Articles of Incorporation of the Company, the cash dividend distribution is authorized to the Board of Directors and submitted a report to the shareholders' meeting.	
	2. The Company plans to distribute dividends of NTD 4.2 per share for current year (among which, NTD 2.1 per share will be distributed as dividends and NTD 2.1 per share will be distributed as bonus); all of which are cash dividends.	
	3. The Company distributes dividends and bonus for a total of NTD 26,736,111,280; all of which are from net profit after tax of 2022.	
	4. Other comprehensive income transferred to unappropriated earnings of current year is due to a re-measurement of the actuarial pension adjustment.	
	5. While the distribution of cash dividends to each individual shareholder is less than NTD 1, the distribution will be rounded to the nearest dollar.	



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Independent Auditors' Report

To the Board of Directors of Formosa Plastics Corporation:

Opinion

We have audited the consolidated financial statements of Formosa Plastics Corporation (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 the consolidated financial statements of the current period. 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.

1. Revenue Recognition

As the control of products transfers at different points in time, it exposes the risk wherein revenue may not be recognized within the proper period. For this reason, revenue recognition is considered to be one of our key audit matters. The accounting policies and the related information for the revenue recognition were discussed in Notes 4(o) and 6(r) to the consolidated financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the rationality of accounting treatment for revenue recognition; vouching the original sales documents according to the transactions with the customers during a selected period of time before and after the balance sheet date to evaluate whether the revenue is recorded appropriately.

2. Valuation of Inventories

The Group measured the cost and net realizable value of inventory and recognized the loss on the balance sheet date according to IAS 2 (including loss on obsolescence of inventories); However, to determine whether or not the loss of inventories should be recognized depends on the subjective judgment of the management. For this reason, the valuation of inventories is considered to be one of the key audit matters. The accounting policies and the related information for the valuation of inventories were discussed in Notes 4(h), 5 and 6(e) to the consolidated financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the appropriateness of the policy on inventory valuation and slack loss recognition; ensuring whether the process of inventory valuation is in conformity with the accounting policies, confirming the sales price adopted by the management and the changes in the market price of inventory in the period after the balance sheet date; and sampling procedures to assess the reasonableness of the net realizable value of inventory.

Other Matter

We did not audit the financial statements of certain investee companies under the equity method and the relevant information on the reinvestment business in Note 13 of the consolidated financial report has not been checked by this accountant, but is checked by other accountants. The Group's investments in the aforementioned investee companies constituted 32.12% and 31.06% of the consolidated total assets as of December 31, 2022 and 2021, respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies constituted 18.76% and 23.32% of the consolidated income before tax for the years ended December 31, 2022 and 2021, respectively. The consolidated financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021, and have expressed an unmodified opinion with an emphasis of matter paragraph or other matter paragraph thereon.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC endorsed and issued into effect by the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Hui-chih Kou and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.



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Independent Auditors' Report

To the Board of Directors of Formosa Plastics Corporation:

Opinion

We have audited the financial statements of Formosa Plastics Corporation (the “Company”) which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's financial statements are stated as follows:

1. Revenue recognition

As the control of products transfers at different points in time, it exposes the risk wherein revenue may not be recognized within the proper period. For this reason, revenue recognition is considered to be one of our key audit matters. The accounting policies and the related information for revenue recognition were discussed in Notes 4(o) and 6(r) to the financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the rationality of accounting treatment for revenue recognition; vouching the original sales documents according to the transactions with the customers during a selected period of time before and after the balance sheet date to evaluate whether the revenue is recorded appropriately.

2. Valuation of Inventories

The Group measured the cost and net realizable value of inventory and recognized a loss on the balance sheet date according to IAS 2 (including loss on obsolescence of inventories); however, to determine whether or not the loss of inventories should be recognized depends on the subjective judgment of the management. For this reason, the valuation of inventories is considered to be one of the key audit matters. The accounting policies and the related information for the valuation of inventories were discussed in Notes 4(g), 5 and 6(e) to the financial statements.

The principal audit procedures we have performed to address the aforementioned key audit matter included assessing the appropriateness of the policy on inventory valuation and slack loss recognition; ensuring whether the process of inventory valuation is in conformity with the accounting policies, confirming the sales price adopted by the management and the changes in the market price of inventory in the period after the balance sheet date; and sampling procedures to assess the reasonableness of the net realizable value of inventory.

Other Matter

We did not audit the financial statements of certain investee companies under equity method and the relevant information on the reinvestment business in Note 13 of the financial report has not been checked by this accountant, but is checked by other accountants. The Company's investments in the aforementioned investee companies constituted 33.57% and 32.65% of the total assets as of December 31, 2022 and 2021, respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies constituted 19.29% and 24.35% of the income before tax for the years ended December 31, 2022 and 2021, respectively. The financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Hui-chih Kou and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

Articles of Association of Formosa Plastics Corporation

Amended and reinstated by General Shareholders Meeting on June 9, 2022

Chapter I General Provisions

Article 1: The Company is incorporated under the name of Fu-mao Plastics Corporation, a private company limited by shares, in accordance with Company Act. On January 14, 1957, the Company's extraordinary shareholders meeting passed a resolution to change its name to Formosa Plastics Corporation, which has been given the effect by the approval of competent authority as of March 18, 1957.

Article 2: Scope of Business:

- (1)B202010: Nonmetallic Mining
- (2)C199990: Other Food Manufacturing Not Elsewhere Classified
- (3)C801010: Basic Industrial Chemical Manufacturing
- (4)C801020: Petrochemical Manufacturing
- (5)C801100: Synthetic Resin & Plastic Manufacturing
- (6)C801120: Manmade Fiber Manufacturing
- (7)C801990: Other Chemical Materials Manufacturing
- (8)C802120: Industrial Catalyst Manufacturing
- (9)C802170: Poisonous Chemical Material Manufacturing
- (10)C805020: Plastic Sheets & Bags Manufacturing
- (11)C901070: Stone Products Manufacturing
- (12)CB01010: Machinery and Equipment Manufacturing
- (13)CC01080: Electronic Parts and Components Manufacturing
- (14)D101050: Steam and Electricity Paragenesis
- (15)D301010: Water Supply
- (16)D401010: Heat Energy Supplying
- (17)E603050: Cybernation Equipments Construction
- (18)H701010: Residence and Buildings Lease Construction and Development
- (19)H701040: Specialized Field Construction and Development
- (20)ID01010: Metrological Instruments Identify
- (21)IZ99990: Other Industry and Commerce Services Not Elsewhere

Classified

(22)J101050: Sanitary and Pollution Controlling Services

(23)ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company is headquartered in Kaohsiung City, ROC and may set up factories or branch offices in the country or at overseas locations when necessary. Such establishments, modifications and abolishment will be subject to the resolutions of the Meeting of Directors.

Article 4: The Company may provide endorsement for the related business. The total investment made by the Company may exceed forty percent (40%) of its paid-up capital.

Article 5: Notice of the Company will be published in a manner prescribed in Article 28 of Company Act.

Chapter II Shares

Article 6: The registered capital of the Company is sixty-three billion six hundred fifty-seven million four hundred seven thousand eight hundred ten New Taiwan dollars, divided into six billion three hundred sixty-five million seven hundred forty thousand seven hundred eighty-one full capital shares having a par value of ten New Taiwan dollars.

Article 7: The Company may exempt from printing share certificates but shall register with Central Securities Depository for each share issued.

Article 8: A shareholder shall provide his address and personal seal to receive or transfer any share.

Article 9: (Omitted)

Article 10: (Omitted)

Article 11: (Omitted)

Article 12: The registration of share transfer will be halted within sixty days prior to a general meeting, thirty days prior to an extraordinary meeting or five days prior to the closing date regarding a distribution of dividends and bonus or other interests.

Chapter III Shareholders Meeting

Article 13: A shareholders meeting can be a general meeting or an extraordinary meeting. The Company's Board of Directors shall convene the annual

general meeting once every year within six month after the end of each fiscal year. The Board of Directors may convene an extraordinary meeting whenever necessary unless the Company Act suggests otherwise.

Article 14: The meeting notice shall be published and given to all shareholders at least thirty days prior to a general meeting and fifteen days prior to an extraordinary meeting. The notice shall specify the purpose of such meeting and may be made by electronic communication pursuant to the receiving party's consent.

Article 15: The Chairman of the Board of Directors will preside the shareholders meeting. Where the Chairman is on leave or not able to perform his duty for any reason, the Vice Chairman shall act on his behalf. Where the Vice Chairman is also on leave or not able to perform his duty for any reason, the Chairman shall appoint one executive director to act on his behalf. If the Chairman has made no appointment, the executive directors shall elect among themselves one person to act as the deputy.

Article 16: Each share is entitled to cast one vote, unless otherwise deprived in accordance with Article 179 paragraph 2 of Company Act.

Article 17: A shareholder may appoint a proxy to attend a shareholders meeting by delivering the proxy form prepared by the Company five days prior to the shareholders meeting. The proxy vote shares held by one proxy representing two or more principals may not exceed three percent (3%) of the total shares issued by the company. Any votes exceeding such limit will not be counted.

Article 18: Unless otherwise stipulated in Company Act, any resolution of a shareholder meeting shall be decided by more than one-half the shareholders presenting at the shareholders meeting consisting of more than one-half the total voting shares.

Article 19: The meeting minutes shall be prepared for each shareholders meeting, recording any resolutions being made, the meeting dates, times, venue, the chairperson's name, the voting procedures, the summary and the result of the process, and signed by the chairperson or stamped. Such meeting minutes shall be archived throughout the existence of the Company. The attendance books and proxies shall be retained for at least one year. The copies of the meeting minutes may be distributed in an

electronic manner.

The distribution of the foregoing meeting minutes may be made by posting a public announcement onto the Market Observation Post System.

Chapter IV Directors

Article 20: The Board shall consist of nine to fifteen directors. The election of directors will be made by nomination. Shareholders may elect the directors from the candidates list.

The foregoing numbers of directors shall include at least three independent directors, whose nominations and elections shall be processed in accordance with the Company Act and as required by the competent authority of securities and exchange.

The Company established the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act, where its members consist of all independent directors. The operation of the Audit Committee as well as the responsibilities and rights of the members shall be determined in accordance with the Securities and Exchange Act and other applicable laws.

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

The Chairman represents the Company externally and is responsible for general business. When the Chairman is on leave or not able to perform his duty for any reason, the Vice Chairman shall act as the deputy. When the Vice Chairman is also on leave or not able to perform his duty, the Chairman shall appoint one executive director to act on his behalf.

Article 22: The Board will determine the Company's operation strategies and other significant issues. The Board Meeting shall be convened and presided by the Chairman or by his deputy according to the preceding paragraph if

the Chairman is in absence.

The significant issues of the forgoing paragraph shall include the acquisition and disposal of the Company's major assets and properties.

The Board may empower the Chairman to act on behalf of the Board during the adjournment period. Unless otherwise required by laws or these articles, any issue concerning the major interest of the company or related party transaction shall not be decided without a Board resolution.

The powers authorized include:

- I. To approve any major contracts;
- II. To approve any mortgage of property and loan proposal;
- III. To approve the acquisition and disposal of the company's general asset and property;
- IV. To approve the appointment of directors and supervisors of a subsidiary;

To approve the closing date of capital increase/decrease and the distribution of cash dividends.

Article 23: Any resolution of the Board shall be determined by one-half of the directors presenting at the meeting consisting of one-half of the total directors.

Article 24: A director shall hold the office for a term of three years and may be reelected. If the election does not complete in time upon the expiration of any term of office, the director may continue to serve until his successor is elected.

Article 25: Any vacancy on the Board may be filled by immediate election, which may be postponed when the vacant directorship is less than one third of the total directors. The elected director in the place of a vacant directorship will serve for the remaining period of the previous director's term of office.

Article 26: Any resolution made by the Board meeting shall be documented in the meeting minutes, which shall be signed by the chairperson or stamped and archived in the Company.

Article 27: The Directors shall present at the Board Meeting in person. If the Directors may not be present at the meeting for any reason, unless the Directors resides in oversea location as prescribed by the Company Act, he/she may submit a proxy form, enumerating the purpose of convening

such meeting, the scope of authorization, to appoint another director to attend the meeting. A proxy director may not act on behalf of more than one person.

If the Board Meeting is conducted by teleconference, directors who attend the meeting through video conference shall be deemed attending in person.

The Board shall specify the purposes of a Board Meeting and notify each director seven days in advance. Notwithstanding, the Board may convene a meeting where there is an urgency. The notice of Board Meeting may be served in writing, by email or facsimile.

Article 28: The Board shall have the power to determine the remuneration of directors based on how a director participates and contributes in the Company's operation and with reference to the standards implemented by the other companies in the same industry.

The Company shall be held liable for any conduct by a director within his scope of duty during his terms of office and shall maintain valid director liability insurance to the extent required by the laws.

Chapter V (Omitted)

Article 29: (Omitted)

Article 30: (Omitted)

Article 31: (Omitted)

Article 32: (Omitted)

Article 33: (Omitted)

Article 34: (Omitted)

Article 35: (Omitted)

Chapter VI Manager

Article 36: The Company may have managers. The appointment, removal and compensation of a manager shall be determined in accordance with Article 29 of the Company Act.

Article 37: The manager may not serve the equivalent position of another company at the same time and shall refrain from any activities identical to the Company's business whether by self-employment or for the benefit of

others unless otherwise permitted by the Board to the extent permitted by the laws.

Chapter VII Accounting

Article 38: The Company's fiscal year starts from January 1 and ends on December 31 of each calendar year. The Board shall prepare the following reports for the ratification by the general shareholders meeting after the final settlement:

- (I) Business Operation Report,
- (II) Financial Statements, and
- (III) Measures on profit distribution or deficit compensation.

Article 39: If the Company gains any profits in any year, the Company shall retain 0.05% to 0.5% of the pre-tax profit as employee compensation before deducting the employee compensation of such year; provided, however, that the Company shall reserve the amount for compensating the deficit, if any.

The determination of employee compensation shall be made in accordance with Article 235-1 of the Company Act.

Article 40: If there are any earnings after final account settlement, the Company shall pay off the applicable taxes, compensate the accrued deficit and retain 10% as legal reserve and an additional amount as special reserve before distributing dividends. If there are any remaining earnings of such year, the Board may, combining the undistributed earnings of previous years, propose a shareholder bonus plan, and is authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The dividends paid in stock shall be submitted for the approval in a shareholders' meeting.

The special reserve as described in the preceding paragraph includes

- (1) any amount reserved for any particular purpose,
- (2) investment profit and unused deductions for taxable income pursuant to equity methods,
- (3) and other special reserve prescribed by applicable laws and regulations.

The Company is in a business of a mature industry and earns its annual profits on a stable basis. The Company adopts a dividend policy that allows the distribution to be made in either way of or a combination of cash dividends, earnings capitalization and capitalization of capital reserve. At least fifty percent (50%) of the annual distributable earning remained after deducting the legal reserve and special reserve will be distributed, preferably in cash. The total percentage of the capitalization of retained earnings and capital reserve shall not be more than fifty percent (50%) of the total dividends distributed of such year.

Chapter VIII Miscellaneous

Article 41: The Company Act and other applicable laws rules shall govern any matter not prescribed herein.

Article 42: These articles of association are stipulated on July 20, 1954, and reinstated by first amendment on January 8, 1955, second amendment on January 14, 1957, third amendment on August 20, 1957, fourth amendment on July 10, 1958, fifth amendment on March 31, 1960, sixth amendment on September 7, 1960, seventh amendment on July 3, 1961, eighth amendment on December 31, 1963, ninth amendment on February 25, 1965, tenth amendment on March 25, 1965, eleventh amendment on August 20, 1966, twelfth amendment on March 25, 1967, thirteenth amendment on March 25, 1968, fourteenth amendment on April 21, 1969, fifteenth amendment on April 30, 1970, sixteenth amendment on April 20, 1971, seventeenth amendment on March 21, 1972, eighteenth amendment on March 20, 1973, nineteenth amendment on March 26, 1974, twentieth amendment on April 10, 1975, twenty-first amendment on April 15, 1976, twenty-second amendment on August 21, 1976, twenty-third amendment on April 15, 1977, twenty-fourth amendment on April 18, 1978, twenty-fifth amendment on April 16, 1979, twenty-sixth amendment on April 2, 1980, twenty-seventh amendment on April 2, 1981, twenty-eighth amendment on April 9, 1982, twenty-ninth amendment on April 18, 1983, thirtieth amendment on April 27, 1984, thirty-first amendment on April 29, 1985, thirty-second amendment on April 24, 1986, thirty-third amendment on April 15, 1977, thirty-fourth amendment on April 29, 1988, thirty-fifth

amendment on April 28, 1989, thirty-sixth amendment on April 13, 1990, thirty-seventh amendment on April 16, 1991, thirty-eighth amendment on April 16, 1992, thirty-ninth amendment on April 16, 1993, forties amendment on April 26 1994, forty-first amendment on April 14, 1995, forty-second amendment on April 19, 1996, forty-third amendment on May 6, 1997, forty-fourth amendment on May 8, 1998, forty-fifth amendment on May 20, 1999, forty-sixth amendment on May 17, 2000, forty-seventh amendment on May 17, 2001, forty-eighth amendment on May 24, 2002, forty-ninth amendment on May 23, 2003, fiftieth amendment on May 14, 2004, fifty-first amendment on May 23, 2005, fifty-second amendment on June 5, 2006, fifty-third amendment on June 14, 2007, fifty-fourth amendment on June 19, 2008, fifty-fifth amendment on June 5, 2009, fifty-sixth amendment on June 25, 2010, fifty-seventh amendment on June 20, 2011, fifty-eighth amendment on June 19, 2012, fifty-ninth amendment on June 14, 2013, sixtieth amendment on June 13, 2014 where the articles regarding the establishment of Audit Committee and the omission of articles regarding supervisors shall become effective at the time the terms of office of the supervisors elected by the general shareholder meeting on June 19, 2012 has expired, the sixty-first amendment on June 17, 2016, sixty-second amendment on June 20, 2018, and sixty-third amendment on June 10, 2020, and sixty-fourth amendment on June 9, 2022.

Rules of Procedure for Shareholders' Meetings of Formosa Plastics Corporation

Amended by the Annual Shareholders' Meeting on July 29, 2021

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for Taiwan Stock Exchange Corp ("TWSE")/ Taipei Exchange ("TPEX") Listed Companies.

Article 2: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 3: Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

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

To convene a shareholders' meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic versions of a shareholders' meeting notice and proxy forms, and causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the MOPS no later than 30 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. The

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

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

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

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

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the Meeting Agenda. In addition, when the circumstances of

any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill social responsibilities, and the providing procedure shall be in accordance with Article 172-1 of the Company Act.

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

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

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by way of electronic transmission, a written notice of

proxy rescission shall be submitted to the Company no later than 2 days prior to the meeting date. If the rescission notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

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

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

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

Article 7: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice

Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the Managing Directors to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as chair.

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

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

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

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

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

Article 9: Quorum at shareholders' meetings shall be calculated based on numbers of shares. The quorum shall be calculated according to the shares

indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by way of electronic transmission.

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

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

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

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

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

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

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

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

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

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

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

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

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

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.

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

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

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

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

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

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

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

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

A shareholder intending to exercise voting rights in writing or by way of

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

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

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

In addition to the proposals on the meeting agenda, when a shareholder wishes to propose an extraordinary motion, the shareholder's voting

rights shall represent at least 1% or more of the Company's total issued shares.

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

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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

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

Article 16: On the day of a shareholders' meeting, the Company shall compile in

the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

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

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

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

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

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

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

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

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

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

Formosa Plastics Corporation
Current Shareholdings of Directors

Title	Name	Shareholding (share)
Chairman	Jason Lin	0
Managing Director	William Wong Representative of Formosa Chemicals & Fibre Corporation	486,978,694
Managing Director	Susan Wang Representative of Nan Ya Plastics Corporation	294,793,105
Managing Director	Wilfred Wang Representative of Formosa Petrochemical Corporation	131,460,365
Managing Director (Independent Director)	C. L. Wei	0
Independent Director	C. J. Wu	0
Independent Director	Yen-Shiang Shih	0
Independent Director	Wen-Chyi Ong	0
Director	C. T. Lee	1,906,541
Director	Cher Wang	7,369,380
Director	K. H. Wu	134,537
Director	Ralph Ho	27,824,363
Director	Sang-Chi Lin	0
Director	Jerry Lin	0
Director	Cheng-Chung Cheng	0

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 101,851,853 shares. As of April 1, 2023, the actual shareholdings of the Company's Directors are 950,466,985 shares.

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

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NTD 55,483,170
Employees Stock Compensation	NTD 0
Directors Cash Compensation	NTD 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividends capitalization:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividends capitalization	0%

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

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2023 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2023 Annual Shareholders' Meeting and does not required to prepare financial forecast information.