

FORMOSA PETROCHEMICAL CORPORATION

Parent Company Only

Financial Statements

For The Years Ended

December 31, 2025 And 2024

Independent Auditors' Report

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.



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Independent Auditors' Report Translated from Chinese

To the Board of Directors and Stockholders of
Formosa Petrochemical Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Formosa Petrochemical Corporation (the “Company”) as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the parent company only financial statements, including the summary of material accounting policies.

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and their financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue is primarily driven by refining and sales of petroleum. The Company recognized operating revenues of NT\$623,414,243 thousand during 2025, which was a significant and material amount in terms of financial performance and earning distribution. Therefore, revenue recognition is determined as a key audit matter.

The audit procedures we performed regarding revenue recognition included but not limited to: evaluate the appropriateness of the accounting policies for revenue recognition; understand the transaction process and perform tests of control on the effectiveness of control points; inspect the terms of transaction to ensure obligation of customers contract; the appropriate timing of revenue recognition; obtain confirmation letter on revenue from the Company's top 10 customers that are related parties; understand nature and rationality of transactions with the Company's newly added top 10 customers, inspect the source document and proof of the accounts receivable collection, and confirm that the remitters match the customers; for a period before and after the balance sheet date, select significant sales and sales return transactions and inspect the supporting document to ensure proper cut off.

We also consider the appropriateness of the revenue disclosure included in note 4 and note 6(17) of the notes to the parent company only financial statements.

Valuation of inventories

As of December 31, 2025, the inventories amounted to NT\$64,999,098 thousand, representing 16% of total assets, which was significant to the financial statements. Inventories consists of raw materials, finished goods and work in process which were measured at the lower of cost or net realizable value. As the fluctuation of material prices such as crude oil could lead to value fluctuation of inventories, resulting in complex calculation of measurement of the lower of cost or net realizable value, therefore, valuation of inventories is identified as a key audit matter.

The audit procedures we performed regarding inventories valuation included but not limited to: evaluate the appropriateness of the accounting policies for inventories valuation; understand the transaction process and perform tests of control on the effectiveness of control points; inspect year-end inventory counting plan and observe the physical inventory count to verify the accuracy of inventory volume; test that inventory pricing correctly used weighted average method; perform tests on the net realizable value used by the management to verify its accuracy.

We also consider the appropriateness of inventories disclosure included in note 4 and note 6(6) of the notes to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Other Auditor

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures under equity method amounted to NT\$6,985,692 thousand and NT\$8,417,237 thousand, both representing 2% of parent company total assets as of December 31, 2025 and 2024. The related shares of profit or loss of subsidiaries, associates and joint ventures under the equity method amounted to NT\$(157,638) thousand and NT\$(81,651) thousand, both representing (1)% of the parent company income before tax for the years ended December 31, 2025 and 2024, and the related shares of other comprehensive income of subsidiaries, associates and joint ventures under the equity method amounted to NT\$70,979 thousand and NT\$200,409 thousand, representing 0% and (1)% of the parent company other comprehensive income for the years ended December 31, 2025 and 2024, respectively.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Cheng Tao
Huang, Chien Che
Ernst & Young, Taiwan
March 5, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2025	December 31, 2024
CURRENT ASSETS			
Cash and cash equivalents	4 & 6(1) & 12	\$41,527,399	\$18,884,160
Financial assets at fair value through profit or loss — current	4 & 6(2) & 12	1,849,655	1,846,201
Financial assets at fair value through other comprehensive income — current	4 & 6(3) & 12	74,202,750	25,765,966
Financial assets for hedging — current	4 & 6(4) & 12	77,055	9,712
Notes receivable due from related parties, net	4 & 6(5) & 7 & 12	1,569,914	1,905,376
Accounts receivable, net	4 & 6(5) & 12	24,963,812	23,743,959
Accounts receivable due from related parties, net	4 & 6(5) & 7 & 12	19,138,836	21,850,566
Finance lease receivables, net	4 & 6(19) & 7 & 12	12,315	12,011
Other receivables (including from related parties)	7 & 12 & 13	6,868,973	6,542,169
Current tax assets	4 & 6(23)	638,578	757,944
Inventories	4 & 6(6)	64,999,098	77,281,454
Prepayments	6(7)	14,582,754	21,979,851
Other current assets	8	541,559	321,915
Total current assets		250,972,698	200,901,284
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income — non-current	4 & 6(3) & 12	16,910,920	17,097,487
Financial assets for hedging — non-current	4 & 6(4)	-	15,710
Investments accounted for using equity method	4 & 6(8)	51,209,251	52,635,195
Property, plant and equipment	4 & 6(9) & 7	73,121,491	75,994,874
Right-of-use assets	4 & 6(19) & 7	79,814	97,963
Investment property, net	4 & 6(10)	394,859	398,020
Deferred tax assets	4 & 6(23)	2,990,172	3,194,386
Long-term finance lease receivables, net	4 & 6(19) & 7 & 12	102,841	115,156
Other non-current assets, others	6(11)	10,476,014	10,705,467
Total non-current assets		155,285,362	160,254,258
TOTAL ASSETS		\$406,258,060	\$361,155,542

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

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS (continued)

DECEMBER 31, 2025 AND DECEMBER 31, 2024

(Expressed in Thousands of Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2025	December 31, 2024
CURRENT LIABILITIES			
Short-term loans	6(12) & 12	\$18,804	\$6,728,443
Financial liabilities for hedging — current	4 & 6(4) & 12	5,653	-
Contract liabilities — current	4 & 6(17)	27,097	8,390
Notes payable	12	3,092	5,615
Accounts payable	12	9,845,023	8,022,327
Accounts payable to related parties	7 & 12	2,823,356	3,527,646
Other payables	12	13,122,156	15,451,470
Other payables to related parties	7 & 12	332,312	357,976
Current tax liabilities	4 & 6(23)	2,377,478	-
Current lease liabilities	4 & 6(19) & 7 & 12	22,197	20,057
Current portion of long-term liabilities	6(13) & 6(14) & 12	8,725,000	10,250,000
Other current liabilities, others	4 & 9	460,099	168,368
Total current liabilities		37,762,267	44,540,292
NONCURRENT LIABILITIES			
Financial liabilities for hedging — non-current	4 & 6(4) & 12	36,952	-
Bonds payable	6(13) & 12	8,100,000	14,950,000
Deferred tax liabilities	4 & 6(23)	42,852	52,747
Non-current lease liabilities	4 & 6(19) & 7 & 12	65,058	85,067
Defined benefit pension liability	4 & 6(15)	4,267,158	4,349,510
Other non-current liabilities, others	6(8)	191,685	217,362
Total non-current liabilities		12,703,705	19,654,686
TOTAL LIABILITIES		50,465,972	64,194,978
EQUITY			
Capital stock			
Common stock	6(16)	95,259,597	95,259,597
Capital surplus		31,424,987	31,422,485
Retained earnings			
Legal reserve		82,136,967	81,515,335
Special reserve		4,470,033	3,033,784
Unappropriated earnings		94,008,694	87,165,612
Total retained earnings		180,615,694	171,714,731
Other equity		48,491,810	(1,436,249)
TOTAL EQUITY		355,792,088	296,960,564
TOTAL LIABILITIES AND EQUITY		\$406,258,060	\$361,155,542

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

English Translation of Financial Statements Originally Issued in Chinese
FORMOSA PETROCHEMICAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Thousands of Dollars, Except for Earnings per Share)

	<u>Notes</u>	<u>For the Year Ended December 31, 2025</u>	<u>For the Year Ended December 31, 2024</u>
OPERATING REVENUES	4 & 6(17) & 7	\$623,414,243	\$661,405,434
OPERATING COSTS	4 & 6(6) & 6(20) & 7	603,108,604	652,737,019
GROSS PROFIT		20,305,639	8,668,415
OPERATING EXPENSES	4 & 6(15) & 6(18) & 6(20) & 7		
Selling and marketing		4,835,583	4,707,800
General and administrative		4,709,261	4,512,375
Research and development		351,091	373,166
Expected credit losses (gains)		235	(23,157)
Total operating expenses		9,896,170	9,570,184
OPERATING INCOME		10,409,469	(901,769)
NON-OPERATING INCOME AND EXPENSES			
Interest income	6(21) & 7	733,343	715,051
Other income	6(21) & 7	2,323,171	2,447,941
Other gains and losses	6(21) & 7	(272,743)	3,238,908
Financial costs	6(21) & 7	(408,170)	(451,974)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	4 & 6(8)	(172,682)	1,694,855
Total non-operating income and expenses		2,202,919	7,644,781
INCOME BEFORE INCOME TAX		12,612,388	6,743,012
INCOME TAX EXPENSE	4 & 6(23)	2,737,053	772,094
NET INCOME		9,875,335	5,970,918
OTHER COMPREHENSIVE INCOME (LOSS)	6(8) & 6(22)		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		75,606	200,693
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		56,461,861	(28,138,801)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		1,007,209	175,278
Income tax (benefit) expense relating to items that will not be reclassified		15,121	40,139
Items that may be reclassified subsequently to profit or loss			
Gains (losses) on hedging instrument		9,028	(30,086)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		(962,322)	1,533,846
Income tax (benefit) expense relating to items that may be reclassified		1,806	(6,017)
Total other comprehensive income (loss) for the period, net of income tax		56,574,455	(26,293,192)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		\$66,449,790	\$(20,322,274)
EARNINGS PER SHARE (NTD)	6(24)		
Earnings per share — basic/diluted			
Continuing operating income before tax		\$1.32	\$0.71
Net Income		\$1.04	\$0.63

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

English Translation of Financial Statements Originally Issued in Chinese
FORMOSA PETROCHEMICAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Thousands of Dollars)

Items						Other Components of Equity			
						Unrealized gains (losses) from Equity Instruments			Total Equity
	Retained Earnings					Foreign Currency Translation Reserve	Investments measured at Fair Value through Other Comprehensive Income	Gains (losses) on Hedging Instruments	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
Balance as of January 1, 2024	\$95,259,597	\$31,422,014	\$79,317,142	\$3,033,784	\$102,199,400	\$465,272	\$24,602,148	\$34,929	\$336,334,286
Appropriation of 2023 earnings:									
Legal reserve	-	-	2,198,193	-	(2,198,193)	-	-	-	-
Cash dividends	-	-	-	-	(19,051,919)	-	-	-	(19,051,919)
Other changes in capital surplus:									
Other changes in capital surplus	-	471	-	-	-	-	-	-	471
Net income for the year ended December 31, 2024	-	-	-	-	5,970,918	-	-	-	5,970,918
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	170,913	1,634,929	(27,973,882)	(125,152)	(26,293,192)
Total comprehensive income (loss)	-	-	-	-	6,141,831	1,634,929	(27,973,882)	(125,152)	(20,322,274)
Disposal of equity instruments designated at fair value through other comprehensive income	-	-	-	-	74,493	-	(74,493)	-	-
Balance as of December 31, 2024	<u>\$95,259,597</u>	<u>\$31,422,485</u>	<u>\$81,515,335</u>	<u>\$3,033,784</u>	<u>\$87,165,612</u>	<u>\$2,100,201</u>	<u>\$ (3,446,227)</u>	<u>\$ (90,223)</u>	<u>\$296,960,564</u>
Balance as of January 1, 2025	\$95,259,597	\$31,422,485	\$81,515,335	\$3,033,784	\$87,165,612	\$2,100,201	\$ (3,446,227)	\$ (90,223)	\$296,960,564
Appropriation of 2024 earnings:									
Legal reserve	-	-	621,632	-	(621,632)	-	-	-	-
Special reserve	-	-	-	1,436,249	(1,436,249)	-	-	-	-
Cash dividends	-	-	-	-	(7,620,768)	-	-	-	(7,620,768)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	2,161	-	-	-	-	-	-	2,161
Other changes in capital surplus	-	341	-	-	-	-	-	-	341
Net income for the year ended December 31, 2025	-	-	-	-	9,875,335	-	-	-	9,875,335
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	67,063	(1,031,504)	57,462,492	76,404	56,574,455
Total comprehensive income (loss)	-	-	-	-	9,942,398	(1,031,504)	57,462,492	76,404	66,449,790
Disposal of equity instruments designated at fair value through other comprehensive income	-	-	-	-	6,579,333	-	(6,579,333)	-	-
Balance as of December 31, 2025	<u>\$95,259,597</u>	<u>\$31,424,987</u>	<u>\$82,136,967</u>	<u>\$4,470,033</u>	<u>\$94,008,694</u>	<u>\$1,068,697</u>	<u>\$47,436,932</u>	<u>\$ (13,819)</u>	<u>\$355,792,088</u>

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

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in Thousands of Dollars)

	<u>For the Year Ended December 31, 2025</u>	<u>For the Year Ended December 31, 2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$12,612,388	\$6,743,012
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and depletion	9,765,707	10,013,915
Amortization	1,963,718	1,594,212
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,454)	(204,603)
Interest expense	408,170	451,974
Interest income	(733,343)	(715,051)
Dividends income	(397,843)	(499,083)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	172,682	(1,694,855)
Loss (gain) on disposal of property, plant and equipment	(2,699)	(6,719)
Loss (gain) on disposal of investment property	3,390	(8,586)
Loss (gain) on disposal of other assets	-	4,412
Loss (gain) on disposal of investments accounted for using equity method	33,771	-
Reversal of impairment loss on non-financial assets	(3,721)	(15,197)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable (including related parties)	335,462	1,949,702
(Increase) decrease in accounts receivable (including related parties)	1,491,877	434,439
(Increase) decrease in other receivables (including related parties)	(734,688)	593,890
(Increase) decrease in inventories	12,284,644	(941,570)
(Increase) decrease in prepayments	5,312,909	665,420
(Increase) decrease in other current assets	(144,895)	123,053
Increase (decrease) in contract liabilities	18,707	1,969
Increase (decrease) in notes payable	(2,523)	671
Increase (decrease) in accounts payable (including related parties)	1,118,406	(6,392,909)
Increase (decrease) in other payables	(2,287,172)	(738,805)
Increase (decrease) in other current liabilities	291,731	(67,672)
Increase (decrease) in defined benefit pension liability, net	(6,746)	(1,950)
Cash from operating activities	<u>41,496,478</u>	<u>11,289,669</u>
Income taxes received (paid)	<u>(62,817)</u>	<u>(3,708,634)</u>
Net cash provided by (used in) operating activities	<u>41,433,661</u>	<u>7,581,035</u>

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

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (continued)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in Thousands of Dollars)

	<u>For the Year Ended December 31, 2025</u>	<u>For the Year Ended December 31, 2024</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(90,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	8,264,935	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	19,562	3,484
Acquisition of investments accounted for using the equity method	(572,400)	(3,071,702)
Proceeds from disposal of investments accounted for using the equity method	935,478	-
Acquisition of property, plant and equipment:		
Cost paid	(4,793,219)	(8,539,563)
Proceeds from disposal of property, plant and equipment	7,798	13,396
Decrease in other receivables — due from affiliates	422,487	3,971,470
Proceeds from disposal of investment property	3,492	32,630
Decrease in long-term lease receivables	12,011	11,716
Increase in other financial assets	(74,749)	-
Decrease in other financial assets	-	1,764
Increase in other non-current assets	(1,734,265)	(2,710,601)
Interests received	718,740	739,842
Dividends received	1,318,451	2,636,007
Other investing activities	<u>-</u>	<u>2,613</u>
Net cash provided by (used in) investing activities	<u>4,438,321</u>	<u>(6,908,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	6,616,862
Decrease in short-term loans	(6,709,639)	-
Increase in short-term notes and bills payable	-	4,000,000
Decrease in short-term notes and bills payable	-	(4,000,000)
Repayments of bonds (including current portion)	(5,250,000)	(5,650,000)
Proceeds from long-term loans	1,250,000	3,000,000
Repayments of long-term loans	(4,375,000)	-
Decrease in other payables to related parties	(25,664)	(112,875)
Payments of lease liabilities	(22,024)	(64,931)
Decrease in other non-current liabilities	(25,336)	(21,422)
Cash dividends paid	(7,619,482)	(19,051,842)
Interest paid	<u>(451,598)</u>	<u>(449,709)</u>
Net cash provided by (used in) financing activities	<u>(23,228,743)</u>	<u>(15,733,917)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,643,239	(15,061,826)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>18,884,160</u>	<u>33,945,986</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$41,527,399</u></u>	<u><u>\$18,884,160</u></u>

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

English Translation of Financial Statements Originally Issued in Chinese

Formosa Petrochemical Corporation
Notes To Financial Statements
For The Years Ended December 31, 2025 and 2024
(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Audited)

1. HISTORY AND ORGANIZATION

- (1) Formosa Petrochemical Corporation (the “Company”) had prepared for incorporation since March 1992 and was incorporated on April 6, 1992. The Company is located in the No.6 Naphtha Cracker Complex in Mailiao of Yunlin County. The Company’s shares were approved to be listed on the Taiwan Stock Exchange on November 12, 2003 and were traded publicly starting from December 26, 2003. The major shareholders of the Company are Formosa Plastics Corporation, Formosa Chemicals & Fibre Corporation and Nan Ya Plastics Corporation with equity interests of 28.55%, 24.15% and 23.10%, respectively, as of December 31, 2025.
- (2) The principal activities of the Company include the following:
- A. Operation of refinery of petroleum and integrated manufacture of hydrocarbon.
 - B. Involvement in export/import, marketing, storage and pipeline transport of crude oil, natural gasoline, naphtha, propane, other feed stocks and intermediate products for naphtha cracking and refinery.
 - C. Operation of export/import, marketing, and storage and pipeline transport of petrochemical products - ethylene, propylene, other pyrolysis and petroleum products.
 - D. Construction of co-generation plants to provide steam and electricity in industrial site.
 - E. Production and sales of nitrogen, oxygen, compressed air, industrial water, ultra-pure water, etc. in industrial site.
 - F. Export/import of liquefied petroleum gas and petroleum products.
 - G. Export/import of coal.
 - H. Governmental commissioned development of industrial site and administration of related lease and business activities (other than construction and building).
 - I. Quarrying of soil, sand and gravel.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended December 31, 2025 and 2024 were authorized for issue in accordance with a resolution of the Board of Directors on March 5, 2026.

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3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2025. The adoption of these new standards and amendments have no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	January 1, 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

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(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(3) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(5) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(6) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

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(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after January 1, 2026 and have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

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(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

- (1) Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.
- (2) Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.
- (3) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(d) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (1) Clarify that when the entity's functional currency is that of a non hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (2) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (3) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

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The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The financial statements of the Company for the years ended December 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The financial statements of the Company have been prepared in accordance with Article 21 of the Regulations. According to Article 21, the profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the Bank accounted for its investments in subsidiaries using equity method and made necessary adjustment.

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign currency transactions

The Company's financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by The Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Company holds the asset primarily for the purpose of trading
- C. The Company expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle
- B. The Company holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or liabilities.

English Translation of Financial Statements Originally Issued in Chinese

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) The Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable (including financing lease receivables), financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.
 - (i) For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
 - (ii) For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

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Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

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C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from issuing price.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

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A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable, interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivatives instrument and hedge accounting

The Company manages the risk of energy commodity price swaps using hedging instruments that are consistent with an economic relationship between the hedged item and the hedging instrument, and setting the hedge ratio that meets the hedge effectiveness requirement. If a hedging relationship ceases to meet the hedge effectiveness requirement regarding the hedge ratio but the risk management objective for that designated hedging relationship remains the same, an entity shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

An entity shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable).

The types of hedging relationships for energy commodity price swap risks and their accounting treatment are as follows:

Cash flow hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, and could affect profit or loss.

The cash flow hedge reserve is adjusted to the lower of either the cumulative gain or loss or the cumulative change in fair value (present value) of the hedged item from inception of the hedge.

The portion that is offset by the change in the cash flow hedge reserve must be recognized in other comprehensive income with any hedge ineffectiveness recognized in profit or loss.

(9) Fair value measurement

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability; or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or the most advantageous market must enter by the Company to conduct transaction.

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An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials – Purchase cost on weighted average cost basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. The fix manufacturing cost is allocated based on normal operating capacity. If the actual capacity exceeds the normal capacity, then the fix manufacturing cost is allocated based on the actual capacity. Finished goods and work in progress are based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Investments accounted for using the equity method

According to Art. 21 of Regulation Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as Investments accounted for using equity method with necessary adjustments so that the net income and other comprehensive income of parent company only financial report equal the net income and other comprehensive income attributed to the parent of consolidated financial report, and that the shareholder's equity of parent company only financial report equals the shareholder's equity attributed to the parent of consolidated financial report. Considering the accounting treatment for investment in subsidiaries specified in IFRS 10 "Consolidated Financial Statements", and the different accounting treatments for different level of investees, necessary adjustments are made by debiting or crediting "Investments accounted for using equity method," "Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method," and "Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method."

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

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When the associate or joint venture issues new stock and the Company's interest in an associate or joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate become an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	25~55 years
Machinery and equipment	5~40 years
Transportation equipment	3~15 years
Other equipment	3~25 years
Leasehold improvements	The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company changed the depreciation method from the straight-line method to the fixed-percentage-on-declining-base method on January 1, 2008 with respect to the related machines, transportation and other equipment of the Refinery and Oil Products Division (excluding the utilities factory and oil factory), Petrochemical Olefins Division and Maintenance Center in Mailiao plant. PP&E still in use after its service life are further depreciated over the newly estimated remaining useful lives.

(13) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal company that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

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

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

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For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

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At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision (listed under other current liabilities) is recognized for the carbon fees levied in accordance with the “Climate Change Response Act” and its related sub-laws. Based on the relevant regulations and the greenhouse gases emissions within the scope in the current year’s inventory, the Company is subject to the carbon fees levy. However, due to uncertainties related to factors such as the application of inventory methodologies and technologies, the impact of operational activities on emissions, or the results of auditing operations by the competent authority, or the implementation results of the self-determined reduction plan, the Company has made its best estimate based on a comprehensive consideration of available internal and external information, in accordance with the provisions of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

(17) Revenue recognition

The Company’s revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Company’s types of revenue are explained as follows:

Sales of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer (meaning that the customer has control over the use of the product and claims almost all of the remaining benefit) and the goods are delivered to the customers. The main product of the Company is petrochemical products and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

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The Company has not provided any warranty to its products.

The credit period of the Company's sale of goods is from 30 to 60 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The service provided by the Company is mainly terminal operations which have fixed price or negotiated price based on the number of quantities the service is provided. The performance obligation is fulfilled at a certain point, so the revenue should be recognized when the performance obligation is fulfilled.

Most of the contractual consideration of the Company are claimed after services have been rendered. When services have been performed but the Company does not have the right to the consideration unconditionally, contract assets should be recognized. For part of the contracts where consideration is claimed upon signing the contract, then the Company has the obligation to provide the services subsequently and contract liabilities should be recognized.

The period between the transfers of contract liabilities to revenue is usually within one year, and thus, no significant financing component is arised.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

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Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made no judgements, which have the most significant effect on the amounts recognized in the financial statements.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

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B. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

C. Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. The aforementioned sales returns and allowance is estimated based on the assumption that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

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E. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$17	\$60
Checking accounts	12,854	24,442
Demand deposits	14,029,759	3,636,355
Time deposits	19,134,233	8,202,828
Commercial paper	8,350,536	6,920,475
Repurchase bonds	-	100,000
Total	<u>\$41,527,399</u>	<u>\$18,884,160</u>

A. Cash and cash equivalents were not pledged as collateral or restricted for uses as of December 31, 2025 and 2024, respectively.

B. Commercial paper and Repurchase bonds were short-term maturity and highly liquid investments.

(2) Financial assets at fair value through profit or loss — current

	As of	
	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss:		
Funds	<u>\$1,849,655</u>	<u>\$1,846,201</u>

The profit (loss) arising from financial assets at fair value through profit or loss were NT\$3,454 thousand and NT\$204,603 thousand for the years ended December 31, 2025 and 2024, respectively.

The Company's financial assets at fair value through profit or loss were not pledged.

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(3) Financial assets at fair value through other comprehensive income — current and non-current

	As of	
	December 31, 2025	December 31, 2024
Equity instruments investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$74,202,750	\$25,765,966
Unlisted companies stocks	16,910,920	17,097,487
Total	<u>\$91,113,670</u>	<u>\$42,863,453</u>
Current	\$74,202,750	\$25,765,966
Non-current	16,910,920	17,097,487
Total	<u>\$91,113,670</u>	<u>\$42,863,453</u>

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

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2025 and 2024 are as follow:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Related to investments held at the end of the reporting period	<u>\$397,843</u>	<u>\$499,083</u>

In consideration of the Company's investment strategy, the Company derecognized partial of equity instrument investments measured at fair value through other comprehensive income, details on derecognition of the investments for the years ended December 31, 2025 and 2024 are as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
The fair value of the investments at the date of derecognition	\$8,264,935	\$-
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	6,491,265	-

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

	As of	
	December 31,	December 31,
	2025	2024
<u>Financial assets for hedging</u>		
Derivatives		
Energy commodity swap contracts	\$77,055	\$25,422
Current	\$77,055	\$9,712
Non-current	-	15,710
Total	\$77,055	\$25,422
	As of	
	December 31,	December 31,
	2025	2024
<u>Financial liabilities for hedging</u>		
Derivatives		
Energy commodity swap contracts	\$42,605	\$-
Current	\$5,653	\$-
Non-current	36,952	-
Total	\$42,605	\$-

A. As of December 31, 2025 and 2024, there were 468 and 84 energy commodity swap contracts outstanding, respectively. The Company used these contracts to hedge the fluctuations of international crude oil and petroleum product prices. The swap contracts entered into by the Company are highly correlated with the price movement of the hedged items and periodic reviews are conducted on the swap contracts undertaken. All energy commodity swap contracts currently held by the Company are held for purpose of hedging and hedge effective. Please refer to Note 12 for details of the Company's financial risk management objectives and policies, hedging strategies and activities.

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B. For hedging fluctuations of international crude oil and petroleum product prices, the outstanding energy commodity swap contracts were as follows:

		December 31, 2025		
		Notional	Carrying Amount	
Type of Transaction	Pricing Period		Asset	Liability
Singapore gasoline / Dubai	Jan.1, 2026~	2,400	\$40,178	\$189
Crack Swap	Dec.31, 2027	(1,000 bbls)		
Oil Dubai Crack Swap—M3	Jan.1, 2026~	21,600	-	38,829
Settlement (Dub)	Feb.29, 2028	(1,000 bbls)		
Oil Dubai Crack Swap—M1	Jan.1, 2026~	4,800	2,415	3,587
Settlement (Dub)	Dec.31, 2027	(1,000 bbls)		
Singapore 10ppm diesel oil /	Apr.1, 2026~	3,000	34,462	-
Dubai Crack Swap	Dec.31, 2026	(1,000 bbls)		
Total			77,055	42,605
Less: Financial assets (liabilities) for hedging — current			77,055	5,653
Financial assets (liabilities) for hedging — non-current			\$-	\$36,952

		December 31, 2024		
		Notional	Carrying Amount	
Type of Transaction	Pricing Period		Asset	Liability
Singapore gasoline/ Dubai	Jan.1, 2025~	300	\$5,704	\$-
Crack Swap	Dec.31, 2025	(1,000 bbls)		
Singapore diesel oil/ Dubai	Apr.1, 2025~	2,025	19,718	-
Crack Swap	Dec.31, 2026	(1,000 bbls)		
Total			25,422	-
Less: Financial assets (liabilities) for hedging — current			9,712	-
Financial assets (liabilities) for hedging — non-current			\$15,710	\$-

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(5) Notes and accounts receivable

	As of	
	December 31,	December 31,
	2025	2024
A. Notes receivable – related parties	\$1,569,914	\$1,905,376
Less: Loss allowance	-	-
Notes receivable – related parties, net	\$1,569,914	\$1,905,376
 B. Accounts receivable	 \$25,446,253	 \$24,226,165
Less: Loss allowance	(482,441)	(482,206)
Accounts receivable, net	\$24,963,812	\$23,743,959
 C. Accounts receivable — related parties	 \$19,138,836	 \$21,850,566
Less: Loss allowance	-	-
Accounts receivable — related parties, net	\$19,138,836	\$21,850,566

Notes receivable and accounts receivable were from operations and were not held as collateral by any financial institution.

Accounts receivable are generally on 30~60 day terms. As of December 31, 2025 and 2024, the total carrying value were NT\$46,155,003 thousand and NT\$47,982,107 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the years ended December 31, 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

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(6) Inventories

	As of	
	December 31, 2025	December 31, 2024
Raw materials	\$25,764,685	\$30,338,182
Supplies	6,515,126	6,396,882
Work in process	11,012,220	12,143,615
Finished goods	21,017,845	28,320,740
Goods in transit	689,222	82,035
Total	<u>\$64,999,098</u>	<u>\$77,281,454</u>

The cost of inventories (operating cost) recognized in expenses amounted to NT\$603,108,604 thousand and NT\$652,737,019 thousand for the years ended December 31, 2025 and 2024, including the expense (benefit) from inventory diluted to its respective net realizable value of NT\$(402,601) thousand and NT\$(398,074) thousand for the years ended December 31, 2025 and 2024, respectively.

Because of the dropping prices of the crude oil and naphtha, high priced inventory destocking, the cost of inventory decreased. The Company had recognized gain from price recovery of inventory in the amount of NT\$402,601 thousand and NT\$398,074 thousand for the years ended December 31, 2025 and 2024, respectively.

No inventories were pledged as of December 31, 2025 and 2024.

(7) Prepaid expense

	As of	
	December 31, 2025	December 31, 2024
Prepaid expense — Maintenance	\$8,959,084	\$10,808,704
Prepaid expense — Material	3,319,513	8,719,661
Prepaid expense — Port handling and others	2,304,157	2,451,486
Total	<u>\$14,582,754</u>	<u>\$21,979,851</u>

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(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Investee	As of			
	December 31, 2025		December 31, 2024	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Subsidiary company</u>				
Formosa Oil (Asia Pacific) Corporation	\$1,919,878	100.00	\$2,225,213	100.00
Formosa Petrochemical Transportation Corporation	338,854	88.00	331,945	88.00
Formosa Grandseas Bunkering and Trading Corporation	1,018,950	60.00	471,413	60.00
FPCC USA, INC.	2,348,463	100.00	2,300,185	100.00
FPCC DILIGENCE Corp.	329,226	100.00	128,731	100.00
FPCC MAJESTY Corp.	1,964,413	100.00	2,039,764	100.00
FPCC NATURE Corp.	2,045,087	100.00	2,108,366	100.00
FG INC.	6,206,971	57.00	6,483,007	57.00
Subtotal	16,171,842		16,088,624	
<u>Investments in associates</u>				
Mai-Liao Power Corporation	18,013,147	24.94	16,149,274	24.94
Yi-Chi Construction Corporation	27,703	40.55	27,728	40.55
Mailiao Harbor Administration Corporation	2,530,987	44.96	2,497,433	44.96
Formosa Development Corporation	609,753	45.99	505,781	45.99
Formosa Marine Corporation	740,334	20.00	788,096	20.00
Simosa Oil Corporation	909,576	20.00	783,549	20.00
Formosa Environmental Technology Corporation	247,608	24.34	240,481	24.34
Formosa Plastics Synthetic Rubber (HK)	1,386,378	33.33	1,575,837	33.33
Formolight Technologies, Inc.	55,835	39.43	57,529	39.43
Formosa Resources Corporation	4,062,093	25.00	6,403,506	25.00
Formosa Group (Cayman) Limited	-	-	968,838	25.00
Nan Ya Photonics Incorporation	312,368	28.77	313,294	28.77
Formosa Smart Energy Tech Corporation	4,158,658	25.00	4,174,692	25.00
Subtotal	33,054,440		34,486,038	
<u>Investments in jointly controlled entities</u>				
Caltex Taiwan Corporation	84,232	50.00	97,005	50.00
Formosa Kraton Chemical Co., Ltd.	1,440,656	50.00	1,429,661	50.00
Idemitsu Formosa Specialty Chemicals Corp.	-	50.00	-	50.00
NKFG	458,081	45.00	533,867	45.00
Subtotal	1,982,969		2,060,533	
Total	\$51,209,251		\$52,635,195	

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A. Subsidiaries

(a) Investments in subsidiaries are presented based on the equity method in the parent company only financial statements with necessary evaluation adjustments.

(b) The subsidiaries of the Company was not significant. The summary financial information of subsidiaries was listed below:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Net income	\$614,952	\$356,308
Other comprehensive income (loss), net	(724,880)	791,358
Comprehensive income (loss) for the period	<u><u>\$(109,928)</u></u>	<u><u>\$1,147,666</u></u>

B. Investments in associates

(a) The associates of the Company were not significant. The summary financial information of associates was listed below:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Net income	\$(847,816)	\$1,477,393
Other comprehensive income (loss), net	769,767	917,766
Comprehensive income (loss) for the period	<u><u>\$(78,049)</u></u>	<u><u>\$2,395,159</u></u>

(b) The associates of the Company have no publicly quoted prices.

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C. Investments in joint venture

The joint venture of the Company were not significant. The summary financial information of joint venture was listed below:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Net income(loss)	\$60,182	\$(138,846)
Other comprehensive income (loss), net	-	-
Comprehensive income (loss) for the period	\$60,182	\$(138,846)

D. The associates and joint venture had no contingent liability, committed capital or provided guarantee on December 31, 2025 and 2024. The joint venture could not distribute profits before obtaining all partners' consent.

E. On February 24, 2023, the Board of Directors of the Company resolved to contribute NT\$1,800,000 thousand to subscribe for 180,000,000 shares of the cash capital increase of Formosa Grandseas Bunkering and Trading Corp., which has been injected with a capital of NT\$508,609 thousand as of January 2024, and an additional NT\$572,400 thousand was injected in February 2025.

F. Formosa Group (Cayman) Limited, the associate of the Company, was liquidated in 2025.

G. Long-term equity investments are not pledged as collaterals for bank loans as of December 31, 2025 and 2024.

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(9) Property, plant and equipment

As of December 31, 2025, the property, plant and equipment for operating leases, representing 0.01% of total property, plant and equipment. Therefore, it is not intended to separately list Statement of changes in property, plant and equipment for operating leases.

	Land and land improvements	Buildings	Machinery and equipment	Other equipment	Transportation equipment	Construction in progress	Total
Cost:							
2025.1.1	\$23,074,338	\$48,095,058	\$392,867,313	\$4,843,069	\$593,766	\$6,207,999	\$475,681,543
Additions	-	335,311	188,027	101,072	16,048	4,152,761	4,793,219
Transfer	-	681,054	5,111,100	133,523	-	(3,844,279)	2,081,398
Disposals	-	-	(737,879)	(49,187)	(19,987)	-	(807,053)
2025.12.31	<u>\$23,074,338</u>	<u>\$49,111,423</u>	<u>\$397,428,561</u>	<u>\$5,028,477</u>	<u>\$589,827</u>	<u>\$6,516,481</u>	<u>\$481,749,107</u>
2024.1.1	\$23,074,338	\$46,582,241	\$384,995,861	\$4,699,129	\$574,080	\$7,985,537	\$467,911,186
Additions	-	1,226,527	949,720	107,943	43,461	6,211,912	8,539,563
Transfer	-	286,290	7,567,924	135,041	195	(7,989,450)	-
Disposals	-	-	(646,192)	(99,044)	(23,970)	-	(769,206)
2024.12.31	<u>\$23,074,338</u>	<u>\$48,095,058</u>	<u>\$392,867,313</u>	<u>\$4,843,069</u>	<u>\$593,766</u>	<u>\$6,207,999</u>	<u>\$475,681,543</u>
Depreciation and impairment:							
2025.1.1	\$-	\$37,884,227	\$357,391,037	\$3,954,299	\$457,106	\$-	\$399,686,669
Depreciation	-	1,761,175	7,702,831	249,783	29,614	-	9,743,403
Transfer	-	6,122	(6,491)	(133)	-	-	(502)
Disposals	-	-	(734,940)	(48,813)	(18,201)	-	(801,954)
2025.12.31	<u>\$-</u>	<u>\$39,651,524</u>	<u>\$364,352,437</u>	<u>\$4,155,136</u>	<u>\$468,519</u>	<u>\$-</u>	<u>\$408,627,616</u>
2024.1.1	\$-	\$36,095,911	\$350,151,385	\$3,808,782	\$450,545	\$-	\$390,506,623
Depreciation	-	1,791,219	7,876,610	244,304	30,442	-	9,942,575
Transfer	-	(2,903)	2,623	191	89	-	-
Disposals	-	-	(639,581)	(98,978)	(23,970)	-	(762,529)
2024.12.31	<u>\$-</u>	<u>\$37,884,227</u>	<u>\$357,391,037</u>	<u>\$3,954,299</u>	<u>\$457,106</u>	<u>\$-</u>	<u>\$399,686,669</u>
Net carrying amount as of:							
2025.12.31	<u>\$23,074,338</u>	<u>\$9,459,899</u>	<u>\$33,076,124</u>	<u>\$873,341</u>	<u>\$121,308</u>	<u>\$6,516,481</u>	<u>\$73,121,491</u>
2024.12.31	<u>\$23,074,338</u>	<u>\$10,210,831</u>	<u>\$35,476,276</u>	<u>\$888,770</u>	<u>\$136,660</u>	<u>\$6,207,999</u>	<u>\$75,994,874</u>

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

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(10) Investment property and other non-current assets

	<u>2025.1.1</u>	<u>Additions</u>	<u>Disposals</u>	<u>2025.12.31</u>
Land				
Cost	<u>\$921,562</u>	<u>\$-</u>	<u>\$(6,882)</u>	<u>\$914,680</u>
	<u>2025.1.1</u>	<u>Impairment</u>	<u>Reversal of impairment loss</u>	<u>2025.12.31</u>
Land				
Accumulated impairment	<u>\$523,542</u>	<u>\$-</u>	<u>\$(3,721)</u>	<u>\$519,821</u>
	<u>2025.1.1</u>			<u>2025.12.31</u>
Land				
Net carrying amount as of	<u>\$398,020</u>			<u>\$394,859</u>
	<u>2024.1.1</u>	<u>Additions</u>	<u>Disposals</u>	<u>2024.12.31</u>
Land				
Cost	<u>\$945,606</u>	<u>\$-</u>	<u>\$(24,044)</u>	<u>\$921,562</u>
	<u>2024.1.1</u>	<u>Impairment</u>	<u>Reversal of impairment loss</u>	<u>2024.12.31</u>
Land				
Accumulated impairment	<u>\$538,739</u>	<u>\$-</u>	<u>\$(15,197)</u>	<u>\$523,542</u>
	<u>2024.1.1</u>			<u>2024.12.31</u>
Land				
Net carrying amount as of	<u>\$406,867</u>			<u>\$398,020</u>

- (a) The Company's investment property was not pledged as collaterals.
- (b) The Company measures its investment property not by the fair value, however it discloses its information by the fair value, and it is belong to level 3. The fair value of the investment property held by the Company amounted to NT\$394,859 thousand and NT\$398,020 thousand as of December 31, 2025 and December 31, 2024, respectively. The fair value of investment property was valued by an independent external appraisal expert – CCIS Real Estate Joint Appraisers Firm and Honda Real Estate Appraisers Firm. The fair value was determined based on the market evidence, and the evaluation method was the comparison method, which input is estimated by the price of square meters.

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(11) Other non-current assets:

	As of	
	December 31, 2025	December 31, 2024
Refundable deposits	\$107,724	\$113,120
Unamortized expense	2,452,508	2,928,659
Prepaid expense — land and equipment	4,898,160	4,009,902
Advance	177,300	209,133
Other assets — land and others	10,584	10,584
Prepaid expense — Maintenance	2,829,738	3,434,069
Total	<u>\$10,476,014</u>	<u>\$10,705,467</u>

As of December 31, 2025 and 2024, the above land was temporarily registered under a third party's name, at cost amounting to both NT\$10,584 thousand. A lien has been created on the land through the land administration authority of the government, and the registered amounts of the lien were both NT\$85,160 thousand in order to protect the interest of the Company. The land was accounted for as the other non-current asset.

(12) Short-term loans

		As of	
	Interest Rate	December 31, 2025	December 31, 2024
Purchase loans	Floating interest rate	\$18,804	\$273,927
Credit loans	-	-	6,300,000
Others	-	-	154,516
Total		<u>\$18,804</u>	<u>\$6,728,443</u>

The Company's unused short-term loans of credit amounted to NT\$30,685,626 thousand and NT\$26,592,384 thousand as of December 31, 2025 and 2024, respectively.

(13) Bonds payable

	As of	
	December 31, 2025	December 31, 2024
Domestic unsecured unconvertible bonds	\$14,950,000	\$20,200,000
Less: current portion	(6,850,000)	(5,250,000)
Long-term bonds payable	<u>\$8,100,000</u>	<u>\$14,950,000</u>

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As of December 31, 2025, the terms of the domestic bonds were as follows:

Domestic unsecured unconvertible bonds:

Item	Unsecured Bonds No.35	Unsecured Bonds No.36		Unsecured Bonds No.37	
Type of bonds	Bond C	Bond B	Bond C	Bond B	Bond C
Issue date	2014.9.12	2019.7.24	2019.7.24	2020.8.6	2020.8.6
Principal amount	1,400,000	4,500,000	2,100,000	7,800,000	2,100,000
Ending balance	700,000	2,250,000	2,100,000	7,800,000	2,100,000
Face value	1,000	1,000	1,000	1,000	1,000
Issue price	Par value	Par value	Par value	Par value	Par value
Maturity	12 years	7 years	10 years	7 years	10 years
Coupon rate	Fixed rate 1.99%	Fixed rate 0.78%	Fixed rate 0.87%	Fixed rate 0.64%	Fixed rate 0.68%
Interest payment	Annually	Annually	Annually	Annually	Annually
Repayment	Repay 50% of the principal at the end of the 11 th and 12 th year	Repay 50% of the principal at the end of the 6 th and 7 th year	Repay 50% of the principal at the end of the 9 th and 10 th year	Repay 50% of the principal at the end of the 6 th and 7 th year	Repay 50% of the principal at the end of the 9 th and 10 th year
Conversion exchange or stock warrants	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Securities and Futures Bureau approved document number	Financial Supervisory Commission approved document No. 1030029158, July 31, 2014	Taipei Exchange approved document No. 10800082232, July 22, 2019	Taipei Exchange approved document No. 10800082232, July 22, 2019	Taipei Exchange approved document No. 10900087591, July 28, 2020	Taipei Exchange approved document No. 10900087591, July 28, 2020

(14) Long-term loans

Banks	Repayment Method	Types	December 31, 2025		December 31, 2024	
			Amount	Interest Rate	Amount	Interest Rate
Bank of Taiwan, The period of the loan is from July 11, 2023 to	As working capital	As working capital	\$1,875,000	1.849%~	\$5,000,000	1.790%~
CTBC Bank and July 11, 2026. Interest is payable monthly. The				1.853%		1.845%
the other 8 banks credit period is two years starting from the date of						
the first drawdown, with a one-year extension.						
Less: Current portion reclassified to current liability			(1,875,000)		(5,000,000)	
Long-term loans – due after one year			\$-		\$-	

(15) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2025 and 2024, the expenses related to defined contribution plan amounted to NT\$259,026 thousand and NT\$261,989 thousand respectively.

B. Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference in 1 appropriation before the end of March in the following year.

Safeguard and Utilization of the Labor Retirement Fund is regulated by the Ministry of Labor. Investment of the fund is made by outsourcing and self-management. A long-term investment strategy is adopted with both initiative and passive approach. Considering market risk, creditability and liquidity etc., the Ministry of labor has set limit for fund risk and risk management plan so that the target rate of return can be reached without excess exposure to risk. Because the Company is not authorized to manage the Fund, it cannot disclose the classification of the fair value of the plan asset according to IAS 19. As of December 31, 2025, the amount of contribution expected to be made in the following accounting year was NT\$63,388 thousand.

As at December 31, 2025 and 2024, the defined benefit plan of the Company was both expected to be expired in 2034.

Amounts to recognize in profit or loss for the years ended December 31, 2025 and 2024 are summarized as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Current period service cost	\$36,638	\$39,712
Net interest on the net defined benefit liability (asset)	62,473	56,372
Subtotal	<u>\$99,111</u>	<u>\$96,084</u>

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Reconciliation of the present value of the defined benefit obligation and fair value of plan assets of the defined benefit plan is as follows:

	As of	
	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$5,334,459	\$5,378,181
Fair value of plan assets	(1,067,301)	(1,028,671)
Other non-current liabilities — Accrued pension liabilities recognized on the balance sheets	\$4,267,158	\$4,349,510

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2024.01.01	\$5,514,927	\$(962,774)	\$4,552,153
Current service cost	39,712	-	39,712
Interest expense (income)	68,937	(12,565)	56,372
Subtotal	5,623,576	(975,339)	4,648,237
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising changes in financial assumptions	(87,540)	-	(87,540)
Experience adjustment	(28,530)	-	(28,530)
Return on plan assets	-	(84,623)	(84,623)
Subtotal	(116,070)	(84,623)	(200,693)
Payments from the plan	(161,478)	113,423	(48,055)
Contributions by employer	-	(82,132)	(82,132)
Net liabilities (assets) transferred from associates	32,153	-	32,153
2024.12.31	5,378,181	(1,028,671)	4,349,510
Current service cost	36,638	-	36,638
Interest expense (income)	77,984	(15,511)	62,473
Subtotal	5,492,803	(1,044,182)	4,448,621
Remeasurement of defined benefit liabilities/assets			
Actuarial gains and losses arising changes in financial assumptions	74,006	-	74,006
Experience adjustment	(77,577)	-	(77,577)
Return on plan assets	-	(72,035)	(72,035)
Subtotal	(3,571)	(72,035)	(75,606)
Payments from the plan	(178,415)	122,472	(55,943)
Contributions by employer	-	(73,556)	(73,556)
Net liabilities (assets) transferred from associates	23,642	-	23,642
2025.12.31	\$5,334,459	\$(1,067,301)	\$4,267,158

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

	December 31, 2025	December 31, 2024
Discount rate	1.25%	1.45%
Expected rate of salary increases	2.85%	2.85%

A sensitivity analysis for significant assumption as at December 31, 2025 and 2024 is shown below:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(92,243)	\$-	\$(106,425)
Discount rate decrease by 0.25%	94,939	-	109,767	-
Future salary increase by 1.0%	390,965	-	455,236	-
Future salary decrease by 1.0%	-	(355,988)	-	(410,868)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(16)Equities

A. Common stock

The Company's authorized and issued capital both amounted to NT\$95,259,597 thousand and consisted of 9,525,960 thousand shares at \$10 par value each as of December 31, 2025 and 2024, respectively. Each share has one vote and the right to receive dividends.

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B. Capital surplus

	As of	
	December 31, 2025	December 31, 2024
Additional paid-in capital – premium in excess of the par value of shares issued	\$24,864,000	\$24,864,000
Additional paid-in capital – bond conversion	6,379,284	6,379,284
Joint ventures and associates change in equity under equity method	175,761	173,600
Subsidiary change in equity	2,994	2,994
Others	2,948	2,607
Total	<u>\$31,424,987</u>	<u>\$31,422,485</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Also, the capital reserve arisen from equity investments cannot be used for any purpose.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be appropriated in the following order:

- (a) Payments of all taxes, if any
- (b) To offset prior year's deficit, if any
- (c) To set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b)
- (d) To set aside special reserve, if required
- (e) To set aside an amount for dividends
- (f) The remaining amount (the "appropriable after-dividend earnings"), if any, the appropriation of shareholders' bonuses plan is drafted by the board of directors combination with prior year's accumulated unappropriated earnings. For the resolution of cash dividends distribution should be adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and should be reported to the shareholders' meeting. For the resolution of stock dividends distribution should be adopted by shareholders' meeting.

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The above special reserve includes:

- (a) Reserve recorded for special purposes
- (b) Investment income recognized under equity method
- (c) Net assessment income arising from financial transactions, however, when the cumulative decreases, the special reserve should be reduced accordingly to the extent that has been set aside;
- (d) The special reserve required by other laws and regulations.

The Company's business is in its maturity stage. As a result, the dividends can be distributed in a combination of cash and capital increase out of earnings and paid-in capital. The total amount distributed should be at least 50% of the earnings available after setting aside legal reserve and special reserve, provided that cash dividends take precedence and capital increase out of earnings and paid-in capital do not exceed 50% of the total distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

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For the years ended December 31, 2025 and 2024, the details of earnings distribution and dividends per share as proposed by the board meeting on March 5, 2026 and resolved by the shareholder's meeting on May 29, 2025 were as follows:

	Appropriation of earnings		Dividend per share	
	2025	2024	2025	2024
Legal reserve	\$1,652,173	\$621,632		
Special reserve (reversal)	(1,436,249)	1,436,249		
Common stock — cash dividend	11,431,152	7,620,768	\$1.20	\$0.80
Total	<u>\$11,647,076</u>	<u>\$9,678,649</u>		

The reserve of 2025 will be resolved by the shareholder's meeting on May 26, 2026. The cash dividends distribution was resolved by the board of direction's meeting held on March 5, 2026 and will be reported to the shareholder's meeting.

Please refer to Note 6(20) for details on employees' compensation.

(17) Operating revenues

	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue from contracts with customer		
Sales of goods		
Gasoline	\$91,419,533	\$106,680,981
Petrochemical products (ethylene and propylene, etc.)	111,520,424	120,264,375
Diesel oil	181,661,647	181,966,640
Jet fuel	47,306,949	46,732,575
Electricity	33,833,018	29,839,444
Steam	7,732,937	9,917,925
Others	148,925,732	164,933,743
Subtotal	622,400,240	660,335,683
Service revenues	1,014,003	1,069,751
Total	<u>\$623,414,243</u>	<u>\$661,405,434</u>

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Analysis of revenue from contracts with customers during the years ended December 31, 2025 and 2024 are as follows:

(1) Disaggregation of revenue

For the year ended December 31, 2025

	Petrochemical Division	Utility Division	Others	Total
Sales of goods				
Gasoline	\$91,419,533	\$-	\$-	\$91,419,533
Petrochemical products (ethylene and propylene, etc.)	111,520,424	-	-	111,520,424
Diesel oil	181,661,647	-	-	181,661,647
Jet fuel	47,306,949	-	-	47,306,949
Electricity	-	33,833,018	-	33,833,018
Steam	-	7,732,937	-	7,732,937
Others	147,524,539	1,401,193	-	148,925,732
Subtotal	579,433,092	42,967,148	-	622,400,240
Rendering of services	-	-	1,014,003	1,014,003
Total	<u>\$579,433,092</u>	<u>\$42,967,148</u>	<u>\$1,014,003</u>	<u>\$623,414,243</u>

Timing of revenue recognition:

At a point in time	<u>\$579,433,092</u>	<u>\$42,967,148</u>	<u>\$1,014,003</u>	<u>\$623,414,243</u>
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For the year ended December 31, 2024

	Petrochemical Division	Utility Division	Others	Total
Sales of goods				
Gasoline	\$106,680,981	\$-	\$-	\$106,680,981
Petrochemical products (ethylene and propylene, etc.)	120,264,375	-	-	120,264,375
Diesel oil	181,966,640	-	-	181,966,640
Jet fuel	46,732,575	-	-	46,732,575
Electricity	-	29,839,444	-	29,839,444
Steam	-	9,917,925	-	9,917,925
Others	163,540,282	1,393,461	-	164,933,743
Subtotal	619,184,853	41,150,830	-	660,335,683
Rendering of services	-	-	1,069,751	1,069,751
Total	<u>\$619,184,853</u>	<u>\$41,150,830</u>	<u>\$1,069,751</u>	<u>\$661,405,434</u>

Timing of revenue recognition:

At a point in time	<u>\$619,184,853</u>	<u>\$41,150,830</u>	<u>\$1,069,751</u>	<u>\$661,405,434</u>
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(2) Contract balances

Contract liabilities — current

	As of		
	December 31, 2025	December 31, 2024	January 1, 2024
Sales of goods	\$27,097	\$8,390	\$6,421

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2025 and 2024 are as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue recognized during the year that was included in the balance at the beginning of the year	\$8,390	\$6,421

(3) Transaction price allocated to unsatisfied performance obligations

The Company's contracts are all shorter than one year, there is not to provide information on outstanding performance obligations.

(4) Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses/ (gains)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Operating expenses — Expected credit losses/(gains)		
Accounts receivable	\$235	\$(23,157)

The Company does not expect that any significant losses will incur because the counterparty fail to fulfill the agreement. Please refer to Note 12 for information of credit risks.

The Company measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The explanation of the loss allowance measured for the year ended December 31, 2025 and 2024 are as follows:

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The Company needs to consider the grouping of receivables by past experiences and its loss allowance is measured by using a provision matrix, details as follows:

As at December 31, 2025

	Neither past due	Past due				Total
		Within 30 days	31-60 days	61-90 days	Over 90 days	
Gross carrying amount	\$43,132,068	\$3,022,935	\$-	\$-	\$-	\$46,155,003
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	452,212	30,229	-	-	-	482,441
Total	<u>\$42,679,856</u>	<u>\$2,992,706</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$45,672,562</u>

As at December 31, 2024

	Neither past due	Past due				Total
		Within 30 days	31-60 days	61-90 days	Over 90 days	
Gross carrying amount	\$47,614,037	\$368,070	\$-	\$-	\$-	\$47,982,107
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	478,525	3,681	-	-	-	482,206
Total	<u>\$47,135,512</u>	<u>\$364,389</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,499,901</u>

For the years ended December 31, 2025 and 2024, the movement in the provision for impairment of notes receivable and accounts receivable are as follows:

	Receivables
Balance as at January 1, 2025	\$482,206
Addition/(reversal) for the current period	235
Balance as at December 31, 2025	<u>\$482,441</u>
Balance as at January 1, 2024	\$505,363
Addition/(reversal) for the current period	(23,157)
Balance as at December 31, 2024	<u>\$482,206</u>

(19) Lease

(1) Company as lessee

The Company has entered into commercial leases on land and buildings. These leases have an average life of more than one to twenty years with no restrictions placed upon the Company in the contracts.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of	
	December 31, 2025	December 31, 2024
Land	\$38,956	\$50,361
Buildings	21,608	28,770
Machinery and equipment	19,250	18,832
Total	<u>\$79,814</u>	<u>\$97,963</u>

For the years ended December 31, 2025 and 2024, the additions to right-of-use assets of the Company amounting to NT\$4,155 thousand and NT\$85,162 thousand, respectively.

(b) Lease liability

	As of	
	December 31, 2025	December 31, 2024
Lease liability	<u>\$87,255</u>	<u>\$105,124</u>
Current	<u>\$22,197</u>	<u>\$20,057</u>
Non-current	<u>\$65,058</u>	<u>\$85,067</u>

Please refer to Note 6 (21)(D) for the interest on lease liability recognized for the years ended December 31, 2025 and 2024, and besides, refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities.

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B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the year ended December 31, 2025	For the year ended December 31, 2024
Land	\$11,671	\$28,869
Buildings	7,525	11,571
Machinery and equipment	3,108	30,900
Total	<u>\$22,304</u>	<u>\$71,340</u>

C. Income and costs relating to leasing activities

	For the year ended December 31, 2025	For the year ended December 31, 2024
The expense relating to short-term leases	<u>\$6,786</u>	<u>\$8,406</u>

The Company has no committed short-term lease portfolio as of December 31, 2025 and 2024.

D. Cash outflow relating to leasing activities

For the year ended December 31, 2025, the Company's total cash outflow for leases amounting to NT\$22,024 thousand, interest charge on lease liabilities NT\$905 thousand and short-term leases NT\$6,786 thousand.

For the year ended December 31, 2024, the Company's total cash outflow for leases amounting to NT\$64,931 thousand, interest charge on lease liabilities NT\$992 thousand and short-term leases NT\$8,406 thousand.

E. Other information relating to leasing activities

None.

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(2) Company as lessor

The Company has entered into leases on certain equipment of vessel equipment and automated storage and retrieval systems. These leases have terms of fifteen years, respectively. These leases are classified as finance leases as they do transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31, 2025	For the year ended December 31, 2024
Lease income for operating leases		
Income relating to fixed lease payment	\$1,250,803	\$1,282,120
Lease income for finance leases		
Finance income on the net investment in the lease	3,039	3,335
Total	<u>\$1,253,842</u>	<u>\$1,285,455</u>

For finance leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2025 and 2024 are as follow:

	As of	
	December 31, 2025	December 31, 2024
Not later than one year	\$15,051	\$15,051
Later than one year but not later than two years	15,051	15,051
Later than two years but not later than three years	15,051	15,051
Later than three years but not later than four years	15,051	15,051
Later than four years but not later than five years	15,051	15,051
Later than five years	52,675	67,725
Total undiscounted lease payments	127,930	142,980
Less: Unearned finance income to finance leases	(12,774)	(15,813)
Net investment in the lease (Finance lease receivables)	<u>\$115,156</u>	<u>\$127,167</u>
Current	<u>\$12,315</u>	<u>\$12,011</u>
Non-current	<u>\$102,841</u>	<u>\$115,156</u>

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

Function Description	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense	\$5,313,626	\$3,043,500	\$8,357,126	\$5,240,022	\$2,963,514	\$8,203,536
Salaries and wages	4,613,277	2,678,878	7,292,155	4,534,120	2,595,445	7,129,565
Labor and health insurance	356,050	177,745	533,795	354,842	172,863	527,705
Pension	243,285	114,852	358,137	245,475	112,598	358,073
Director's remuneration	-	23,664	23,664	-	32,798	32,798
Other employee benefits expense	101,014	48,361	149,375	105,585	49,810	155,395
Depreciation and depletion	9,364,300	401,407	9,765,707	9,599,150	414,765	10,013,915
Amortization	1,957,380	610	1,957,990	1,586,149	673	1,586,822

The amortization recognized as non-operating income and expenses are NT\$5,728 thousand and NT\$7,390 thousand for the years ended December 31, 2025 and 2024, respectively.

Note:

- For the years ended December 31, 2025 and 2024, the Company had average 5,045 and 5,160 employees, which both included 8 non-employee directors.
- It's necessary for the companies listed on TWSE to disclose the following information:
 - The Company's average benefits expense were NT\$1,654 thousand for the year ended December 31, 2025. (the current employee benefits expense excluded director's remuneration / the current average number of employees excluded non-employee directors)
The Company's average benefits expense were NT\$1,586 thousand for the year ended December 31, 2024. (the prior employee benefits expense excluded director's remuneration / the prior average number of employees excluded non-employee directors)
 - The Company's average salaries and wages were NT\$1,448 thousand for the year ended December 31, 2025. (the current salaries and wages / the current average number of employees excluded non-employee directors)
The Company's average salaries and wages were NT\$1,384 thousand for the year ended December 31, 2024. (the prior salaries and wages / the prior average number of employees excluded non-employee directors)

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- (3) The Company's average salaries and wages increased by 4.62% for the year ended December 31, 2025. (the current average salaries and wages minus the prior average salaries and wages / the prior average salaries and wages)
- (4) The Company has established the Audit Committee in replace of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2025 and 2024 were both nil.
- (5) The Company's compensation policies (including directors, supervisors, managers and employees)

A. The policies of directors' compensation:

- a. The independent directors have fixed remuneration for each month and other honorarium according to actual attendance of the board for directors meeting.
- b. According to the Company's Articles of Incorporation, the board of directors is authorized to determine the director's remuneration other than independent directors, considering the extent and value of the services provided for the management of the Company and the general peer level.
- c. The Company have already canceled director's profit distributional compensation according to the resolution of shareholders' meeting on May 30, 2008.

B. The policies of managers' compensation:

The Company's managers' compensation is implemented according to the Company's Articles of Incorporation and Article 29 of the Company Act. There are annual bonus, extra bonus, and special bonus, except for the fixed compensation, depending on the Company's profitability. Furthermore, it will adjust the fixed compensation every year referencing the overall employee's salary raise standard.

C. The policies of employees' compensation:

There are annual bonus, holiday bonus, extra bonus, and special bonus etc., except for the fixed salary, depending on the Company's profitability and referring to Consumer Price Index, industry salary level and rising situation, and related economic data to adjust the monthly fixed salary.

D. The policies of supervisors' compensation:

The Company has established the Audit Committee in replace of supervisors on June 15, 2015.

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According to the Company's Articles of Incorporation, 0.02% to 0.1% of the profit of the period should be distributed as employee's compensation. However, if there is accumulated deficit, the deficit should be covered first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company's employee compensation was NT\$2,523 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the year ended December 31, 2025. According to resolution of the board on March 5, 2026, the compensation will be granted in cash.

The Company resolved to distribute NT\$1,349 thousand of employee compensation in cash on the board of director's meeting on February 27, 2025, and announced the resolution on the shareholder's meeting on May 29, 2025. There is no difference between the employee bonus 2024 paid and the employee bonus recognized as expense on the financial report of 2024.

(21) Non-operating income and expenses

A. Interest income

	For the year ended December 31, 2025	For the year ended December 31, 2024
Bank interest income	\$629,811	\$575,163
Interest income — due from affiliates	62,224	99,616
Interest income — financial leasing	3,039	3,335
Other interest income	38,269	36,937
Total	<u>\$733,343</u>	<u>\$715,051</u>

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B. Other income

	For the year ended December 31, 2025	For the year ended December 31, 2024
Rental income	\$1,250,803	\$1,282,120
Other income — others	674,525	666,738
Dividends income	397,843	499,083
Total	<u>\$2,323,171</u>	<u>\$2,447,941</u>

C. Other gains and losses

	For the year ended December 31, 2025	For the year ended December 31, 2024
Gains (losses) on disposal and abandon of property, plant and equipment	\$2,699	\$6,719
Gains (losses) on disposal of investment property	(3,390)	8,586
Gains (losses) on disposal of other assets	-	(4,412)
Gains (losses) on disposal of investments accounted for using equity method	(33,771)	-
Foreign exchange (losses) gains, net	(157,135)	3,084,368
Impairment loss/Reversal of impairment loss		
Investment property	3,721	15,197
Other gains (losses) — others	(88,321)	(76,153)
Gains (losses) on financial assets at fair value through profit or loss (Note)	3,454	204,603
Total	<u>\$(272,743)</u>	<u>\$3,238,908</u>

Note: Balance in current period arose from financial assets mandatorily measured at fair value through profit or loss.

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D. Financial costs

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest on borrowings from bank	\$123,785	\$98,000
Interest on bonds payable	140,973	189,768
Interest for lease liabilities	905	992
Other interest expenses	142,507	163,214
Total financial costs	<u>\$408,170</u>	<u>\$451,974</u>

(22) Components of other comprehensive income (loss)

For the year ended December 31, 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$75,606	\$-	\$75,606	\$15,121	\$60,485
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	56,461,861	-	56,461,861	-	56,461,861
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	1,007,209	-	1,007,209	-	1,007,209
Items that may be reclassified subsequently to profit or loss:					
Gains (losses) on hedging instrument	616,836	(607,808)	9,028	1,806	7,222
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(982,291)	19,969	(962,322)	-	(962,322)
Total	<u>\$57,179,221</u>	<u>\$(587,839)</u>	<u>\$56,591,382</u>	<u>\$16,927</u>	<u>\$56,574,455</u>

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For the year ended December 31, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$200,693	\$-	\$200,693	\$40,139	\$160,554
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(28,138,801)	-	(28,138,801)	-	(28,138,801)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	175,278	-	175,278	-	175,278
Items that may be reclassified subsequently to profit or loss:					
Gains (losses) on hedging instrument	98,379	(128,465)	(30,086)	(6,017)	(24,069)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	1,533,846	-	1,533,846	-	1,533,846
Total	<u><u>\$(26,130,605)</u></u>	<u><u>\$(128,465)</u></u>	<u><u>\$(26,259,070)</u></u>	<u><u>\$34,122</u></u>	<u><u>\$(26,293,192)</u></u>

(23) Income taxes

The major components of income tax expense (income) for the years ended December 31, 2025 and 2024 are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2025	For the year ended December 31, 2024
Current income tax expense (income):		
Current income tax charge	\$2,448,208	\$534,863
Adjustments in respect of current income tax of prior periods	111,453	(79,455)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	177,392	316,686
Total income tax expense (income)	<u><u>\$2,737,053</u></u>	<u><u>\$772,094</u></u>

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Income tax relating to components of other comprehensive income

	For the year ended December 31, 2025	For the year ended December 31, 2024
Deferred tax expense (income):		
Gain (losses) on hedging instruments	\$1,806	\$(6,017)
Remeasurements of defined benefit plans	15,121	40,139
Total	<u>\$16,927</u>	<u>\$34,122</u>

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

	For the year ended December 31, 2025	For the year ended December 31, 2024
Accounting profit before tax from continuing operations	<u>\$12,612,388</u>	<u>\$6,743,012</u>
Tax at the statutory income tax rate	2,522,478	1,348,602
Dividend income	(79,569)	(99,817)
Income (loss) from equity investments	228,311	(338,971)
Tax effect of revenues exempt from taxation	(757)	(45,677)
Tax effect of non-deductible expense	161	99
Others	(1,272)	(7,181)
Tax effect of deferred tax assets/liabilities	(43,752)	(5,506)
Adjustments in respect of current income tax of prior periods	<u>111,453</u>	<u>(79,455)</u>
Total income tax expense (income) recognized in profit or loss	<u>\$2,737,053</u>	<u>\$772,094</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2025

	Beginning balance as at January 1, 2025	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2025
Temporary differences				
Depreciation difference for tax purpose	\$1,280,787	\$(75,677)	\$-	\$1,205,110
Foreign currency assets / liabilities losses (gains)	(47,663)	11,701	-	(35,962)
Inventory evaluation	327,421	(80,520)	-	246,901
Hedging derivative financial instruments sharing the same period (gains)	(5,084)	-	(1,806)	(6,890)
Non-Current — defined benefit liability, net	773,340	(5,915)	(15,121)	752,304
Others	812,838	(26,981)	-	785,857
Deferred tax income (expense)		<u>\$(177,392)</u>	<u>\$(16,927)</u>	
Net deferred tax assets (liabilities)	<u>\$3,141,639</u>			<u>\$2,947,320</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$3,194,386</u>			<u>\$2,990,172</u>
Deferred tax liabilities	<u>\$(52,747)</u>			<u>\$(42,852)</u>

For the year ended December 31, 2024

	Beginning balance as at January 1, 2024	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2024
Temporary differences				
Depreciation difference for tax purpose	\$1,393,845	\$(113,058)	\$-	\$1,280,787
Foreign currency assets / liabilities losses (gains)	68,651	(116,314)	-	(47,663)
Inventory evaluation	407,036	(79,615)	-	327,421
Hedging derivative financial instruments sharing the same period (gains)	(11,101)	-	6,017	(5,084)
Non-Current — defined benefit liability, net	819,318	(5,839)	(40,139)	773,340
Others	814,698	(1,860)	-	812,838
Deferred tax income (expense)		<u>\$(316,686)</u>	<u>\$(34,122)</u>	
Net deferred tax assets (liabilities)	<u>\$3,492,447</u>			<u>\$3,141,639</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$3,503,548</u>			<u>\$3,194,386</u>
Deferred tax liabilities	<u>\$(11,101)</u>			<u>\$(52,747)</u>

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Unrecognized deferred tax assets

As of December 31, 2025 and 2024, deferred tax assets that have not been recognized as they may not be used to offset taxable profits, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2025 and 2024, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NT\$2,354,397 thousand and NT\$2,444,749 thousand, respectively.

The assessment of income tax returns

As of December 31, 2025, the assessment of the income tax returns of the Company was as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2023

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Basic/Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$9,875,335</u>	<u>\$5,970,918</u>
Weighted average number of ordinary shares outstanding for basic/diluted earnings per share (in thousands)	<u>9,525,960</u>	<u>9,525,960</u>
Basic/Diluted earnings per share	<u>\$1.04</u>	<u>\$0.63</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

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7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Formosa Plastics Corporation	Significant influence over the Company
Formosa Chemicals & Fibre Corporation	Significant influence over the Company
Nan Ya Plastics Corporation	Significant influence over the Company
Formosa Oil (Asia Pacific) Corporation	Subsidiary
Formosa Petrochemical Transportation Corporation	Subsidiary
Formosa Grandseas Bunkering and Trading Corporation	Subsidiary
FPCC DILIGENCE Corporation	Subsidiary
FPCC USA, INC.	Subsidiary
Mai-Liao Power Corporation	Associate
Mailiao Harbor Administration Corporation	Associate
Formosa Development Corporation	Associate
Formosa Marine Corporation	Associate
Simosa Oil Corporation	Associate
Formosa Environmental Technology Corporation	Associate
Formosa Group (Cayman) Limited	Associate
Nan Ya Photonics Incorporation	Associate
NKFG	Joint venture
Caltex Taiwan Corporation	Joint venture
Formosa Kraton Chemical Co., Ltd.	Joint venture
Idemitsu Formosa Specialty Chemicals Corp.	Joint venture
TMS Corporation	Other
Formosa FCFC Carpet Corporation	Other
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Other
Formosa Biomedical Technology Corp.	Other
Formosa BP Chemicals Corporation	Other
Formosa Taffeta Co., Ltd.	Other
Formosa Advanced Technologies Co., Ltd.	Other
Formosa Energy Management Corporation	Other
Formosa Ha Tinh (Cayman) Limited	Other
Hong Jing Resource Co., Ltd	Other

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<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Nan Ya Printed Circuit Board Corporation	Other
Nan Chung Petrochemical Corporation	Other
Formosa Heavy Industries Corporation	Other
Hwa Ya Power Corporation	Other
National Petroleum Co., Ltd.	Other
Formosa Plastics Maritime Corporation	Other
Chang Gung Medical Foundation	Other
Formosa Waters Technology Co., Ltd.	Other
Formosa Steel IB PTY LTD	Other
Asia Pacific Investment Corporation	Other
Asia Pacific Development Corporation	Other
Simosa Shipping Co., Ltd	Other
Simosa International Co., Ltd	Other
Simosa Marine Corporation	Other

Significant transactions with related parties

(1) Sales

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	\$111,810,667	\$140,590,191
Formosa Plastics Corporation	59,939,002	66,378,370
Nan Ya Plastics Corporation	21,534,057	20,754,781
Subtotal	<u>193,283,726</u>	<u>227,723,342</u>
Associate	4,773,977	4,513,804
Joint venture	9,071,407	9,201,598
Subsidiary	13,672,220	13,965,052
Others	43,984,254	36,520,774
Total	<u>\$264,785,584</u>	<u>\$291,924,570</u>

The terms and conditions of sales (including prices) to related parties are similar to those with non-related parties. The credit term is 30 days from the day the related party confirms the sale.

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(2) Purchase

	For the year ended December 31, 2025	For the year ended December 31, 2024
Entity with joint control or significant influence over the Company	\$33,213,200	\$42,042,605
Associate	62,117	103,282
Joint venture	56,980	75,665
Others	592,698	775,874
Total	<u>\$33,924,995</u>	<u>\$42,997,426</u>

The Company did not receive special discounts when purchasing from the related parties. Payment term is 30 days after receiving the goods.

(3) Notes receivable – related parties

	As of December 31, 2025	December 31, 2024
Others		
National Petroleum Co., Ltd.	\$1,569,914	\$1,905,376
Total	1,569,914	1,905,376
Less: loss allowance	-	-
Net	<u>\$1,569,914</u>	<u>\$1,905,376</u>

(4) Accounts receivable – related parties

	As of December 31, 2025	December 31, 2024
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	\$6,952,208	\$9,785,022
Formosa Plastics Corporation	4,842,410	4,676,457
Nan Ya Plastics Corporation	1,408,409	2,295,644
Subtotal	<u>13,203,027</u>	<u>16,757,123</u>
Associate	371,807	362,742
Joint venture	786,226	723,971
Subsidiary	1,220,490	1,229,836
Others	3,557,286	2,776,894
Total	<u>19,138,836</u>	<u>21,850,566</u>
Less: loss allowance	-	-
Net	<u>\$19,138,836</u>	<u>\$21,850,566</u>

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(5) Accounts payable – related parties

	As of	
	December 31, 2025	December 31, 2024
Entity with joint control or significant influence over the Company		
Formosa Chemicals & Fibre Corporation	\$2,138,271	\$2,844,930
Others	539,958	511,714
Subtotal	2,678,229	3,356,644
Associate	80,514	85,956
Joint venture	11,107	14,687
Others	53,506	70,359
Total	\$2,823,356	\$3,527,646

(6) Transaction of property, plant and equipment

Commissioned construction

The Company commissioned the following related parties to construct items of property, plant and equipment:

	Items	For the year ended December 31, 2025	For the year ended December 31, 2024
Entity with joint control or significant influence over the Company	Maintenance	\$144,374	\$171,281
Entity with joint control or significant influence over the Company	Expansion of Facilities	48,643	31,574
Associate	Expansion of facilities	35,997	29,387
Others	Maintenance	550,992	322,711
Others	Expansion of facilities	131,717	1,460,629
Total		\$911,723	\$2,015,582

The Company followed the general procedures to commission Formosa Heavy Industries Corporation, Nan Ya Plastics Corporation and Nan Ya Photonics Incorporation to expand its facilities and the maintenance of them. The payment period is one month after the acceptance of the construction work.

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(7) Financing

Other receivables – due from affiliates

	As of	
	December 31, 2025	December 31, 2024
Others		
Formosa Heavy Industries Corporation	\$1,900,000	\$2,000,000

The lending of funds condition to the associates was charged in accordance with the contract schedule after loan received. For the years ended December 31, 2025 and 2024, interest income from related parties were NT\$54,848 thousand and NT\$78,583 thousand, respectively. Interest charged on New Taiwan Dollars at the rate of 2.18% and on US Dollars at the rate of 4.56% to 4.92% for the year ended December 31, 2025, and on New Taiwan Dollars at the rate of 1.99%~2.18% for the year ended December 31, 2024.

(8) Other receivables, other payables

Receivables from/ payables to related parties (bear no interest) are as follows:

(a) Other receivables – sale of raw materials, etc.

	As of			
	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Entity with joint control or significant influence over the Company	\$9,627	0.14	\$2,909	0.05
Associate	220,196	3.21	32,838	0.50
Subsidiary	9	0.00	18	0.00
Joint venture	4,331	0.06	3,951	0.06
Others	30,180	0.44	18,924	0.29
Total	\$264,343	3.85	\$58,640	0.90

They are payments received from selling raw material. The payment term is within 30 days following confirmation with the counterparty.

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(b) Other payables

	As of			
	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Associate	\$24,958	0.19	\$13,492	0.08
Others	307,354	2.28	344,484	2.18
Total	<u>\$332,312</u>	<u>2.47</u>	<u>\$357,976</u>	<u>2.26</u>

Other payables are purchases of raw material for construction. The payment term is within 30 days after inspection and approval of accepting the materials.

(9) Leases

A. Company as a lessee

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	December 31, 2025	December 31, 2024
Entity with joint control or significant influence over the Company	\$20,377	\$20,478
Associate	43,949	57,828
Total	<u>\$64,326</u>	<u>\$78,306</u>

(b) Lease liability

	As of	
	December 31, 2025	December 31, 2024
Entity with joint control or significant influence over the Company	\$20,490	\$20,529
Associate	51,178	64,890
Total	<u>\$71,668</u>	<u>\$85,419</u>
Current	<u>\$17,447</u>	<u>\$15,523</u>
Non-current	<u>\$54,221</u>	<u>\$69,896</u>

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(c) Interest for lease liabilities

	For the year ended December 31, 2025	For the year ended December 31, 2024
Entity with joint control or significant influence over the Company	\$174	\$163
Associate	568	598
Total	<u>\$742</u>	<u>\$761</u>

B. Company as a lessor

(a) The revenue relating to short-term leases

The Company derived the following rental income from leasing oil storage facilities and land to related parties:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Entity with joint control or significant influence over the Company	\$178,793	\$220,127
Associate	27,594	26,888
Joint venture	32,485	32,485
Others	9,888	14,065
Total	<u>\$248,760</u>	<u>\$293,565</u>

(b) The income relating to finance leases

The Company derived the following rental income from leasing automated storage and retrieval systems to related parties:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Joint venture	<u>\$3,039</u>	<u>\$3,335</u>

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(10) Other related party transactions

A. Use of labor

The details of use of the related parties' labor force are as follows:

		For the year ended December 31, 2025	For the year ended December 31, 2024
	Items		
Associate	Harbor labor force	\$1,483,942	\$1,380,613
Subsidiary	Labor force	613,442	597,305
Joint venture	Refuel	62,613	59,913
Others	Labor force	2,495	2,256
Total		<u>\$2,162,492</u>	<u>\$2,040,087</u>

The payments include harbor usage, towage, and fuel delivery. The payment is mutually agreed to be made one month after the monthly closing.

B. Notes endorsements and guarantees

	As of	
	December 31, 2025	December 31, 2024
Associate	\$-	\$8,195,250
Subsidiary	943,140	983,430
Total	<u>\$943,140</u>	<u>\$9,178,680</u>

C. Leased oil tanker

Effective from January 1, 2020, the Company leased oil tankers from FPCC DILIGENCE Corp. The daily leasing cost is calculated based on "VESSEL'S DAILY FIXED-COST PLUS 10%", approximately US\$33,500 per day. In 2025 and 2024, the oil tanker rental cost were US\$20,690 thousand and US\$21,650 thousand, respectively, which were recorded under operating cost and accrued freight expenses.

(11) Key management personnel compensation

	For the year ended December 31, 2025	For the year ended December 31, 2024
Short-term employee benefits	<u>\$110,926</u>	<u>\$115,292</u>

8. ASSETS PLEDGED AS SECURITY

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

Pledged Assets	Contents	As of	
		December 31, 2025	December 31, 2024
Other current assets	Certificates of deposit	\$114,118	\$39,369

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

As of December 31, 2025, the Company's commitments and contingent liabilities were as follows:

- (1) Guarantee notes received from counterparties as collateral for payment, construction completion commitment and others for operational needs was NT\$318,787 thousand.
- (2) Guarantee notes issued for borrowings (financing) were NT\$168,410,010 thousand.
- (3) The unutilized portions of letters of credit issued by banks for importing raw materials was NT\$3,632,158 thousand.
- (4) Idemitsu Formosa Specialty Chemicals Corp., a joint venture of the Company, borrowed NT\$3.3 billion from CA Corporation & Investment Bank and KGI Bank. To secure the rights of its shareholders, the Company is required to issue a letter of support to ensure the borrower has fulfilled its obligation for repayment.
- (5) Formosa Ha Tinh (Cayman) Limited, the investee of the Company, and Formosa Ha Tinh Steel Corporation, the indirect investee owned by Formosa Ha Tinh (Cayman) Limited, borrowed credit lines of US\$3,020.05 million and US\$2,137.5 million from various banks. The Company issued a letter of commitment to exercise the relevant rights of the company to the shareholders of the borrowers to supervise and ensure that the borrower fulfills its financial obligation.
- (6) Formosa Resources Corp., the investee of the Company, borrowed credit line of totaled US\$340 million from several banks due to its operating need. According to the requirements of the bank, the Company was required to issue a commitment letter of support for the 25% direct shareholding ratio of the Company, promising to exercise the relevant rights of the Company as a shareholder of the Borrower, so as to supervise and ensure that the Borrower fulfills its financial obligations.

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- (7) Formosa Resources Corp., the investee of the Company, and Formosa Resources Australia Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed a credit line of US\$257 million from banks due to its operating need. The Company issued a commitment letter to exercise the relevant rights of the Company to the shareholders of the Borrower to supervise and ensure that the Borrower fulfills its financial obligations.
- (8) Formosa Resources Corp., the investee of the Company, and Formosa Steel IB Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed credit line of US\$1,105.6 million from a Bank due to its operating need. The Company issued a commitment letter to exercise the relevant rights of the Company to the shareholders of the Borrower to supervise and ensure that the Borrower fulfills its financial obligations.

10. SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

	As of	
	December 31, 2025	December 31, 2024
Financial Assets		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$1,849,655	\$1,846,201
Financial assets at fair value through other comprehensive income	91,113,670	42,863,453
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	41,527,382	18,884,100
Notes and accounts receivable, net (including related parties)	45,672,562	47,499,901
Finance lease receivables	115,156	127,167
Other receivables	6,868,973	6,542,169
Subtotal	94,184,073	73,053,337
Financial assets for hedging	77,055	25,422
Total	\$187,224,453	\$117,788,413

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	As of	
	December 31,	December 31,
	2025	2024
Financial Liabilities		
Financial liabilities at amortized cost:		
Short-term loans	\$18,804	\$6,728,443
Notes and accounts payable (including related parties)	12,671,471	11,555,588
Other payables (including related parties)	13,454,468	15,809,446
Bonds payable (including current portion)	14,950,000	20,200,000
Long-term borrowings(including current portion)	1,875,000	5,000,000
Lease liabilities	87,255	105,124
Subtotal	43,056,998	59,398,601
Financial liabilities for hedging	42,605	-
Total	\$43,099,603	\$59,398,601

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependency between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

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Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

To avoid the risk of foreign currency assets impairment and future cash flow changes, the Company uses forward contracts and foreign currency loans to hedge the foreign currency risk. However, the abovementioned method can reduce the risk arise from changes of foreign currency exchange rate, it cannot completely eliminate the risk.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. When NTD appreciate/depreciate against US dollars by NT\$1, the profit decreased/increased by NT\$692,119 thousand and NT\$683,492 thousand for the years ended December 31, 2025 and 2024, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$4,735 thousand and NT\$28,933 thousand for the years ended December 31, 2025 and 2024, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

The Company did not hold any listed and OTC equity securities classified under fair value through profit or loss.

When the price of the listed equity securities at fair value through other comprehensive income increases/ decreases 1%, it could have impacts of NT\$742,028 thousand and NT\$257,660 thousand for the years ended December 31, 2025 and 2024, on the equity attributable to the Company.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc.

Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2025 and 2024, accounts receivable from top ten customers represented 72.56% and 72.19% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Company did not hold any debt instrument investments which were measured at fair value through profit or loss for the year ended December 31, 2025.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
December 31, 2025							
Borrowings	\$1,928,449	\$-	\$-	\$-	\$-	\$-	\$1,928,449
Accounts payable	12,671,471	-	-	-	-	-	12,671,471
Other payables	13,454,468	-	-	-	-	-	13,454,468
Bonds payable	6,903,348	3,930,373	1,058,177	2,116,355	1,058,177	-	15,066,430
Lease liabilities	22,894	19,828	17,621	12,229	3,025	13,829	89,426
December 31, 2024							
Borrowings	\$11,794,933	\$-	\$-	\$-	\$-	\$-	\$11,794,933
Accounts payable	11,555,588	-	-	-	-	-	11,555,588
Other payables	15,809,446	-	-	-	-	-	15,809,446
Bonds payable	5,292,152	6,904,999	3,931,313	1,058,430	2,116,861	1,058,430	20,362,185
Lease liabilities	22,713	22,623	19,679	17,621	12,229	16,855	111,720

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Derivative instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2025					
Inflows	\$77,055	\$-	\$-	\$-	\$77,055
Outflows	(5,653)	(36,952)	-	-	(42,605)
Net	<u>\$71,402</u>	<u>\$(36,952)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$34,450</u>
December 31, 2024					
Inflows	\$9,712	\$15,710	\$-	\$-	\$25,422
Outflows	-	-	-	-	-
Net	<u>\$9,712</u>	<u>\$15,710</u>	<u>\$-</u>	<u>\$-</u>	<u>\$25,422</u>

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliations of the liabilities from financing activities

Reconciliations of the liabilities for the year ended December 31, 2025:

	Short-term loans	Other payables to related parties	Bonds payable (including current portion)	Long-term loans (including current portion)	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2025.1.1	\$6,728,443	\$357,976	\$20,200,000	\$5,000,000	\$105,124	\$217,362	\$32,608,905
Cash flows	(6,709,639)	(25,664)	(5,250,000)	(3,125,000)	(22,024)	(25,336)	(15,157,663)
Non-cash changes	-	-	-	-	4,155	(341)	3,814
2025.12.31	<u>\$18,804</u>	<u>\$332,312</u>	<u>\$14,950,000</u>	<u>\$1,875,000</u>	<u>\$87,255</u>	<u>\$191,685</u>	<u>\$17,455,056</u>

Reconciliations of the liabilities for the year ended December 31, 2024:

	Short-term loans	Other payables to related parties	Bonds payable (including current portion)	Long-term loans (including current portion)	Lease liabilities (current and non-current)	Increase (decrease) in other non-current liabilities	Total liabilities from financing activities
2024.1.1	\$111,581	\$470,851	\$25,850,000	\$2,000,000	\$84,893	\$239,255	\$28,756,580
Cash flows	6,616,862	(112,875)	(5,650,000)	3,000,000	(64,931)	(21,422)	3,767,634
Non-cash changes	-	-	-	-	85,162	(471)	84,691
2024.12.31	<u>\$6,728,443</u>	<u>\$357,976</u>	<u>\$20,200,000</u>	<u>\$5,000,000</u>	<u>\$105,124</u>	<u>\$217,362</u>	<u>\$32,608,905</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value because of its shorter maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities and unquoted public company) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- d. The fair value of bank loans, corporate bonds and lease liabilities is determined by the counterparty's quotation or valuation technique. The valuation technique is discounted cash flow analysis with interest and discount rate selected with reference to those of similar financial instruments (E.g. the yield curve reference of Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- e. The fair value of derivative financial instrument is based on market quotations.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets (including held-to maturity financial assets, loans and receivables) and liabilities (including loan, bonds payable and lease liabilities) measured at amortized cost approximate their fair value.

C. Information about financial instrument fair value hierarchy

For the information of fair value hierarchy please refer to related Note 12(9).

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(8) Derivatives instruments

Derivatives instruments the Company holds for trading are mainly energy commodity contracts. Please refer to Note 6 (4) for related information.

(9) Fair value hierarchy

A. Definition

For the assets and liabilities measured and disclosed under fair value, the fair value hierarchy is categorized on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The inputs of each level are as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liabilities.

At the end of each reporting period, the fair value hierarchy for each financial instrument is revaluated to decide if there is any transfer into or out of any hierarchy.

B. The fair value at each fair value hierarchy for financial instruments of the Company is as follows:

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$-	\$1,849,655	\$-	\$1,849,655
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	74,202,750	-	16,910,920	91,113,670
Financial assets for hedging				
Energy commodity swap contracts	77,055	-	-	77,055
Financial liabilities:				
Financial liabilities for hedging				
Energy commodity swap contracts	\$(42,605)	-	-	\$(42,605)

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	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value				
through profit or loss				
Funds	\$-	\$1,846,201	\$-	\$1,846,201
Financial assets at fair value through				
other comprehensive income				
Investments in equity instruments				
measured at fair value through other				
comprehensive income	25,765,966	-	17,097,487	42,863,453
Financial assets for hedging				
Energy commodity swap contracts	25,422	-	-	25,422

Fair value hierarchy transfer between level 1 input and level 2 input

The Company had no recurring assets and liabilities transfer between level 1 input and level 2 input for the years ended December 31, 2025 and 2024.

Movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset
	At fair value through
	other comprehensive
	income
	Stocks
2025.1.1	\$17,097,487
Acquisition	90,000
Proceeds from capital reduction	(19,562)
Amount recognized in OCI (presented in “Unrealized gains	
(losses) from equity instruments investments measured at fair	
value through other comprehensive income)	(239,858)
Write-down the long-term equity in Associates and Joint	
Ventures	(17,147)
2025.12.31	\$16,910,920

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	Asset
	At fair value through other comprehensive income
	Stocks
2024.1.1	\$14,456,465
Proceeds from capital reduction	(3,484)
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	2,782,714
Write-down the long-term equity in Associates and Joint Ventures	(138,208)
2024.12.31	<u>\$17,097,487</u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at December 31, 2025:

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	19.20%~20.70%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in The Company's equity by NT\$2,071,843 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in The Company's equity by NT\$37,557 thousand

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As at December 31, 2024:

	Valuation technique	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	19.20%~20.70%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in The Company's equity by NT\$2,109,038 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in The Company's equity by NT\$24,646 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Not measure by the fair value but have to disclose by the fair value hierarchy information

December 31, 2025

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property (please refer to note 6(10))	\$-	\$-	\$394,859	\$394,859

December 31, 2024

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property (please refer to note 6(10))	\$-	\$-	\$398,020	\$398,020

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(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	\$913,841	31.438	\$28,729,333	\$875,463	32.781	\$28,698,553
EUR	3,665	36.696	134,491	5,675	34.065	193,319
YEN	100,113	0.200	20,023	40,611	0.209	8,488
Long-term equity investments — equity method						
USD	\$454,244	31.438	\$14,280,538	\$476,030	32.781	\$15,604,728
Financial liabilities						
Monetary items:						
USD	\$221,722	31.438	\$6,970,496	\$191,971	32.781	\$6,293,001
EUR	27,240	36.696	999,599	52,556	34.065	1,790,320
YEN	69,884	0.200	13,977	71,022	0.209	14,844

The above information is disclosed based on book value transferred to functional currency.

The foreign exchange gains (losses) that was material and recognized are NT\$(157,135) thousand and NT\$3,084,368 thousand for the years ended December 31, 2025 and 2024, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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13. OTHER DISCLOSURE

(1) Significant transaction information

A. Financings provided to others

No. (Note1)	Financing Company	Counterparty	Financial Statement Account (Note2)	Related Party	Maximum Balance for the Period (Approved by the Board) (Note3)	Ending Balance (Approved by the Board) (Note8)	Amount Actually Drawn	Interest Rate%	Nature of Financing (Note4)	Reason for Financing (Note6)	Loss allowance	Collateral		Limit of Financing Amount for Individual Counterparty (Note7)	Limit of Total Financial Amount for Financing Company (Note7)
												Item	Value		
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	Yes	\$6,000,000	\$4,500,000	\$-	-	(2)	Need for operating	N/A	N/A	N/A	Financing to individual entity is limited to 10% of the Company's net asset	Financing to others is limited to 50% of the Company's net asset
0	The Company	Nan Ya Plastics Corporation	Other receivables from related parties	Yes	6,000,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A	35,579,209 thousand; financing to related party and party with business transaction	177,896,044 thousand; financing to nonbusiness but in need for capital is limited to 40% of the Company's net asset
0	The Company	Formosa Chemicals & Fibre Corporation	Other receivables from related parties	Yes	6,000,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A	is limited to 25% of the Company's net asset 88,948,022 thousand; financing to others is limited to 20% of the Company's net asset	142,316,835 thousand.
0	The Company	Formosa Group Ocean Investment Corporation	Other receivables from related parties	No	602,916	182,340	182,340	2.18	(2)	Need for operating	N/A	N/A	N/A	71,158,418 thousand.	
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	10,524,200	7,000,000	1,900,000	2.18~ 4.92	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Oil (Asia Pacific) Corporation	Other receivables from related parties	Yes	500,000	500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
					Total	\$21,182,340	\$2,082,340								

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:

(1) The financing occurred due to business transactions is coded "1".

(2) The financing occurred due to short-term financing is coded "2".

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Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

B. Endorsement/guarantee provided to others

No. (Note1)	Endorser/ Guarantor	Receiving Party		Limit of the Endorsement / Guarantee Amount for Receiving Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Actual Amount Borrowed (Note6)	Amount of Collateral	Percentage	Limit on the Endorsement/Guarantee Amount (Note3)	Parent Company Endorsed / Guaranteed for the Subsidiaries (Note7)	Subsidiaries Endorsed/ Guaranteed for the Parent Company (Note7)	Endorsement or Guarantee for Entities in China (Note7)
		Company Name (Note2)	Relationship (Note2)										
0	The Company	Formosa Group (Cayman) Limited	(6)	\$231,264,857	\$8,295,500	\$-	\$-	N/A	-	The Company may provide endorsement/guarantee to others but shall not exceed 130% of its net assets. The limit is 462,529,714 thousand. For endorsement/ guarantee to individual entity, the amount is limited to 50% of the limit.	N	N	N
0	The Company	FPCC USA, INC	(2)	231,264,857	995,460	943,140	943,140	N/A	0.27	"	Y	N	N

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

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Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: The limits and the calculation methods of endorsement/guarantee amount for individual counterparty and maximum balance are disclosed in accordance with company's operating procedure of endorsement/guarantee.

Note 4: Maximum balance of endorsement/guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, who authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed/guaranteed company within the limit of endorsement/guarantee amount.

Note 7: It should be filled in "Y", if it is the public parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the public parent company, or endorsement or guarantee for entities in China.

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C. Material securities held as of December 31, 2025 (not including subsidiaries, associates and joint ventures)

Shares: In thousand

Company	Type and Name of the Securities (Note1)	Relationship (Note2)	Financial Statement Account	As of December 31, 2025				Note
				Shares (In thousand)	Carrying Amount (Note3)	Percentage of Ownership (%)	Market Value (Note4)	
The Company	Stock — Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income-current	131,460	\$5,126,954	2.07%	\$39.00	
The Company	Stock — Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income-current	179,214	10,788,708	2.26%	60.20	
The Company	Stock — Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income-current	48,568	1,559,019	0.83%	32.10	
The Company	Stock — National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income-current	60,082	3,430,675	19.44%	57.10	
The Company	Stock — Nan Ya Technology Corporation	-	Financial assets at fair value through other comprehensive income-current	272,843	52,658,778	8.81%	193.00	
The Company	Stock — TSRC Corporation	-	Financial assets at fair value through other comprehensive income-current	41,201	638,616	4.99%	15.50	
The Company	Fund — Mega USD Fend-Shou Private Market Fund	-	Financial assets at fair value through profit or loss-current	4,554	1,849,655	-	406.14	
The Company	Stock — Formosa Ha Tinh (Cayman) Limited	Others	Financial assets at fair value through other comprehensive income-non-current	621,178	6,249,152	11.43%	10.06	
The Company	Stock — Asia Pacific Investment Corporation	Others	Financial assets at fair value through other comprehensive income-non-current	8,950	207,372	2.11%	23.17	
The Company	Stock — Formosa Network Technology Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,925	371,459	12.50%	126.99	
The Company	Stock — Formosa Heavy Industries Corporation	Others	Financial assets at fair value through other comprehensive income-non-current	25,350	444,901	1.26%	17.55	
The Company	Stock — Formosa Ocean Group Marine Investment Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3	9,179,041	19.00%	3,500,778.49	
The Company	Stock — Amtrust Capital Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,344	21,266	3.91%	9.07	
The Company	Stock — Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	492	3,084	1.97%	6.27	
The Company	Stock — Idemitsu Formosa Specialty Chemicals Corporation	Joint venture	Financial assets at fair value through other comprehensive income-non-current	50,000	344,645	100.00%	10.00	
The Company	Stock — Young Ray Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	3,000	90,000	13.29%	30.00	

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Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IFRS 9 “Financial Instruments”.

Note 2: If the securities listed above are issued by related parties, the column is specified with further information.

Note 3: For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note 4: If the securities listed above are subject to restrictions on use due to providing guarantees, pledging loans, or other agreements, the number of shares provided as security or pledged, the amount of the security or pledge, and the restrictions on use should be disclosed.

Note 5: This table lists the securities that the company determines, based on the materiality principle, should be disclosed.

D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more:

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Sales	\$59,939,002	9.57	30 days after receiving the	N/A	N/A	\$4,842,410	11.26	
			Purchases	4,796,808	0.87	goods			397,300	3.10	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Sales	21,534,057	3.44	30 days after receiving the	N/A	N/A	1,408,409	3.27	
			Purchases	1,534,646	0.28	goods			142,658	1.11	
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Sales	111,810,667	17.86	30 days after receiving the	N/A	N/A	6,952,208	16.16	
			Purchases	26,881,746	4.89	goods			2,138,271	16.71	
The Company	National Petroleum Co., Ltd.	Others	Sales	19,496,446	3.11	60 days after receiving the	N/A	N/A	2,019,207	4.69	
			Purchases	-	-	goods			1,569,914 (Notes Receivable)	99.99	
									-	-	

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Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	Sales Purchases	13,651,257 -	2.18 -	30 days after receiving the goods	N/A	N/A	1,220,490 -	2.84 -	
The Company	Formosa Taffeta Co., Ltd	Others	Sales Purchases	8,812,094 53,797	1.41 0.01	30 days after receiving the goods	N/A	N/A	411,258 6,015	0.96 0.05	
The Company	Caltex Taiwan Corporation	Joint venture	Sales Purchases	7,696,428 -	1.23 -	30 days after receiving the goods	N/A	N/A	729,592 7,476	1.70 0.06	
The Company	Simosa Oil Corporation	Associate	Sales Purchases	4,445,675 -	0.71 -	30 days after receiving the goods	N/A	N/A	359,086 -	0.83 -	
The Company	Formosa BP Chemicals Corporation	Others	Sales Purchases	1,850,343 419,217	0.30 0.08	30 days after receiving the goods	N/A	N/A	186,150 43,963	0.43 0.34	
The Company	TMS Corp.	Others	Sales Purchases	3,193,355 -	0.51 -	30 days after receiving the goods	N/A	N/A	- -	- -	
The Company	Formosa Kraton Chemical Co., Ltd.	Joint venture	Sales Purchases	912,695 -	0.15 -	30 days after receiving the goods	N/A	N/A	17,086 -	0.04 -	
The Company	Mai-Liao Power Corporation	Associate	Sales Purchases	104,466 -	0.02 -	30 days after receiving the goods	N/A	N/A	4,125 -	0.01 -	
The Company	Formosa Plastics Marine Corporation	Associate	Sales Purchases	144,701 -	0.02 -	30 days after receiving the goods	N/A	N/A	3,537 446	0.01 0.00	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	Sales Purchases	462,284 56,582	0.07 0.01	30 days after receiving the goods	N/A	N/A	39,548 3,627	0.09 0.03	
The Company	Simosa International Co., Ltd	Others	Sales Purchases	10,527,087 -	1.68 -	30 days after receiving the goods	N/A	N/A	935,248 -	2.17 -	

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E. Receivables from related parties with amounts exceeding NT\$100 million or 20 percent of capital stock:

Creditor	Counterparty	Relationship with the counterparty	Balance	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Loss Allowance	Note
					Amount	Action taken			
	Receivables								
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	\$6,952,208	14.96	-	-	\$6,952,208	N/A	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	4,842,410	11.33	-	-	4,842,410	N/A	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	1,408,409	11.56	-	-	1,408,409	N/A	
The Company	National Petroleum Co., Ltd.	Others	3,589,121	4.74	-	-	1,777,738	N/A	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	1,220,490	10.78	-	-	1,220,490	N/A	
The Company	Formosa Taffeta Co., Ltd	Others	411,258	22.13	-	-	411,258	N/A	
The Company	Formosa BP Chemicals Corporation	Others	186,150	12.69	-	-	186,150	N/A	
The Company	Simosa Oil Corporation	Associate	359,086	11.45	-	-	359,086	N/A	
The Company	Caltex Taiwan Corporation	Joint venture	729,592	11.64	-	-	729,592	N/A	
The Company	Simosa International Co., Ltd	Others	935,248	6.54	-	-	935,248	N/A	
	Other receivables from related parties								
The Company	Formosa Heavy Industries Corporation	Others	1,900,000	-	-	-	-	N/A	

F. Significant intercompany transactions between consolidated entities:

No. (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	The Company	Formosa Oil (Asia Pacific) Corporation	1	Sales revenue	\$13,651,257	Prices similar to those with non-related parties	2.18%
				Accounts receivable	1,220,490	Receive in the following month	0.29%
0	The Company	Formosa Grandseas Bunkering and Trading Corporation	1	Labor force revenue	20,963	Prices similar to those with non-related parties	0.00%
1	Formosa Oil (Asia Pacific) Corporation	The Company	2	Labor force revenue	193,675	Prices similar to those with non-related parties	0.03%
2	Formosa Petrochemical Transportation Corporation	The Company	2	Labor force revenue	563,816	Prices similar to those with non-related parties	0.09%
3	FPCC DILIGENCE Corp.	The Company	2	Labor force revenue	620,235	Prices similar to those with non-related parties	0.10%

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Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Whether the Company discloses the significant transaction in this sheet is according to materiality principle.

(2) Investee information

A.Names, locations and related information of investee companies as of December 31, 2025 (excluding Mainland China)

Investor	Investee (Note1 ∙ 2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2025	Balance at December 31, 2024	Number of shares (in thousand)	Percentage	Amount			
The Company	Formosa Oil (Asia Pacific) Corporation	ROC	Retail of petrochemical	\$1,097,992	\$1,097,992	100,000	100.00	\$1,919,878	\$289,390	\$289,390	
The Company	Formosa Petrochemical Transportation Corporation	ROC	Transportation	176,019	176,019	19,378	88.00	338,854	61,243	53,893	
The Company	Formosa Grandseas Bunkering and Trading Corporation	ROC	Retail of petrochemical	1,081,009	508,609	108,101	60.00	1,018,950	(6,500)	(24,863)	
The Company	FPCC USA, INC.	US	Oil drilling	1,784,197	1,784,197	10	100.00	2,348,463	72,001	72,001	
The Company	FPCC DILIGENCE Corp.	Liberia	Ship chartering	894,723	894,723	-	100.00	329,226	203,847	203,847	
The Company	FPCC MAJESTY Corp.	Liberia	Ship chartering	1,092,467	1,092,467	-	100.00	1,964,413	8,139	8,139	
The Company	FPCC NATURE Corp.	Liberia	Ship chartering	1,126,902	1,126,902	-	100.00	2,045,087	22,882	22,882	
The Company	FG INC.	US	Investing	6,506,856	6,506,856	11	57.00	6,206,971	(18,137)	(10,337)	
The Company	Mai-Liao Power Corporation	ROC	Electricity generation	5,985,983	5,985,983	868,884	24.94	18,013,147	3,048,346	760,376	
The Company	Yi-Chi Construction Corporation	ROC	Construction	18,508	18,508	1,695	40.55	27,703	(61)	(25)	

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Investor	Investee (Note1、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2025	Balance at December 31, 2024	Number of shares (in thousand)	Percentage	Amount			
The Company	Mailiao Harbor Administration Corporation	ROC	Harbor manage	1,348,137	1,348,137	98,907	44.96	2,530,987	586,636	263,738	
The Company	Formosa Development Corporation	ROC	Development of land	229,970	229,970	52,302	45.99	609,753	77,003	35,414	
The Company	Formosa Marine Corporation	ROC	Transportation	20,000	20,000	21,646	20.00	740,334	400,369	80,074	
The Company	Simosa Oil Corporation	ROC	Retail of other oil products and manufacturing	54,000	54,000	41,748	20.00	909,576	654,486	130,832	
The Company	Caltex Taiwan Corporation	ROC	Retail of petrochemical products and airport refueling	21,501	21,501	2,400	50.00	84,232	68,564	34,281	
The Company	Formosa Environmental Technology Corporation	ROC	Crop cultivating, Disposals of waste and sewage	417,145	417,145	41,714	24.34	247,608	28,913	7,038	
The Company	Formosa Plastics Synthetic Rubber(HK)	HK	Investing	4,244,064	4,244,064	138,333	33.33	1,386,378	(465,673)	(155,208)	
The Company	Formosa Kraton Chemical Co., Ltd.	ROC	Synthetic Rubber Manufacturing	1,237,500	1,237,500	-	50.00	1,440,656	237,668	118,834	
The Company	Formolight Technologies, Inc.	ROC	LED	80,361	80,361	8,036	39.43	55,835	2,341	891	
The Company	Formosa Resources Corporation	ROC	Mining	9,099,071	9,099,071	909,907	25.00	4,062,093	(7,627,797)	(1,906,950)	
The Company	Formosa Group (Cayman) Limited	Cayman	Investing	-	377	-	-	-	163,920	40,980	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	ROC	Retail of petrochemical products	750,000	750,000	75,000	50.00	-	(34,294)	(17,147)	
The Company	NKFG	ROC	Electronic components manufacturing & selling	1,379,700	1,379,700	71,342	45.00	458,081	(168,413)	(75,786)	
The Company	Nan Ya Photonics Incorporation	ROC	Lighting equipment manufacturing	339,657	339,657	13,262	28.77	312,368	56,368	16,288	
The Company	Formosa Smart Energy Tech Corporation	ROC	Manufacture of power generation, transmission and distribution machinery	4,250,000	4,250,000	425,000	25.00	4,158,658	(485,056)	(121,264)	
Formosa Oil (Asia Pacific) Corporation	TMS Corp.	ROC	Vehicle and parts export and import	40,000	40,000	3,920	49.00	65,462	25,880	13,171	
Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd.	ROC	Retail of petrochemical	167,323	167,323	16,463	53.80	178,845	8,643	4,650	

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Investor	Investee (Note1 、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at December 31, 2025	Balance at December 31, 2024	Number of shares (in thousand)	Percentage	Amount			
Formosa Oil (Asia Pacific) Corporation	Formosa Engineering Technologies, INC.	ROC	Electrical and mechanical, telecommunications and circuits Equipment maintenance	10,000	10,000	1,000	20.00	4,803	1,157	229	
Formosa Petrochemical Transportation Corporation	Whalehome International Corp., Ltd.	ROC	Retail of petrochemical	48,209	48,209	4,801	15.69	52,152	8,643	1,356	
FG INC.	FG LA LLC	US	Petrochemical products manufacturing & selling	11,086,296	11,126,660	-	100.00	10,587,077	(4,853)	(4,853)	
FPCC USA	MONTGOMERY GATHERING, LLC	US	Natural gas transportation	32,166	40,557	-	70.00	31,825	8,399	5,879	

Note 1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investees could disclosed their holding company's relevant information.

Note 2: If not belong to Note 1, filled in by the following rules

- (1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or indirectly and explain each relationship in "Note" column.
- (2) In "Investees company net income" column should filled in each investee's net income.
- (3) In "Share of Profits/Losses" column only need to be filled in the share of profit or loss of each subsidiary and the company under the equity method. Regarding to the profit or loss of each subsidiary should contain the share of profit or loss of its investee.

B. The company has controlling power over Formosa Petrochemical Transportation Corporation, Formosa Oil (Asia Pacific) Corporation, Formosa Grandseas Bunkering and Trading Corporation, FPCC USA, INC. 、MONTGOMERY GATHERING, LLC. 、FG INC., FG LA LLC, FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp. Although the total assets and total operating revenue has not reached 10% of the Company's account, but the significant transaction should be disclosed.

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(a) Financing provided to others

No (Note1)	Creditor	Borrower	General Leger account (Note2)	Related party	Maximum outstanding balance during the year ended December 31, 2025 (Note3)	Balance at December 31, 2025 (Credits approved by the Boards) (Note8)	Actual amount	Interest rate%	Nature for Financing (Note4)	Reason for Financing (Note6)	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company (Note7)	Financing Company's Total Financing Amount Limits (Note7)
												Item	Value		
1	Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd.	Other receivables from related parties	yes	\$50,000	\$50,000	\$-	-	(2)	Need for operating	N/A	N/A	N/A	\$959,939	\$1,919,878
1	Formosa Oil (Asia Pacific) Corporation	Formosa Petrochemical Transportation Corporation	Other receivables from related parties	yes	40,000	40,000	-	-	(2)	Need for operating	N/A	N/A	N/A	959,939	1,919,878

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

Note 4: Nature of financing is coded as follows:

(1) The financing occurred due to business transactions is coded "1".

(2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

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(b) Endorsement/guarantee provided to others for the year ended December 31, 2025: None.

(c) Securities held as of December 31, 2025:

Shares : In thousand

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of December, 31 2025			
				Shares (In thousand)	Carrying Value	Percentage of Ownership (%)	Market Value
Formosa Oil (Asia Pacific) Corporation	Stock—National Petroleum Co., Ltd.	Others	Financial assets at fair value through profit or loss — current	717	\$40,930	0.23%	\$57.10
Formosa Oil (Asia Pacific) Corporation	Stock—North-Star International Co., Ltd.	-	Financial assets at fair value through profit or loss — current	12,855	309,153	3.00%	24.05
Formosa Oil (Asia Pacific) Corporation	Stock—Tai Yi Feng Co., Ltd.	-	Financial assets at fair value through profit or loss — non-current	2,500	99,158	5.00%	39.66

(d) Individual securities acquired or disposed of with accumulated amount exceeding NT\$100 million or 20 percent of the capital stock: None.

(e) Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

C. Investment in Mainland China as of December 31, 2025

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Investees company net income (Note2)	Percentage of Ownership	Share of Profits/Losses (Note2)	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow						
Formosa Plastics Synthetic Rubber (Ningbo)	Synthetic Rubber Manufacturing	US\$415,000 NT\$13,046,770	(2)	US\$138,333 NT\$4,244,059	-	-	US\$138,333 NT\$4,244,059	NT\$(465,673)	33.33%	NT\$(155,208)	NT\$1,386,378	\$-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note3)
US\$138,333 NT\$4,244,059	US\$138,333 NT\$4,244,059	NT\$216,747,022

Note1: The methods for engaging in investment in Mainland China include the following:

- (1) Directly invested in China
- (2) Investment in Mainland China companies through a company invested and established in a third region (The third region company is Formosa Plastics Synthetic Rubber (HK))
- (3) Other method

Note2: Recognized based on valuation in financial statements audited by investee companies' independent accountants.

Note3: According to MOEA's regulation, the company set its upper limit on investment is based on 60% of consolidated equity.