FORMOSA CHEMICALS & FIBRE CORPORATION

2021 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK
(Summary)

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

JUNE 18, 2021

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FORMOSA CHEMICALS & FIBRE CORPORATION

2021 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

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FORMOSA CHEMICALS & FIBRE CORPORATION
2021 ANNUAL SHAREHOLDERS' MEETING
AGENDA

Time: 10:00 a.m., Friday, June 18, 2021

Venue: 5F, Conference Center at Sunworld Dynasty Hotel
(No. 100 Dun Hua North Road, Taipei, Taiwan)

1. Report Items
   (1) 2020 Business Report
   (2) Audit Committee' Review Report on the 2020 Financial Statements
   (3) Distribution of 2020 Employees Compensation
   (4)The Issuance of 2020 Domestic Unsecured Ordinary Corporate Bond
2. Ratification Items
   (1) Please approve the 2020 Business Report and Financial Statements as required by the Company Act.
   (2) Please approve the Proposal for Distribution of 2020 Profits as required by the Company Act.
3. Discussion Items (I)
   (1) Amendment of the Company's "Rules for Election of Directors". Please discuss and resolve.
   (2) Amendment of the Company's "Rules of Procedure for Shareholders' Meeting". Please discuss and resolve.
4. Election Items
   The term of office of the Company's Directors has expired. Please elect the new Directors pursuant to the applicable laws.
5. Discussion Items (II)
   Appropriateness of releasing the newly elected Directors and the juristic person shareholder whose authorized representatives are elected as Directors, from non-competition restrictions. Please discuss and resolve.

Report Items

1. About the Company's business operation condition of 2020, please refer to Business Report for further details (on page 5 of the Handbook.)
2. The Company's Audit Committee members reviewed the 2020 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 13 of the Handbook.)
3. The company has issued the report on compensation distributed to its employees for 2020.

   The pre-tax profit prior to deducting employees' compensation distributable for 2020 is NT$20,623,813,340. The company has no accumulated losses. Adopted by the Board Meeting on March 12, 2021, 0.1% of the profit is allocated as employees' compensation in accordance with Article 31 of the Articles of Incorporation. The total allocated amount is NT$20,623,813 ,which shall be distributed in cash. The above is hereby reported for record.
4. Status Report of NT$10 Billion Domestic Unsecured Ordinary Corporate Bonds Issuance by the Company in 2020.

   To raise long-term funds to pay off debts, the Board of Directors approved the issuance of NT$10 billion domestic unsecured ordinary corporate bonds at the March 13, 2020 meeting. The above-mentioned corporate bonds were successfully issued on September 3, 2020 and were divided into Tranche A, Tranche B and Tranche C with different terms and conditions.

   (1)Terms and conditions of Tranche A are as follows:

   Amount of Issuance: NT$2.9 billion
   Interest Rate: Fixed interest rate at 0.52% per annum
   Tenor: 5 years
   Interest Payment: Once a year (simple interest)
   Principal Repayment: 50% at the end of the fourth year and 50% at the end of the fifth year.

(2)Terms and conditions of Tranche B are as follows:

Amount of Issuance: NT$5.2 billion

Interest Rate: Fixed interest rate at 0.6% per annum

Tenor: 7 years

Interest Payment: Once a year (simple interest)

Principal Repayment: 50% at the end of the sixth year and 50% at the end of the seventh year.

(3)Terms and conditions of Tranche C are as follows:

Amount of Issuance: NT$1.9 billion

Interest Rate: Fixed interest rate at 0.67% per annum

Tenor: 10 years

Interest Payment: Once a year (simple interest)

Principal Repayment: 50% at the end of the ninth year and 50% at the end of the tenth year.

FORMOSA CHEMICALS & FIBRE CORPORATION
Annual Report of 2020

1. 2020 Business Report:

The world was impacted by COVID-19 throughout 2020. With countries imposing lock-downs, demand on the market shrunk drastically. The price of crude oil collapsed, which drove a significant slide in prices of petrochemical products, too. Our consolidated revenue totaled NT$253.3 billion, a decline of NT$62.1 billion and 19.7% from the consolidated revenue of NT$315.4 billion in 2019, mainly because of the reduction in the selling price by NT$54.9 billion. In sales, thanks to the proper control of the pandemic, production and distribution were as usual in Taiwan. Plus the adequate grasp of business opportunities brought about by the post-pandemic stay-at-home economy, the sales of most products grew compared to those in 2019. Nevertheless, restricted by the epidemic prevention measures adopted in respective overseas facilities and the relatively slow recovery of the market for textiles, the overall sales saw a decrease of NT$7.2 billion.

In terms of income, the consolidated pre-tax income of 2020 was NT$24.8 billion, a decline of NT$12.3 billion or 33.3% from the consolidated pre-tax income NT$37.1 billion in 2019, which was primarily due to the combined decrease of NT$10.3 billion in investment income and cash dividends under the equity method. Business income, on the other hand, showed a recovery starting in May despite the sluggishness over the previous four months because of the impacts from the pandemic and rendered only a decline of 7.1% or NT$1.2 billion from 2019.

COVID-19 kept spreading throughout 2020 and the China-US trade war evolved to be a struggle among emerging powers, which, plus Brexit, completed signing of the RCEP, and the US election, among other issues, significantly impacted the global economy. It was originally hoped that the economy would slowly recover once the Stage 1 trade agreement was signed between China and the US to drive up demand for petrochemical products. The unexpected breakout of COVID-19 at the end of January and its quick spread throughout the world, in addition to the subsequent lock-downs of borders and cities for the sake of keeping the pandemic at bay and the significantly reduced personnel and cargo flows led to stagnant demand and were a big blow to the global economy. The reduced production in oil producing countries also triggered a collapse in international oil prices. The Brent crude oil once hit the historical bottom of US$19 per barrel in April, which further deepened the falling stream of prices of petrochemical products. Losses incurred from falling price and reduced demand of petrochemical products and falling price of inventory resulted in operational deficits for the Company in the first quarter. For the second quarter, thanks to the climbing demand for stay-at-home economy and epidemic prevention products, the Company adjusted its sales strategy and reinforced its inventory management. The operation started to show a turn from loss to profit in June.

As the pandemic eased, governments gradually lifted lock-down measures and resumed economic activities and proactively introduced respective economic stimulus policies to save the sliding economy. The economy gradually bottomed out in the second quarter. Stay-at-home economy and revenge spending drove a come-back of demand on the market. Prices of the crude oil and petrochemical products slowly turned around. Despite the suppressed selling prices of some products as a result of new throughput from the Mainland, the Company held onto the business opportunities brought about by the stay-at-home economy and revenge spending. The operational performance in the third quarter was no longer impacted by the pandemic. With the market share maintained, the operation in the fourth quarter was even better than that in the third quarter.

As part of the consolidated revenue in 2020, the parent company's net revenue was NT$123.6 billion, accounting for 48.8% of the consolidated revenue. Subsidiaries that contributed to the revenue included Formosa Industries Corporation in Ningbo, Formosa Industries Corporation in Vietnam, and Formosa Taffeta Co., Ltd., totaling NT$129.7 billion, accounting for 51.2% of the consolidated revenue. Main contributors to the parent company's revenue are petrochemical and plastic products. Both combined had a net worth of NT$113.6 billion, accounting for 91.9% of the parent company's revenue. Among them, petrochemical products totaled NT$66.2 billion or 53.6% and plastic products NT$47.4 billion or 38.3%.

Operational highlights of respective major products throughout 2020 included not only continued promotion of water and energy conservation and reduced unnecessary consumption and emissions to improve the circular economy but also proactive initiation of Ai-driven production in order to further enhance quality of products and reduce the costs and to hold onto new business opportunities brought about by the pandemic while deploying to meet the demand driven by post-pandemic new normal life and enhancing profits.

For aromatic hydrocarbon, SM, and phenol, the first and third aromatic hydrocarbon plants, and the SM plant in Mailiao completed multiple water and energy conservation improvements taking advantage of the annual inspection to effectively reduce energy consumption and enhance production efficiency. The first aromatic hydrocarbon plant completed the conversion to the new-generation transalkylation catalyst to improve reactivity and boost production efficacy. The third aromatic hydrocarbon plant completed multiple energy-saving improvements such as process optimization to greatly reduce the unnecessary consumption of steam. The SM plant in Mailiao completed water and energy improvements including multiple effect distillation (MED). In addition, the de-bottleneck improvement project began in 2020 for the Ningbo phenol plant in Mainland China. The annual throughput of phenol is increased from 300 thousand tons to 400 thousand tons to effectively enhance the operational performance and increase profits. Faced with the additional throughput from the Stage 2 Petrochemical Project in Zhejiang, competition on the market will become even fiercer in 2021. The petrochemical plant of the Company will continue to improve its process to be more energy-efficient and the AI technology will be combine process big data in order to optimize production management efficiency and to bring down the production cost in the face of challenges on the market.

In terms of PTA and PIA, the increased supply from the commissioned additional throughout in Mainland China drove down prices of products. Despite the constant devotion of new throughputs for downstream polyester in 2020, the stress brought about by supply surplus could not be covered to result in deficits. The PTA plant in Ningbo, with its optimal quality and steady lead time, has been trusted by customers. In addition, the processing cost has been significantly reduced following process transformation in 2018. The operating stress was slightly lower than that of plants in Taiwan. In 2021, the PTA and PIA in Taiwan will first satisfy the needs on the domestic market. For PTA exports, besides Formosa Industries Corporation in Vietnam, more New South-bound markets outside Mainland China will be explored. Full-volume production will be maintained for production lines in Taiwan and optimization of process in respective plants will continue to further drive down the processing cost. In addition, the new production line for PIA in Ningbo with an expected annual throughput of 200 thousand tons is scheduled for commissioning in the second quarter of 2021. Operationally, preemptive action has been taken to develop the potential customer base in areas without tariff barriers such as the Middle East and Russia to be prepared in advance for the sales to be fulfilled following the commissioning.

For plastic products, impacted by the pandemic, demand on the market shrunk for the first half of 2020. The demand for plastic pellets was weak. As the pandemic was gradually under control, however, demand for the new stay-at-home economic life surged. Global purchase orders returned to Mainland China again. The demand for plastic pellets showed an explosion following the suppression. The differences in prices between finished products and raw materials hit the historical height. Profits of plastic pellets set new records in PS and ABS. The unprecedented profits were created by plants in both Taiwan and Ningbo. 2021 is expected to be another harsh year due to the global pandemic and hence the rigid demand brought about by the stay-at-home economy is expected to remain steady. Faced with the rapid expansion of plastic productivity in Mainland China, we will expedite the production and distribution transforming cage change program to maximize the sales of high-value differential product and decentralize the market. In 2021, the sales of special PS products will climb from 46.1% to 50%. Hight-tone, refrigerator sheets, and sink plates will all be prioritized. In terms of ABS products, the sales of special ABS products from Taiwan plants will be enhanced from 35.3% to 45.6% in 2021 and the sales will be focused the increase in high-value special products. With the expanded productivities from the composite plants in Mailiao and Xingang, the production volume of composite PC/ABS products will be increased to 6,400 tons/month and above. The sales of special products from the PABS plant in Ningbo accounted for 27.3% in 2020. As business operation staff and technicians continue to promote application of the products, the sales will be smooth and are likely to continue with the growing streak.

In terms of PP products, the sales of special products in 2020 already reached 49.5%. To further maximize the market share, the goal is to have the overall product sales to grow by 5.5%. Special products need to account for 51.8%. High-quality and high unit-price medical device materials and development towards high liquidity and light weight will continue to be promoted. In 2020, they were successfully introduced and applied to new models of Toyota cars and the promotion of composite materials on the automobile market will continue in order to enhance the value added of the products. As far as the PC products are concerned, the sales of special products accounted for 20.5% in 2020 and started to be out of the red after the pandemic eased for the second half of the year. In 2021, the high-value strategy for the PC sector will be continued and efforts will be made to decentralize the market, maintain the good reputation on the market, and proactively work with customers in fulfilling their production and distribution demand. The target in the sales of special products is 30%.

In textiles and fiber products, impacted by undesirable factors, such as the pandemic for the plants in Taiwan and Vietnam and the price cut competition in the exportation of textile products from Mainland China, the sales of yarn and Rayon cotton dropped in 2020 from 2019. Although the revenue and profitability remained undesirable, by proactively holding onto business opportunities, the activation rate and the production and distribution volume returned to the pre-pandemic levels in the fourth quarter of 2020 for Rayon cotton and short-fiber yarn. Deficits dropped each month for the plant in Taiwan and the plant in Vietnam took a turn from loss to profit in October and they were making efforts to increase the sales of differentiated yarn such as environmentally-friendly yarns and anti-bacterial yarns in the pursuit of the best sales income combination. Rayon cotton, on the other hand, targets high-value products and development of new markets as the operational priorities. In addition, nylon products saw a turn from loss to profit in the fourth quarter after organizational restructuring in 2020 where the production and distribution structure was adjusted in an effort to expand shares of high-value products such as nylon engineering plastic pellets, recycle environmentally-friendly silk and color silk. In the future, to go with the prevailing green, environmental protection, recycling, and re-generation trends, the ratio of green products will be enhanced. Developments will prioritize the production of differential products such as environmentally-friendly silk and color silk with recycled waste fishing nets; brand distribution networks will be combined; the production demand of downstream customers and prevailing trends on the market will be taken into consideration; and the production and distribution plan and the production model will be adjusted to form a marketing system combining the upstream, mid-stream, and downstream.

Our company highly values environmental protection and social responsibilities as always in terms of ESG corporate governance. The best available control technology (BACT) continues to be adopted for pollution preventing equipment. The Company was the first in the country to realize clean emissions and elimination of white smoke generated by its co-generation units in May 2019. The emission quality is comparable to that of a natural gas unit. Meanwhile, there is the real-time bulletin board set up outside each plant to facilitate supervision by residents in the neighborhood. In addition, in honor of the belief in circular economy, energy conservation and emission reduction were promoted to reduce carbon emissions and to make utilization of water resource sustainable, fulfilling the Company's corporate social responsibilities. The AI technology was introduced to enhance energy conservation improvement efficiency. By 2020, the Company had invested accumulatively up to NT$12.9 billion in the promotion of energy conservation and emission reduction; 5,297 projects on improvements were completed, saving a total of 98,100 thousand tons per day of water in total and steam of 1,070 tons per hour, electricity of 128,000 kWh; the benefits combined totaled NT$11.1 billion.

To enhance the emphasis over safety, health, and environment management, the Sustainable Safety Mechanism Group was established in August 2019 to take charge of not only promoting environmental protection-related business but also exploring blind spots in industry safety management and eliminating hidden industrial safety risks at further depths as well as reinforcing awareness of safety among the employees to boost occupational safety. The plant in Mailiao was awarded the "2020 Outstanding Workplace" from the Ministry of Health and Welfare. In 2021, promotion will be focused on human-centered essential safety management from scratch for comprehensive improvements. Outstanding cases will be released on a quarterly basis of PHA, ISA/SOP, MOC, and false alarms to fulfill the experience-sharing purpose and educational training for contractors and employees will continue to be enforced while working towards zero hazards.

For the purpose of sustainable management, the Company continues to make investments. Expansion of the phenol plant in Ningbo was completed in 2020 and the throughput has been enhanced from 300 thousand tons to 400 thousand tons a year. The annual throughput of composite materials of the three plants across the Taiwan Strait under the Plastics Department combined reached 132 thousand tons. In 2021, efforts will be made to add 250 thousand tons to the existing capacity of the ABS plant in Ningbo, to expand the annual production volume of the PTA plant to 1.5 million tons, to build a new PTA plant with an annual capacity of 200 thousand tons. The most advanced production technologies are exclusively adopted for the new plant, which is unparalleled in the industry. For the Petrochemical Plant in Louisiana, USA, however, the construction pace has slowed down due to impacts from COVID-19 and will be continued as soon as the pandemic dies out or the administered vaccines show extensive effectiveness.

2. Operating Status:

The consolidated operating revenue was NT$253.29 billion in 2020, a decrease of NT$62.09 billion than NT$315.38 billion in 2019. Deducted operating costs NT$223.76 billion and selling expenses and administrative expenses NT$14.21 billion, the operating income was NT$15.32 billion in 2020 with an 6.0% of operating margin which declined NT$1.17 billion compared with NT$16.49 billion in 2019. Added up non-operating income and expenses NT$ 9.45 billion, the pre-tax income of 2019 was NT$24.77 billion, which declined NT$12.34 billion with a decrease of 33.3% compared with NT$37.11 billion in 2019.

3. 2021 Business Performance Target and Outlook:

The pandemic is likely to remain throughout 2021. Experienced preventive measures and vaccination in full swing, however, will help the economy pick up in speed towards recovery. The demand for crude oil will gradually stabilize and the steadily climbing oil prices will support prices of petrochemical products. The proactive policies adopted in Mainland China, such as dual circulation based primarily on the domestic cycle and new infrastructure construction meant to comprehensively maximize domestic demand, given its relatively stable condition in the midst of the pandemic compared to that in Europe, the United States, and India, also expedited the comeback of the petrochemical industry; it is conducive to the Company exploring business opportunities.

Nevertheless, there are many other pending challenges, such as the China-US trade conflicts, the mushrooming petrochemical production capacities, and the signing of the RCEP, among others, facing the Company. The stay-at-home economy catalyzed by the pandemic and the growing demand for epidemic prevention products, however, have brought about business opportunities under the new normal lifestyle. The Company will continue to hold onto the opportunities and deploy ahead of time and reinforce differentiation and high-value nature of its products, keep only the best under its production and distribution structure, and apply the AI big data for enhanced production and management efficiencies. Meanwhile, efforts will be continued in the promotion of comprehensive recycling of emissions and scraps for re-use and the practice of circular economy in response to the world trends.

FORMOSA CHEMICALS & FIBRE CORPORATION

Audit Committee' Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and Proposal for Profits Distribution. The CPA firm of PWC was retained to audit Formosa Chemicals & Fibre Corporation's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Formosa Chemicals & Fibre Corporation. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

Formosa Chemicals & Fibre Corporation
Chairman of the Audit Committee:

Ruey-Long Chen

March 12, 2021

Ratification Items Proposal 1

Proposal: For approval of the 2020 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 2020 Consolidated and Individual Financial Statements were completed. The aforementioned Financial Statements were reviewed by the Audit Committee and approved by the Board Meeting on March 12, 2021 and audited by independent auditors, Mr. Han-Chi, Wu and Mr. Chien-Hung Chou , of PWC. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 5 through page 10 of the Meeting Handbook. As for the Financial Statements, please refer to page 31 through page 45 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 2020 Profits as required by the Company Act.

Proposed by the Board of Directors

Explanation:

Please refer to page 46 of the Handbook for the Statement of Profits Distribution, which has been reviewed by the Audit Committee members of Formosa Chemicals & Fibre Corporation and approved by the Board of Directors on March 12, 2021. Please approve the Statement of Profits Distribution.

Resolution:

Discussion Items (I) Proposal 1

Proposal: Amendment to the Rules for Election of Directors of the company submitted for discussion.

Proposed by the Board of Directors

Explanation：

To refer to the sample template announced in the order Tai-Cheng-Chih-Li-Zi No. 1090009468 dated June 3, 2020 by the Taiwan Stock Exchange Corporation, certain articles of the Rules for Election of Directors provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Current Article	Amended Article	Reason for Amendment
Article 5	(above 3 paragraph omitted) When providing a recommended slate of director candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as a director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof. The Board of Directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each director nominee;	(above 3 paragraph omitted) When providing a recommended slate of director candidates, a shareholder or the Board of Directors shall describe each nominee's name, educational background, and work experience. The Board of Directors, or other person having the authority to call a shareholders' meeting, except under any of the following circumstances, shall include all qualified nominees in the slate of director candidates: 1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations. 2. Where the shareholding of the nominating	Amended in accordance with Article 192-1 of the Company Act.

Article	Current Article	Amended Article	Reason for Amendment
	except under any of the following circumstances, all qualified nominees shall be included in the slate of director candidates: 1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act. 3. Where the number of nominees exceeds the number of directors to be elected. 4. Where the relevant documentary proof required under the preceding paragraph is not attached.	shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act. 3. Where the number of nominees exceeds the number of directors to be elected. 4. Where the nominating shareholder fails to describe the nominee's name, educational background, and work experience.	
Article 6	The Board of Directors shall prepare ballots and distribute one ballot per voter corresponding to his/her attendance card number. The numbers of ballots distributed to the voters shall be equal to the directors to be elected. As for the number of voting rights associated with each ballot shall be specified on the ballots.	The Board of Directors or other person having the authority to call a shareholders' meeting shall prepare ballots and distribute one ballot per voter corresponding to his/her attendance card number. The numbers of ballots distributed to the voters shall be equal to the directors to be elected. As for the number of voting rights associated with each	The Company Act amendment stipulates a shareholders' meeting need not be convened by the Board of Directors. Therefore, ballots may be prepared by other person having the authority to call

Article	Current Article	Amended Article	Reason for Amendment
		ballot shall be specified on the ballots.	a shareholders' meeting.
Article 7	If a candidate is a shareholder, a voter must fill the candidate's account name and shareholder account number in the "candidate" column of the ballot; If a candidate is a non-shareholder, the voter shall fill the candidate's full name and identity card number.	A voter must fill the director candidate's full name in the "candidate" column of the ballot based on the director candidate list.	Because the company adopts the candidates nomination system, the Rules for Election of Directors of the company is amended.
Article 8	A ballot shall be deemed void under the following conditions: 1.The ballot was not prepared as Article 6 stated; or 2.The ballot has more than one candidate's name filled; or 3.Other words or marks are filled in addition to the information Article 7 stated; or 4.A ballot was not filled, or not completely filled, in compliance with the requirement set forth in Article 7; or 5.The writing is unclear and indecipherable; or 6.The candidate whose name is filled in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name	A ballot shall be deemed void under the following conditions: 1.The ballot was not prepared as Article 6 stated; or 2.The ballot has more than one candidate's name filled; or. 3.Other words or marks are filled in addition to the information Article 7 stated; or 4.The candidate's full name filled in the ballot does not conform to the director candidate list after verification; or 5.The writing is unclear and indecipherable.	Because the company adopts the candidates nomination system, the Rules for Election of Directors of the company is amended.

Article	Current Article	Amended Article	Reason for Amendment
	is filled in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.		

Resolution:

Discussion Items (I) Proposal 2

Proposal: Amendment to the Rules of Procedure for Shareholdes' Meetings of the company submitted for discussion.

Proposed by the Board of Directors

Explanation：

To refer to the sample template announced in the order Tai-Cheng-Chih-Li-Zi No. 1090009468 dated Jane 3, 2020 and Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation, certain articles of the Rules of Procedure for Shareholders' Meetings provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Current Article	Amended Article	Reason for Amendment
Article 3	(above 4 paragraph omitted) 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 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. <u>The content of such matters shall be uploaded to a website designated by the competent</u>	(above 4 paragraph omitted) 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, <u>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</u> shall be set out in the notice of the reasons for convening the shareholders'	1. Amended in accordance with the order Tai-Cheng-Chih-Li-Zi No. 1090009468 dated Jane 3, 2020 and the order Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation. 2. Amended in accordance with Article 172-1 Item 5 of the Company Act

Article	Current Article	Amended Article	Reason for Amendment
	authority or the Company, and the website shall be specified on the meeting notice. 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. However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the agenda. In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the	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	and the order Jing-Shang-Zi No. 0700105410 by the Ministry of Economic Affairs.

Article	Current Article	Amended Article	Reason for Amendment
	Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. (below omitted)	Article 172-1 of the Company Act. (below omitted)	
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. 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. (below omitted)	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	Amended in accordance with the order Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation.

Article	Current Article	Amended Article	Reason for Amendment
		of the total number of issued shares, the Chair shall declare the meeting adjourned. (below omitted)	
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 as directors and the numbers of votes with which they were elected. (below omitted)	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. (below omitted)	Amended in accordance with the order Tai-Cheng-Chih-Li-Zi No. 1100001446 dated January 28, 2021 by the Taiwan Stock Exchange Corporation.

Resolution:

Election Items

Proposal: The term of office of the Company's Directors has expired. Please elect the new Directors pursuant to the applicable laws.

Proposed by the Board of Directors

Explanation:

1. The Company's current directors were elected in the Annual Shareholders' Meeting on June 15, 2018 and have their tenure expired on June 14, 2021. To conform to the applicable Rule, the Company shall elect 15 directors (including 3 independent directors) using the cumulative voting system. The tenure of new session of Directors (including independent directors) shall be three years, starting June 18, 2021 until June 17, 2024.
2. In accordance with Article 192-1 of the Company Act and Article 18 of the Articles of the Company's Articles of Incorporation, the nomination system for candidates for the election of directors(including independent directors) of the Company shall be selected by the shareholders on the list of candidates and shall be held by the Company. The directors (including independent directors) jointly nominated by the shareholders who have issued more than 1% of the total number of shares on April 20, 2021 have 15 candidates. The names of the 12 Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Wen Yuan, Wong	Master in Industrial Engineering, University of Houston	Current Appointment: Chairman of National Federation of Industries Chairman of Formosa Chemicals& Fibre Corporation., Formosa Taffeta Co., Ltd., Formosa Advanced Technologies Co., Ltd. Experiences: Present of Formosa Chemicals & Fibre Corporation	129,198,084
Fu Yuan, Hong	Bachelor in Department of Chemical Engineering, Chung Yuan Christian University	Current Appointment: Vice Chairman of Formosa Chemicals & Fibre Corporation Experiences: Present of Formosa Chemicals & Fibre Corporation	272,804

Name	Education	Major Experience	Shareholding (Share)
Wilfred Wang	Bachelor in Engineering, University of London	Current Appointment: Managing Director of Formosa Plastics Corp.,Nan Ya Plastics Corp.,Formosa Petrochemical Corp. Experiences: Chairman of Formosa Petrochemical Corporation	16,867,218
Ruey Yu, Wang Representative of Nan Ya Plastics Corporation	MBA, National Taiwan University	Current Appointment: Chairman of Formosa Biomedical Technology Corporation Managing Director of Nan Ya Plastics Corporation Experiences: Managing Director of Formosa Petrochemical Corporation	140,519,648
Walter Wang Representative of Formosa Petrochemical Corporation	Bachelor in University of California, Berkeley	Current Appointment: Chairman and CEO, J-M Manufacturing Co., Inc. Director of Formosa Petrochemical Corporation	48,567,575
Wen Chin, Lu	Bachelor in Department of Chemical Engineering, Tatung College of Engineering	Current Appointment: President of Formosa Chemicals & Fibre Corporation Experiences: Senior vice present of Formosa Chemicals & Fibre Corporation	3,236
Ing Dar, Fang	Bachelor in Department of Chemical Engineering, Chinese Culture University	Current Appointment: Executive vice present of Formosa Chemicals & Fibre Corporation Experiences: Senior vice president of Formosa Chemicals & Fibre Corporation	73
Ching Fen, Lee	Bachelor in Department of Chemical Engineering, Tamkang University	Current Appointment: Senior vice president of Formosa Chemicals & Fibre Corporation Experiences: Vice president of Formosa Chemicals & Fibre Corporation	0
Tsung Yuan, Chang	Bachelor in Department of Marine Engineering, Ocean College	Current Appointment: Senior vice president of Formosa Chemicals & Fibre Corporation Experiences: Vice president of Formosa Chemicals & Fibre Corporation	0

Name	Education	Major Experience	Shareholding (Share)
Wei Keng, Chien	Master in Department of Chemical Engineering, National Cheng Kung University	Current Appointment: Vice president of Formosa Chemicals & Fibre Corporation Experiences: Assistant vice president of Formosa Chemicals & Fibre Corporation	0
Chun Hsiung, Su	Bachelor in Department of Chemical Engineering, Ming Chi University of Technology	Current Appointment: Vice president of Formosa Chemicals & Fibre Corporation Experiences: Assistant vice president of Formosa Chemicals & Fibre Corporation	359
Horng Ming, Juang	Bachelor in Department of Mechanical Engineering, Tamkang University	Current Appointment: Vice president of Formosa Chemicals & Fibre Corporation Experiences: Assistant vice president of Formosa Chemicals & Fibre Corporation	2,626

The names of the 3 Independent Director Candidates are listed below:

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

Resolution:

Discussion Items (II) Proposal 1

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

Proposed by the Board of Directors

Explanation:

1. According to Article 209 of the Company Act, any Director conducting business for himself/herself or on another's behalf, and the scope of which coincides with the Company's business scope, shall explain at the Shareholders' Meeting the essential contents of such conduct and obtain approval from shareholders in the Meeting.
2. Meanwhile, according to Explanation Letter No.89206938 on Article 209 of the Company Act, announced by the Ministry of Economic Affairs dated April 24, 2000, where the juristic person shareholder's authorized representatives are elected as directors according to Article 27-2 of the Company Act, both the juristic person shareholder and the authorized representatives shall be subject to the non-competition restrictions under Article 209 of the Company Act.
3. The list of newly-elected Directors and the juristic person shareholder who appoints its authorized representatives to be elected as directors in annual Shareholders' Meeting of 2020 as the same or similar duty in other companies within the scope of the Company's business is as follow. Based on the premise of the interest of the Company without impairment, it is proposed to release the Directors and juristic person shareholders which appoints its authorized representatives to be elected as directors after having assumed office from non-competition restrictions for approval following Article 209 of the Company Act.

Name	Concurrent Position of other Companies
Wen Yuan, Wong	Chairman of Formosa Taffeta Co., Ltd. Chairman of Formosa Taffeta (Zhong Shan)Co., Ltd. Chairman of Formosa Taffeta (Changshu)Co., Ltd. Chairman of Formosa Taffeta (Hong Kong)Co., Ltd. Managing Director of Formosa Plastics Corporation Managing Director of Nan Ya Plastics Corporation Managing Director of Formosa Petrochemical Corporation Managing Director of Formosa Idemitsu Petrochemical Corporation Director of Mai-Liao Power Corporation Director of Formosa Plastics Corporation, U.S.A. Director of Formosa Ineos Chemicals Corporation Director of Formosa Biomedical Technology Corporation
Fu Yuan, Hong	Chairman of Formosa Ineos Chemicals Corporation Chairman of Formosa Idemitsu Petrochemical Corporation Director of Formosa Taffeta Co., Ltd. Director of Mai-Liao Power Corporation Director and President of Formosa Industries Corporation Director of Formosa Biomedical Technology Corporation Director of Formosa Taffeta (Changshu)Co., Ltd. Director of Formosa Taffeta Dong Nai Co., Ltd. Director of Formosa Taffeta Vietnam Co., Ltd. Director of Schoeller Textil AG Director of Hwa Ya Power Corporation
Wilfred Wang	Managing Director of Formosa Plastics Corporation Managing Director of Nan Ya Plastics Corporation Managing Director of Formosa Petrochemical Corporation Director of Mai-Liao Power Corporation Director of Hwa Ya Power Corporation
Ruey Yu, Wang Representative of Nan Ya Plastics Corporation	Chairman of Formosa Biomedical Technology Corporation Managing Director of Nan Ya Plastics Corporation Director of Hong Jing Resources Co., Ltd.

Name	Concurrent Position of other Companies
Walter Wang Representative of Formosa Petrochemical Corporation	Director of Formosa Petrochemical Corporation
Ing Dar, Fang	Director of FG INC.
Wen Chin, Lu	Director of Formosa Ineos Chemicals Corporation Director of Formosa Idemitsu Petrochemical Corporation Director of Formosa Taffeta Co., Ltd. Director of Formosa Industries Corporation
Ching Fen, Lee	Director of Formosa Idemitsu Petrochemical Corporation Director of Formosa Industries Corporation
Ruey Long, Chen	Chairman of China Petrochemical Development Corporation

Resolution:

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			For the years ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	$ 253,294,668	100	$ 315,384,595	100
5000	Operating costs	6(6)(15)(25)(26) and 7	(223,762,600)	(88)	(283,366,077)	(90)
5900	Net operating margin		29,532,068	12	32,018,518	10
	Operating expenses	6(15)(25)(26) and 7				
6100	Selling expenses		(8,870,730)	(4)	(9,463,556)	(3)
6200	General and administrative expenses		(5,337,718)	(2)	(6,066,218)	(2)
6000	Total operating expenses		(14,208,448)	(6)	(15,529,774)	(5)
6900	Operating profit		15,323,620	6	16,488,744	5
	Non-operating income and expenses					
7100	Interest income	6(21)	356,766	-	415,445	-
7010	Other income	6(22) and 7	6,995,269	3	11,127,821	4
7020	Other gains and losses	6(23)	(394,027)	-	1,694,104	1
7050	Finance costs	6(8)(24) and 7	(1,293,887)	-	(1,834,684)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	3,779,946	1	9,214,254	3
7000	Total non-operating income and expenses		9,444,067	4	20,616,940	7
7900	**Profit before income tax**		24,767,687	10	37,105,684	12
7950	Income tax expense	6(27)	(3,213,494)	(1)	(3,861,581)	(1)
8000	**Profit for the year from continuing operations**		21,554,193	9	33,244,103	11
8100	(Loss) profit from discontinued operations	6(10)	(484)	-	1,204,254	-
8200	**Profit for the year**		$ 21,553,709	9	$ 34,448,357	11

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FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
	Other comprehensive income (net)	6(19)(27)				
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		$ 305,882	-	($ 354,337)	-
8316	Unrealised loss on financial assets measured at fair value through other comprehensive income		(8,423,056)	(4)	(6,758,056)	(2)
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(775,897)	-	(798,976)	(1)
8310	Other comprehensive loss that will not be reclassified to profit or loss		(8,893,071)	(4)	(7,911,369)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(371,436)	-	(3,184,991)	(1)
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method		(784,121)	-	(541,219)	-
8399	Income tax relating to the components of other comprehensive income		(104,057)	-	542,926	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(1,259,614)	-	(3,183,284)	(1)
8300	**Total other comprehensive loss for the year**		($ 10,152,685)	(4)	($ 11,094,653)	(4)
8500	**Total comprehensive income for the year**		$ 11,401,024	5	$ 23,353,704	7
	Net income attributable to:					
8610	Owners of the parent		$ 19,544,141	8	$ 29,702,242	9
8620	Non-controlling interest		2,009,568	1	4,746,115	2
			$ 21,553,709	9	$ 34,448,357	11
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 10,128,238	4	$ 22,873,505	7
8720	Non-controlling interest		1,272,786	1	480,199	-
			$ 11,401,024	5	$ 23,353,704	7

		Notes	2020 Before Tax	2020 After Tax	2019 Before Tax	2019 After Tax
	Basic earnings per share	6(26)				
9710	Profit for the year from continuing operations		$ 4.23	$ 3.69	$ 6.62	$ 5.91
9720	Profit for the year from discontinued operations		0.00	0.00	0.26	0.20
	Non-controlling interest		0.71	0.35	1.15	0.82
9750	**Profit attributable to common shareholders of the parent**		$ 3.52	$ 3.34	$ 5.21	$ 4.89
	Assuming shares held by subsidiary are not deemed as treasury stock:					
9710	Profit for the year from continuing operations		$ 4.23	$ 3.68	$ 6.59	$ 5.88
9720	Profit for the year from discontinued operations		0.00	0.00	0.26	0.21
	Non-controlling interest		0.71	0.35	1.15	0.81
9750	**Profit attributable to common shareholders of the parent**		$ 3.52	$ 3.33	$ 5.18	$ 4.86

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			For the years ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	$ 159,681,997	100	$ 198,210,058	100
5000	Operating costs	6(5)(22)(23) and 7	(147,711,667)	(92)	(181,514,346)	(92)
5900	Net operating margin		11,970,330	8	16,695,712	8
5910	Unrealized profit from sales		(47,243)	-	(285,173)	-
5920	Realized profit from sales		285,173	-	539,952	-
5950	Net operating margin		12,208,260	8	16,950,491	8
	Operating expenses	6(12)(22)(23) and 7				
6100	Selling expenses		(4,725,799)	(3)	(4,834,267)	(2)
6200	General and administrative expenses		(3,301,210)	(2)	(3,908,145)	(2)
6000	Total operating expenses		(8,027,009)	(5)	(8,742,412)	(4)
6900	Operating profit		4,181,251	3	8,208,079	4
	Non-operating income and expenses					
7100	Interest income	6(18)	129,309	-	248,857	-
7010	Other income	6(19) and 7	5,174,466	3	8,539,109	4
7020	Other gains and losses	6(20)	(1,167,811)	(1)	15,227	-
7050	Finance costs	6(7)(21) and 7	(808,895)	-	(933,004)	-
7070	Share of profit of associates and joint ventures accounted for under equity method	6(6)	13,094,869	8	15,820,270	8
7000	Total non-operating income and expenses		16,421,938	10	23,690,459	12
7900	**Profit before income tax**		20,603,189	13	31,898,538	16
7950	Income tax expense	6(24)	(1,059,048)	(1)	(2,196,296)	(1)
8200	**Profit for the year**		$ 19,544,141	12	$ 29,702,242	15

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
			For the years ended December 31			
	Other comprehensive income (net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(12)	$ 305,882	-	($ 354,337)	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	(15,129,232)	(10)	4,140,707	2
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		6,087,983	4	(7,884,276)	(4)
8310	Other comprehensive loss that will not be reclassified to profit or loss		(8,735,367)	(6)	(4,097,906)	(2)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(16)	278,998	-	(2,616,345)	(1)
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(855,477)	-	(657,412)	-
8399	Income tax relating to the components of other comprehensive income	6(16)(24)	(104,057)	-	542,926	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(680,536)	-	(2,730,831)	(1)
8300	**Other comprehensive loss for the year**		($ 9,415,903)	(6)	($ 6,828,737)	(3)
8500	**Total comprehensive income for the year**		$ 10,128,238	6	$ 22,873,505	12

	Items	Notes	2020 Before Tax	2020 After Tax	2019 Before Tax	2019 After Tax
	Basic earnings per share (in dollars)	6(25)				
9750	**Net income**		$ 3.52	$ 3.34	$ 5.47	$ 5.09
	Assuming shares held by subsidiary are not deemed as treasury stock:					
	Basic earnings per share (in dollars)					
	Net income		$ 3.52	$ 3.33	$ 5.44	$ 5.07

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 17,127,127	3	$ 15,099,252	3
1110	Financial assets at fair value through profit or loss - current	6(2)	3,888,592	1	4,044,087	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	109,489,471	21	110,143,905	20
1136	Current financial assets at amortised cost	6(4)	1,116,878	-	-	-
1150	Notes receivable, net	6(5)	10,884,391	2	6,898,955	1
1160	Notes receivable - related parties	6(5) and 7	4,260	-	6,395	-
1170	Accounts receivable, net	6(5)	16,661,036	3	16,050,769	3
1180	Accounts receivable - related parties	6(5) and 7	5,954,694	1	5,137,355	1
1200	Other receivables	7	2,558,805	1	7,781,218	1
1210	Other receivables - related parties	7	4,195,598	1	12,798,836	2
130X	Inventory	6(6) and 8	33,047,807	6	41,269,264	8
1470	Other current assets	7	10,936,356	2	6,952,598	1
11XX	**Total current assets**		215,865,015	41	226,182,634	41
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	59,621,608	11	67,540,577	12
1535	Non-current financial assets at amortised cost	6(4) and 8	263,646	-	-	-
1550	Investments accounted for under equity method	6(7)	116,029,032	22	118,395,626	22
1600	Property, plant and equipment	6(8), 7 and 8	127,268,960	24	124,671,052	23
1755	Right-of-use assets	6(9)	1,541,844	-	1,645,199	-
1780	Intangible assets		3,436	-	1,288	-
1840	Deferred income tax assets	6(27)	2,111,162	-	2,447,969	-
1900	Other non-current assets		9,115,725	2	9,664,672	2
15XX	**Total non-current assets**		315,955,413	59	324,366,383	59
1XXX	**Total assets**		$ 531,820,428	100	$ 550,549,017	100

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FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 19,055,620	4	$ 32,369,623	6
2110	Short-term notes and bills payable	6(11)	16,096,733	3	14,396,370	3
2120	Financial liabilities at fair value through profit or loss - current	6(12)	137	-	80	-
2150	Notes payable		225,924	-	225,514	-
2170	Accounts payable		5,930,437	1	6,363,844	1
2180	Accounts payable - related parties	7	12,208,567	2	11,377,993	2
2200	Other payables	7	8,656,243	2	9,603,144	2
2220	Other payables - related parties	7	531,808	-	-	-
2230	Current income tax liabilities		2,423,121	1	1,156,151	-
2280	Current lease liabilities		125,986	-	158,053	-
2320	Long-term liabilities, current portion	6(13)(14)	2,106,821	-	6,687,482	1
2399	Other current liabilities		6,091,542	1	4,794,415	1
21XX	**Total current liabilities**		73,452,939	14	87,132,669	16
	Non-current liabilities					
2530	Corporate bonds payable	6(13)	40,050,000	8	32,100,000	6
2540	Long-term borrowings	6(14)	16,241,267	3	14,114,083	3
2570	Deferred income tax liabilities	6(27)	440,237	-	426,880	-
2580	Non-current lease liabilities		711,804	-	750,716	-
2600	Other non-current liabilities	6(15)	5,471,652	1	6,733,706	1
25XX	**Total non-current liabilities**		62,914,960	12	54,125,385	10
2XXX	**Total liabilities**		136,367,899	26	141,258,054	26
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Common stock		58,611,863	11	58,611,863	11
	Capital surplus	6(17)				
3200	Capital surplus		9,167,637	2	9,138,869	2
	Retained earnings	6(18)				
3310	Legal reserve		64,335,076	12	61,364,852	11
3320	Special reserve		66,328,339	13	60,171,925	11
3350	Unappropriated retained earnings		53,380,101	10	64,990,184	12
	Other equity interest	6(19)				
3400	Other equity interest		92,854,794	17	102,560,930	18
3500	Treasury stocks	6(16)	(323,952)	-	(323,952)	-
31XX	**Equity attributable to owners of the parent**		344,353,858	65	356,514,671	65
36XX	**Non-controlling interest**		51,098,671	9	52,776,292	9
3XXX	**Total equity**		395,452,529	74	409,290,963	74
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 531,820,428	100	$ 550,549,017	100

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,705,265	1	$ 685,005	-
1110	Financial assets at fair value through profit or loss - current	6(2)	3,888,510	1	4,043,968	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	108,390,105	24	109,009,928	24
1150	Notes receivable, net	6(4)	266,891	-	216,389	-
1160	Notes receivable - related parties	6(4) and 7	127,610	-	44,999	-
1170	Accounts receivable, net	6(4)	5,796,622	1	5,635,861	1
1180	Accounts receivable - related parties	6(4) and 7	12,181,977	3	12,839,476	3
1200	Other receivables	7	722,920	-	1,059,415	-
1210	Other receivables - related parties	7	4,195,598	1	12,798,836	3
130X	Inventory	6(5)	13,243,545	3	19,046,036	4
1470	Other current assets	7	4,554,725	1	3,032,965	1
11XX	**Total current assets**		157,073,768	35	168,412,878	37
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	19,017,691	4	15,802,133	3
1550	Investments accounted for under equity method	6(6)	205,595,844	46	212,083,684	46
1600	Property, plant and equipment	6(7) and 8	54,560,182	12	53,342,392	12
1755	Right-of-use assets	6(8)	27,188	-	25,272	-
1840	Deferred income tax assets	6(24)	1,956,173	1	2,245,198	-
1900	Other non-current assets		7,065,392	2	7,607,343	2
15XX	**Total non-current assets**		288,222,470	65	291,106,022	63
1XXX	**Total assets**		$ 445,296,238	100	$ 459,518,900	100

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 13,763,200	3	$ 21,057,000	5
2110	Short-term notes and bills payable	6(9)	15,596,755	4	14,396,370	3
2170	Accounts payable		1,838,945	-	2,111,358	1
2180	Accounts payable - related parties	7	11,083,977	3	10,027,809	2
2200	Other payables	7	5,227,252	1	5,982,156	1
2230	Current income tax liabilities		1,135,266	-	461,912	-
2280	Current lease liabilities		5,669	-	4,721	-
2320	Long-term liabilities, current portion	6(10)(11)	2,050,000	1	5,438,889	1
2399	Other current liabilities		5,109,713	1	3,912,922	1
21XX	**Total current liabilities**		55,810,777	13	63,393,137	14
	Non-current liabilities					
2530	Corporate bonds payable	6(10)	40,050,000	9	32,100,000	7
2540	Long-term borrowings	6(11)	-	-	1,344,444	-
2570	Deferred income tax liabilities	6(24)	40,277	-	49,271	-
2580	Non-current lease liabilities		21,813	-	20,726	-
2600	Other non-current liabilities	6(12)	5,019,513	1	6,096,651	1
25XX	**Total non-current liabilities**		45,131,603	10	39,611,092	8
2XXX	**Total liabilities**		100,942,380	23	103,004,229	22
	Equity					
	Share capital	6(13)				
3110	Common stock		58,611,863	13	58,611,863	13
	Capital surplus	6(14)				
3200	Capital surplus		9,167,637	2	9,138,869	2
	Retained earnings	6(15)				
3310	Legal reserve		64,335,076	14	61,364,852	14
3320	Special reserve		66,328,339	15	60,171,925	13
3350	Unappropriated retained earnings		53,380,101	12	64,990,184	14
	Other equity interest	6(16)				
3400	Other equity interest		92,854,794	21	102,560,930	22
3500	Treasury stocks	6(13)	(323,952)	-	(323,952)	-
3XXX	**Total equity**		344,353,858	77	356,514,671	78
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 445,296,238	100	$ 459,518,900	100

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
				Retained Earnings			Other Equity Interest						
		Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury stocks	Total		
For the year ended December 31, 2019													
Balance at January 1, 2019		$ 58,611,863	$ 9,084,142	$ 56,487,920	$ 53,131,385	$ 84,098,904	($ 1,813,251)	$ 110,762,790	($ 15,865)	($ 539,014)	$ 369,808,874	$ 63,513,625	$ 433,322,499
Profit for the year		-	-	-	-	29,702,242	-	-	-	-	29,702,242	4,746,115	34,448,357
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	(454,682)	(2,747,355)	(3,643,224)	16,524	-	(6,828,737)	(4,265,916)	(11,094,653)
Total comprehensive income (loss)		-	-	-	-	29,247,560	(2,747,355)	(3,643,224)	16,524	-	22,873,505	480,199	23,353,704
Appropriations of 2018 earnings	6(18)												
Legal reserve		-	-	4,876,932	-	(4,876,932)	-	-	-	-	-	-	-
Special reserve		-	-	-	7,040,540	(7,040,540)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(36,339,355)	-	-	-	-	(36,339,355)	-	(36,339,355)
Changes in the net interest of associates recognised using the equity method	6(17)	-	(4,649)	-	-	-	-	-	-	-	(4,649)	-	(4,649)
Cash dividends reclassified to capital surplus	6(17)	-	6,869	-	-	-	-	-	-	-	6,869	-	6,869
Dividends paid to subsidiaries to adjust capital surplus	6(17)	-	44,726	-	-	-	-	-	-	-	44,726	-	44,726
Expired cash dividends reclassified to capital surplus	6(17)	-	(156)	-	-	-	-	-	-	-	(156)	-	(156)
Changes in ownership interests in subsidiaries	6(17)	-	7,937	-	-	(98,142)	-	-	-	-	(90,205)	13,282	(76,923)
Disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	(1,311)	-	1,311	-	-	-	467	467
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	(5,185,510)	(5,185,510)
Adjustments in treasury stocks due to changes in proportion to its ownership interests in subsidiaries		-	-	-	-	-	-	-	-	215,062	215,062	-	215,062
Increase in non-controlling interest-disposal of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	(6,045,771)	(6,045,771)
Balance at December 31, 2019		$ 58,611,863	$ 9,138,869	$ 61,364,852	$ 60,171,925	$ 64,990,184	($ 4,560,606)	$ 107,120,877	$ 659	($ 323,952)	$ 356,514,671	$ 52,776,292	$ 409,290,963

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
				Retained Earnings			Other Equity Interest						
	Notes	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury stocks	Total	Non-controlling interest	Total equity
For the year ended December 31, 2020													
Balance at January 1, 2020		$ 58,611,863	$ 9,138,869	$ 61,364,852	$ 60,171,925	$ 64,990,184	($ 4,560,606)	$ 107,120,877	$ 659	($ 323,952)	$ 356,514,671	$ 52,776,292	$ 409,290,963
Profit for the year		-	-	-	-	19,544,141	-	-	-	-	19,544,141	2,009,568	21,553,709
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	404,543	(712,000)	(9,139,910)	31,464	-	(9,415,903)	(736,782)	(10,152,685)
Total comprehensive income (loss)		-	-	-	-	19,948,684	(712,000)	(9,139,910)	31,464	-	10,128,238	1,272,786	11,401,024
Appropriations of 2019 earnings	6(18)												
Legal reserve		-	-	2,970,224	-	(2,970,224)	-	-	-	-	-	-	-
Special reserve		-	-	-	6,156,414	(6,156,414)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(22,272,508)	-	-	-	-	(22,272,508)	-	(22,272,508)
Changes in the net interest of associates recognised under the equity method	6(17)	-	4,568	-	-	(88,768)	-	84,386	-	-	186	-	186
Cash dividends reclassified to capital surplus	6(17)	-	4,420	-	-	-	-	-	-	-	4,420	-	4,420
Dividends paid to subsidiaries to adjust capital surplus	6(17)	-	(304)	-	-	-	-	-	-	-	(304)	-	(304)
Expired cash dividends reclassified to capital surplus	6(17)	-	17,295	-	-	-	-	-	-	-	17,295	-	17,295
Changes in ownership interests in subsidiaries	6(17)	-	2,789	-	-	(40,929)	-	-	-	-	(38,140)	4,657	(33,483)
Disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	(29,924)	-	29,924	-	-	-	(50,555)	(50,555)
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	(3,243,752)	(3,243,752)
Decrease in non-controlling interest-disposal of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	(4,410)	(4,410)
Increase in non-controlling interest-acquisition of ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	343,653	343,653
Balance at December 31, 2020		$ 58,611,863	$ 9,167,637	$ 64,335,076	$ 66,328,339	$ 53,380,101	($ 5,272,606)	$ 98,095,277	$ 32,123	($ 323,952)	$ 344,353,858	$ 51,098,671	$ 395,452,529

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury stocks	Total
For the year ended December 31, 2019											
Balance at January 1, 2019		$ 58,611,863	$ 9,084,142	$ 56,487,920	$ 53,131,385	$ 84,098,904	($ 1,813,251)	$ 110,762,790	($ 15,865)	($ 539,014)	$ 369,808,874
Profit for the year		-	-	-	-	29,702,242	-	-	-	-	29,702,242
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	(454,682)	(2,747,355)	(3,643,224)	16,524	-	(6,828,737)
Total comprehensive income (loss)		-	-	-	-	29,247,560	(2,747,355)	(3,643,224)	16,524	-	22,873,505
Appropriations of 2018 earnings	6(15)										
Legal reserve		-	-	4,876,932	-	(4,876,932)	-	-	-	-	-
Special reserve		-	-	-	7,040,540	(7,040,540)	-	-	-	-	-
Cash dividends		-	-	-	-	(36,339,355)	-	-	-	-	(36,339,355)
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	44,726	-	-	-	-	-	-	-	44,726
Changes in the net interest of associates recognised under the equity method	6(14)	-	(4,649)	-	-	-	-	-	-	-	(4,649)
Expired cash dividends reclassified to capital surplus	6(14)	-	6,869	-	-	-	-	-	-	-	6,869
Expired dividends paid from capital surplus	6(14)	-	(156)	-	-	-	-	-	-	-	(156)
Adjustments in treasury stocks due to changes in proportion to its ownership interests in subsidiaries		-	-	-	-	-	-	-	-	215,062	215,062
Changes in ownership interests in subsidiaries	6(14)	-	7,937	-	-	(98,142)	-	-	-	-	(90,205)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(1,311)	-	1,311	-	-	-
Balance at December 31, 2019		$ 58,611,863	$ 9,138,869	$ 61,364,852	$ 60,171,925	$ 64,990,184	($ 4,560,606)	$ 107,120,877	$ 659	($ 323,952)	$ 356,514,671
For the year ended December 31, 2020											
Balance at January 1, 2020		$ 58,611,863	$ 9,138,869	$ 61,364,852	$ 60,171,925	$ 64,990,184	($ 4,560,606)	$ 107,120,877	$ 659	($ 323,952)	$ 356,514,671
Profit for the year		-	-	-	-	19,544,141	-	-	-	-	19,544,141
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	404,543	(712,000)	(9,139,910)	31,464	-	(9,415,903)
Total comprehensive income (loss)		-	-	-	-	19,948,684	(712,000)	(9,139,910)	31,464	-	10,128,238
Appropriations of 2019 earnings	6(15)										
Legal reserve		-	-	2,970,224	-	(2,970,224)	-	-	-	-	-
Special reserve		-	-	-	6,156,414	(6,156,414)	-	-	-	-	-
Cash dividends		-	-	-	-	(22,272,508)	-	-	-	-	(22,272,508)
Dividends paid to subsidiaries to adjust capital surplus	6(14)	-	17,295	-	-	-	-	-	-	-	17,295
Changes in the net interest of associates recognised under the equity method	6(14)	-	4,568	-	-	(88,768)	-	84,386	-	-	186
Expired cash dividends reclassified to capital surplus	6(14)	-	4,420	-	-	-	-	-	-	-	4,420
Expired dividends paid from capital surplus	6(14)	-	(304)	-	-	-	-	-	-	-	(304)
Changes in ownership interests in subsidiaries	6(14)	-	2,789	-	-	(40,929)	-	-	-	-	(38,140)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(29,924)	-	29,924	-	-	-
Balance at December 31, 2020		$ 58,611,863	$ 9,167,637	$ 64,335,076	$ 66,328,339	$ 53,380,101	($ 5,272,606)	$ 98,095,277	$ 32,123	($ 323,952)	$ 344,353,858

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		$ 24,767,687	$ 37,105,684
(Loss) profit from discontinued operations before tax	6(10)	(484)	1,527,839
Profit before tax		24,767,203	38,633,523
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	13,365,687	14,881,648
Amortisation	6(25)	3,669,159	3,601,074
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(23)	155,552	(29,303)
Interest expense	6(24)	1,293,887	1,840,275
Interest income	6(21)	(356,838)	(426,899)
Dividend income	6(22)	(5,113,321)	(10,027,034)
Gain on disposal of investments	6(10)(30)	(165)	(2,016,760)
Share of profit or loss of associates accounted for under the equity method		(3,779,946)	(9,214,254)
Gain on disposal and scrap of property, plant and equipment	6(23)	(692,419)	(8,364)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets-current		-	(550,812)
Notes receivable		(3,985,436)	8,186,536
Notes receivable-related parties		2,135	(1,966)
Accounts receivable		(599,651)	4,314,446
Accounts receivable-related parties		(817,339)	2,031,485
Other receivables		5,213,635	381,956
Inventories		8,221,457	691,546
Other current assets		(3,962,200)	292,395
Changes in operating liabilities			
Notes payable		410	(30,066)
Notes payable-related parties		-	41,545
Accounts payable		(437,189)	790,057
Accounts payable-related parties		830,574	(4,459,043)
Other payables		(1,137,950)	(1,807,792)
Other current liabilities		1,274,893	(1,087,240)
Accrued pension liabilities		(1,264,280)	(136,101)
Cash inflow generated from operations		36,647,858	45,890,852
Interest received		374,883	445,745
Dividends received		12,250,867	21,752,336
Interest paid		(1,351,231)	(1,926,634)
Income tax paid		(1,709,608)	(7,149,771)
Net cash flows from operating activities		46,212,769	59,012,528

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other receivables-related parties		$ 8,603,238	($ 1,422,034)
Acquisition of financial assets at fair value through profit or loss		-	(300,000)
Acquisition of financial assets at fair value through other comprehensive income		(55,400)	(320,901)
Proceeds from disposal of financial assets at fair value through profit or loss		-	780,875
Shares returned from reduction in financial assets at fair value through other comprehensive income		14,810	8,204
Proceeds from disposal of financial assets at fair value through other comprehensive income		518	445
Acquisition of financial assets at amortised cost		(1,380,524)	-
Acquisition of investments accounted for under the equity method		(2,664,942)	(2,379,580)
Net cash (outflow) inflow from disposal of subsidiaries	6(29)(30)	(23,556)	1,556,230
Net cash outflow from acquisition of ownership interests in subsidiaries	6(29)	(66,160)	-
Acquisition of property, plant and equipment	6(30)	(15,681,770)	(16,972,497)
Proceeds from disposal of property, plant and equipment		998,237	187,845
Acquisition of intangible assets		(2,623)	(1,031)
Increase in non-current assets		(3,298,078)	(6,554,233)
Net cash flows used in investing activities		(13,556,250)	(25,416,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(13,314,003)	421,582
Increase in short-term notes and bills payable		1,700,363	1,905,827
Increase in other payables-related parties		531,808	-
Increase in corporate bonds payable		10,000,000	7,000,000
Payment of corporate bonds payable		(2,750,000)	(6,200,000)
Increase in long-term borrowings		14,752,685	15,155,886
Payment of long-term borrowings		(16,228,492)	(23,993,392)
Payment of lease liabilities		(178,039)	(155,845)
Increase (decrease) in other non-current liabilities		2,058	(27,826)
Payment of cash dividends	6(30)	(22,267,479)	(36,329,900)
Payment of expired cash dividends reclassified to capital surplus		(304)	(156)
Payment of cash dividends - non-controlling interest		(3,243,752)	(5,185,510)
Net cash flows used in financing activities		(30,995,155)	(47,409,334)
Effect of foreign exchange translations		366,511	(2,297,074)
Net increase (decrease) in cash and cash equivalents		2,027,875	(16,110,557)
Cash and cash equivalents at beginning of year		15,099,252	31,209,809
Cash and cash equivalents at end of year		$ 17,127,127	$ 15,099,252

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

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 20,603,189	$ 31,898,538
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	5,648,825	5,497,457
Amortization	6(22)	3,166,572	3,038,884
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(20)	155,458	(27,104)
Interest expense	6(21)	808,895	933,004
Interest income	6(18)	(129,309)	(248,856)
Dividend income	6(19)	(3,955,134)	(7,935,339)
Share of profit or loss of associates accounted for under the equity method		(13,094,869)	(15,820,271)
Loss (gain) on disposal and scrap of property, plant and equipment	6(20)	204,906	(24,641)
Realised gain from sales		(237,930)	(254,779)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(50,502)	174,313
Notes receivable-related parties		(82,611)	286,827
Accounts receivable		(160,761)	1,942,962
Accounts receivable-related parties		657,499	4,932,646
Other receivables		329,481	1,700,334
Inventory		5,802,491	(827,914)
Other current assets		(1,522,214)	(1,031,171)
Changes in operating liabilities			
Accounts payable		(272,413)	(439,168)
Accounts payable-related parties		1,056,168	(3,312,296)
Other payables		(887,969)	(1,876,723)
Other current liabilities		1,196,791	(794,469)
Accrued pension liabilities		(793,963)	(531,098)
Cash inflow generated from operations		18,442,600	17,281,136
Interest received		136,323	270,745
Dividends received		12,902,065	22,594,777
Interest paid		(820,936)	(936,581)
Income tax paid		(209,720)	(4,999,175)
Net cash flows from operating activities		30,450,332	34,210,902

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other receivables-related parties		$ 8,603,238	($ 1,545,394)
Proceeds from disposal of financial assets at fair value through profit or loss		23,293	7,749
Acquisition of investments accounted for under the equity method		(1,383,254)	(6,054,554)
Acquisition of property, plant and equipment	6(26)	(6,989,725)	(5,824,832)
Proceeds from disposal of property, plant and equipment		65,876	46,830
Increase in non-current assets		(2,621,654)	(4,522,873)
Net cash flows used in investing activities		(2,302,226)	(17,893,074)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(7,293,800)	11,419,700
Decrease in short-term notes and bills payable		1,200,385	1,905,827
Increase in long-term borrowings		-	700,000
Payment of long-term borrowings		(4,033,333)	(7,188,889)
Increase in corporate bonds payable		10,000,000	7,000,000
Payment of corporate bonds payable		(2,750,000)	(6,200,000)
Payment of lease liabilities		(6,022)	(6,020)
Increase (decrease) in other non-current liabilities		22,707	(12,246)
Payment of cash dividends	6(26)	(22,267,479)	(36,329,900)
Expired dividends paid from capital surplus		(304)	(156)
Net cash flows used in financing activities		(25,127,846)	(28,711,684)
Net increase (decrease) in cash and cash equivalents		3,020,260	(12,393,856)
Cash and cash equivalents at beginning of year		685,005	13,078,861
Cash and cash equivalents at end of year		$ 3,705,265	$ 685,005

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

Formosa Chemicals & Fibre Corporation
Statement of Profits Distribution
For the year of 2020

Unit：NT$

Items	Amount
Available for Distribution:	
1.Unappropriated retained earnings of previous years	**33,591,038,039**
2.Net profit after tax of current year	**19,544,141,162**
3.Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period	**244,921,708**
Total	**53,380,100,909**
Distribution Items:	
1.Appropriation of legal reserve	**1,978,906,287**
2.Appropriation of special reserve	**3,704,582,465**
3.Distribution of dividends and bonus in cash ($2.5 per share)	**14,652,965,728**
4.Unappropriated retained earnings carried forward to next year	**33,043,646,429**
Total	**53,380,100,909**

Explanation	**1. Registered capital of the company is NT$58,611,862,910; outstanding shares entitled to cash dividends distribution are 5,861,186,291.** **2. The Company plans to distribute dividends of $2.5 per share for current year (among which, $2.22 per share will be distributed as dividends and $0.28 per share will be distributed as bonus); all of which are cash dividends.** **3. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar.** **4. Other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period is due to a re-measurement of the actuarial pension adjustment and changes in equity interests in subsidiaries and the disposal of equity instruments at fair value through other comprehensive income.**

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20000327

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

Introduction

We have audited the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, we do not provide a separate opinion on these matters.

Assessment of loss allowance for accounts receivable

Description

Refer to Note 4(11) for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, and Note 6(5) for details of loss allowance for accounts receivable. As of December 31, 2020, the Group's accounts receivable amounted to NT$22,615,730 thousand, net of loss allowance in the amount of NT$155,882 thousand.

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

How our audit addressed the matter

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

1. Obtained the overdue aging report used when management assesses the expected credit impairment loss, assessed whether the logic of data source was consistently applied, and tested its accuracy with proper documents.
2. Assessed the reasonableness of estimates used by management in calculating expected credit impairment loss and obtained supporting documents, including forward-looking information, disputed accounts, overdue accounts, subsequent collection, and other indications that would show the customer would be unable to repay on schedule.

3. Performed subsequent collection test in order to verify the adequacy of loss allowance provided for accounts receivable.

Evaluation of inventories

Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for detailed information on allowance for inventory valuation losses. As of December 31, 2020, the inventory and allowance for inventory valuation losses were NT$34,571,310 thousand and NT$1,523,503 thousand, respectively.

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

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT$142,480,542 thousand and NT$151,374,296 thousand, both constituting 27% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and operating revenue amounted to NT$24,251,284 thousand and NT$32,963,852 thousand, both constituting 10% of the consolidated total operating revenue for the years then ended, respectively. The comprehensive income recognized from these associates and joint ventures accounted for under the equity method amounted to NT$2,077,294 thousand and NT$8,097,645 thousand, constituting 18% and 35% of the consolidated total comprehensive income for the years ended December 31, 2020 and 2019, respectively.

Other matter – Parent company only financial reports

We have audited the parent company only financial statements of Formosa Chemicals & Fibre Corporation as of and for the years ended December 31, 2020 and 2019, and have expressed an unqualified opinion on such financial statements.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

Wu, Han-Chi   Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

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

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20000326

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

Opinion

We have audited the accompanying parent company only balance sheets of FORMOSA CHEMICALS & FIBRE CORPORATION as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other Matter – Audits of the Other Independent Auditors* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of FORMOSA CHEMICALS & FIBRE CORPORATION as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in 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 FORMOSA CHEMICALS & FIBRE CORPORATION in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Assessment of loss allowance for accounts receivable

Description

Refer to Note 4(9) of parent company only financial statements for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, and Note 6(4) for details of loss allowance for accounts receivable. As of December 31, 2020, the Company’s accounts receivable amounted to NT$17,978,599 thousand, net of loss allowance in the amount of NT$72,170 thousand.

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

How our audit addressed the matter

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

1. Obtained the overdue aging report used when management assessed the expected credit impairment loss, assessed whether the logic of data source was consistently applied, and tested its accuracy with proper documents.
2. Assessed the reasonableness of estimates used by management in calculating expected credit impairment loss and obtained supporting documents, including forward-looking information, disputed accounts, overdue accounts, subsequent collection, and other indications that would show the customer would be unable to repay on schedule.

3. Performed subsequent collection test in order to verify the adequacy of loss allowance provided for accounts receivable.

Valuation of inventories

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for detailed information on allowance for inventory valuation losses. As of December 31, 2020, the inventory and allowance for inventory valuation losses were NT$13,809,971 thousand and NT$566,426 thousand, respectively. The Company is primarily engaged in the manufacture and sales of petrochemical plastic products, fibers weaving and cords. Because the price of petrochemical plastic products is subject to the fluctuations in international crude oil prices, and the textile market is competitive, there is a higher risk of inventory valuation loss. The Company recognises inventories at the lower of cost and net realisable value, and the net realisable value is calculated based on average price less selling expenses. Since the net realisable value used in inventory valuation involves subjective judgement and high uncertainty in estimation, and the allowance for inventory valuation loss is material to the financial statements, we considered the valuation of inventory as a key audit matter.

How our audit addressed the matter

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

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

Other matter – audits of the other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. Investments accounted for under the equity method amounted to NT$113,412,424 thousand and NT$116,967,421 thousand, both constituting 25% of total assets as of December 31, 2020 and 2019, respectively and comprehensive income was NT$1,916,061 thousand and NT$ 7,912,093 thousand, constituting 19% and 35% of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent auditors.

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

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

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

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

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

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Wu, Han-Chi　　　　　　　　　　Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

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

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

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

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NT$ 20,623,813
Employees Stock Compensation	NT$ 0
Directors Compensation	NT$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividend	0%

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

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2021 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2021 Annual Shareholders' Meeting and does not required preparing financial forecast information.

Articles of Incorporation of
Formosa Chemicals & Fibre Corporation

Amended by the Annual Shareholders' Meeting on June 15, 2018

Chapter 1 General Provisions

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

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

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

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

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

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

Chapter 2 Shares

Article 5: The total capital of the Company shall be in the amount of 58,611,862,900 New Taiwan Dollars, divided into 5,861,186,290 shares, at a par value of 10 New Taiwan Dollars per share, issued in full.

Article 6: The Company may be exempted from printing any share certificates in accordance with relevant regulations.

However, those shares shall be registered in a centralized securities depository enterprise.

Article 7: (deleted)

Article 8: (deleted)

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

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

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

Chapter 3 Shareholders' Meeting

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

Regular meetings shall be convened by the Board of Directors within 6 months after the close of each fiscal year.

Special meetings shall be convened pursuant to Company Act as necessary.

Article 12: The notice and announcement of regular shareholders' meeting shall be given to shareholders within 30 days in advance, while the notice and announcement of the special shareholders' meetings shall be given to shareholders within 15 days in advance. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

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

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

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

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

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

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

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

Chapter 4 Directors

Article 18: The Company shall have 11 to 15 directors, to be elected at the shareholders' meeting from the nominees listed in the roster of candidates under the candidate nomination system. The total number of shares held by the directors of the Company shall follow the rules promulgated by the competent securities authority.

The Company shall have three independent directors among the directors above. The matters regarding method of nomination and other matters shall be conducted in accordance with the Company Act and related regulations of competent securities authority.

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

Article 19: The terms of office of directors shall be three years and they shall be eligible for re-election. Where the term of office expires before the closing date of the General Meeting of Shareholders in the last fiscal year of such term, the term of office shall be extended to the closing date of such General Meeting.

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

Article 21: The directors constitute the Board of Directors and shall elect at least three Managing Directors, which shall not more than one-third of total number of the directors. At least one of the Managing Directors shall be an independent director. Meanwhile, the Managing Directors shall elect among them a Chairman and a vice Chairman by way of preceding election. The Chairman shall represent the Company.

The directors shall attend meeting in person. Except for regulations provided otherwise by the Company Act for directors living abroad, if any Director of the Board of the Company cannot attend the meeting for causes, he may issue a written proxy to other directors for attending the meeting. However, a director may accept the appointment to act as the proxy with extinct extent of authorization of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In calling a meeting of the Board of Directors, the notice with reasons specified shall be given to all directors within 7 days in advance. However, the meeting may be convened anytime for emergency events. The notice of the meeting of the Board of Directors may be made in writing, email or facsimile.

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

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

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

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

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

Article 24: (deleted)

Article 25: (deleted)

Article 26: (deleted)

Article 27: The Board of Directors is authorized to determine the compensation of directors according to their degree of participation and contribution with normal standard in the same industry.

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

Chapter 5 Managers

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

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

Chapter 6 Accounting

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

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

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

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

Article 32: Where there is surplus of the annual final account, when allocating the net profits for each fiscal year, the Company shall first pay its income tax and offset its prior years' accumulated losses and set aside 10% legal capital reserve and special earning reserve as necessary followed by the dividend. For remaining surplus incorporated with the accumulated earning in previous years, the Board of Directors shall prepare the proposal concerning the appropriation of net profits and submit the same to the shareholders' meeting for resolution.

Preceding special earning reserves include:

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

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

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

Chapter 7 Additional provision

Article 34: These Articles of Incorporation were adopted on Oct.28, 1964. The 1st Amendment was on May 10,1966, 2nd Amendment on May 31, 1967, 3rd Amendment on Jan. 30, 1968, 4th Amendment on Sept. 29, 1969, 5th Amendment on

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

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

Amended by the Annual Shareholders' Meeting on June 5, 2020

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 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. The content of such matters shall be uploaded to a website designated by the competent authority or the Company, and the website shall be specified on the meeting notice.

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 written proposal for discussion at an annual general 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. However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rules for Election of Directors of Formosa Chemicals & Fibre Corporation

Amended by the Annual Shareholders' Meeting on June 16, 2015

Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with the Rules.

Article 2: The cumulative voting system shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 3: Before the election begins, the Chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.

Article 4: The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. If a person is elected to be director at the same time, he/she shall only decide to be a director. After the above-mentioned person decided, the vacant position shall be filled by the candidate receiving the second highest numbers of voting rights. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.

Article 5: The election of directors shall be elected in accordance with the Company's Articles of Incorporation in that a candidate nomination system shall be adopted and that shareholders shall elect directors from among those listed in the slate of director

nominees. Independent and non-independent directors shall elect at the same time, but in separately calculated numbers as stated as Article 4. If the company has established an audit committee, at least one of its independent directors is required to have accounting or financial expertise.
The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of director candidates, the number of directors to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall not be less than 10 days.
The Board of Directors and a shareholder holding one percent or more of the total number of issued shares may present a slate of director nominees to the Company; the number of nominees may not exceed the number of directors to be elected.
When providing a recommended slate of director candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as a director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof. If the candidate is a juristic person shareholder or a juristic person’s representative, a basic registration information of the above-mentioned juristic person shareholder and a document certifying the shareholding of the Company shall be attached.
The Board of Directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director candidates:
1.Where the nominating shareholder submits the nomination at a

time not within the published period for receiving nominations.

2.Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act.

3.Where the number of nominees exceeds the number of directors to be elected.

4.Where the relevant documentary proof required under the preceding paragraph is not attached.

Article 6: The Board of Directors shall prepare ballots and distribute one ballot per voter corresponding to his/her attendance card number. The numbers of ballot sdistributed to the voters shall be equal to the directors to be elected. As for the number of voting rights associated with each ballot shall be specified on the ballots.

Article 7: If a candidate is a shareholder, a voter must fill the candidate's account name and shareholder account number in the "candidate" column of the ballot; If a candidate is a non-shareholder, the voter shall fill the candidate's full name and identity card number.

Article 8: A Ballot shall be deemed void under the following conditions:

1.The ballot was not prepared as Article 6 stated; or

2.The ballot has more than one candidate’s name filled; or

3.Other words or marks are filled in addition to the information Article 7 stated; or

4.A ballot was not filled, or not completely filled, in compliance with the requirement set forth in Article 7; or

5.The writing is unclear and indecipherable; or

6.The candidate whose name is filled in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is filled in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

Article 9: The voting rights shall be calculated at the end of the poll and the

Chair shall announce the voting results on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

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

Article 10: The Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Formosa Chemicals & Fibre Corporation
Current Shareholdings of Directors

Title	Name	Shareholding (share)
Chairman	Wen Yuan, Wong	129,198,084
Vice Chairman	Fu Yuan, Hong	272,804
Managing Director	Wilfred, Wang	16,867,218
Managing Director	Nan Ya Plastics Corporation Representative: Ruey Yu, Wang	140,519,648
Managing Director (Independent Director)	Ruey Long, Chen	0
Independent Director	Hwei Chen, Huang	0
Independent Director	Tai Lang, Chien	0
Director	Formosa Petrochemical Corporation Representative: Walter Wang	48,567,575
Director	Wen Chin, Lu	3,236
Director	Ing Dar, Fang	73
Director	Ching Fen, Lee	0
Director	Tsung Yuan, Chang	0
Director	Wei Keng, Chien	0
Director	Dong Terng, Huang	27,410
Director	Jin Hua, Pan	0

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 93,778,981 shares. As of April 20, 2021, the actual shareholdings of the Company's Directors are 335,456,048 shares.