



FAR EASTERN NEW CENTURY

Handbook for 2021 Annual Shareholders' Meeting

Hycare



創新突圍
決勝新常態

Breakthrough with Action
Winning over New Norm

Recycled PET



Property Development



Telecommunications



Cement



Corporate Governance
TOP 5%



GCSA
World Class
Great Practice



TCSA
Best Report of the Year

CONTENTS

REPORTING ITEMS	2
1. TO REPORT 2020 BUSINESS OPERATIONS	2
2. TO REPORT 2020 FINANCIAL STATEMENTS	2
3. TO REPORT THE AUDIT COMMITTEE’S REVIEW REPORT OF 2020 BUSINESS OPERATIONS AND FINANCIAL STATEMENTS	2
4. TO REPORT 2020 EMPLOYEES’ COMPENSATION AND DIRECTORS’ REMUNERATION	2
5. TO REPORT THE INFORMATION OF THE CORPORATE BONDS ISSUED IN 2020	2
6. TO REPORT THE AMENDMENTS OF “SUSTAINABILITY PRINCIPLES OF FAR EASTERN NEW CENTURY CORPORATION”	2
APPROVAL ITEMS	3
1. TO ACCEPT 2020 BUSINESS REPORT AND FINANCIAL STATEMENTS	3
2. TO APPROVE THE PROPOSAL FOR DISTRIBUTION OF 2020 PROFITS	3
PROPOSED RESOLUTIONS AND ELECTIONS OF DIRECTORS	5
1. TO ELECT DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) OF FAR EASTERN NEW CENTURY CORPORATION	5
2. TO APPROVE THE RELEASE OF THE RELEVANT DIRECTORS FROM THE NON-COMPETITION RESTRICTION UNDER ARTICLE 209 OF THE COMPANY ACT.	8
EXTEMPORARY MOTION	9
ATTACHMENT I 2020 BUSINESS REPORT	10
ATTACHMENT II 2020 INDEPENDENT AUDITORS’ REPORT	18
ATTACHMENT III THE AUDIT COMMITTEE’S REVIEW REPORT	41
ATTACHMENT IV INFORMATION OF THE CORPORATE BONDS ISSUED IN YEAR 2020	42
ATTACHMENT V AMENDMENTS OF “SUSTAINABILITY PRINCIPLES OF FAR EASTERN NEW CENTURY CORPORATION”	43
ATTACHMENT VI CURRENT SHAREHOLDING OF DIRECTORS	50
ATTACHMENT VII IMPACT OF THE STOCK DIVIDEND DISTRIBUTION ON OPERATING RESULTS, EARNINGS PER SHARE AND SHAREHOLDERS’ RETURN ON INVESTMENT	51
GENERAL INFORMATION	52
I. ARTICLES OF INCORPORATION OF FAR EASTERN NEW CENTURY CORPORATION	52
II. MEETING RULES OF STOCKHOLDERS FOR FAR EASTERN NEW CENTURY CORPORATION	58
III. ELECTION PROCEDURES OF DIRECTORS FOR FAR EASTERN NEW CENTURY CORPORATION	61

The meeting handbook, including meeting notice, agenda, and proposed resolutions, for the upcoming 2021 annual general shareholders' meeting is available at <http://investor.fenc.com/report.aspx?lang=en&id=81> on 28 May 2021.

If you would like to obtain a hard copy of the meeting handbook, please email to ir@fenc.com , or write to

Attn: IR team

Far Eastern New Century Corporation

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Far Eastern New Century Corporation (FENC)

2020 Annual General Shareholders' Meeting (Translation)

Date: Wednesday, 30 June 2021

Time: 9:00 a.m. Taipei time

Place: Auditorium in the Taipei Hero House, No. 20, Changsha Street, Section 1, Taipei, Taiwan

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2020 business operations
2. 2020 financial statements
3. The Audit Committee's review report of 2020 business operations and financial statements
4. 2020 employees' compensation and Directors' remuneration
5. Information of the corporate bonds issued in 2020
6. Amendments of "Sustainability Principles of Far Eastern New Century Corporation"

Approval items:

1. To accept 2020 business report and financial statements
2. To approve the proposal for distribution of 2020 profits

Proposed resolutions and elections of Directors:

1. To elect Directors (including Independent Directors) of Far Eastern New Century Corporation
2. To approve the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Act

Extemporaneous motion

Meeting adjourned

The English version is the translation of the Chinese version and if there is any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

Reporting items

1. To report 2020 business operations

The 2020 business report is attached as Attachment I.

2. To report 2020 financial statements

The 2020 independent auditors' reports and financial statements by Deloitte & Touche are attached as Attachment II. (The 2020 financial report can be downloaded at <http://mops.twse.com.tw>)

3. To report the Audit Committee's review report of 2020 business operations and financial statements

The Audit Committee's review report is attached as Attachment III.

4. To report 2020 employees' compensation and Directors' remuneration

- i. Regarding expensing employees' compensation under the Business Entity Accounting Act which has been aligned with the international standards, the Article 235-1 of the Company Act was therefore amended on 20 May 2015 requiring each company to determine that either a fixed amount or a ratio of profit of the current year distributable as employees' compensation shall be definitely specified in the Articles of Incorporation. Besides, the MoEA Letter No.10402427800 issued by Ministry of Economic Affairs on 15 Oct 2015 specifies the ratio distributable as Directors' remuneration in the Articles of Incorporation shall be limited using upper limit only. In accordance with the related regulations abovementioned, FENC has resolved to amend the Article 26 of the "Articles of Incorporation of Far Eastern New Century Corporation" in 2016 Annual General Shareholders' meeting as there are profits for the current year, with the Company's accumulated losses have been covered, a range of the percentage of profit of the current year should be distributed as employees' compensation and an upper limit of profit of the current year should be distributed as Directors' remuneration. The aforesaid profit of the current year shall be audited by the independent auditors of the Company.
- ii. 2020 Directors' remuneration and employees' compensation were calculated as NT\$145,673,400 and NT\$230,231,200, respectively. The aforesaid items will be paid in cash.
- iii. The 23rd term Board of Directors approved 2020 employees' compensation and Directors' remuneration in the 12th Board meeting.

5. To report the information of the corporate bonds issued in 2020

Four corporate bonds were issued in year 2020. Pursuant to Article 246 of Company Act, the information about the issuance of such corporate bonds is disclosed as Attachment IV.

6. To report the amendments of "Sustainability Principles of Far Eastern New Century Corporation"

Due to "Sustainability Committee" established and in order to improve its corporate governance in a sustainable manner, the Company proposed to amend the "Sustainability Principles of Far Eastern New Century Corporation" in accordance with the Letter No. Taiwan-Stock-Governance-1090002299 of the Taiwan Stock Exchange on 13 February 2020. The 23rd term Board of Directors approved the amendments in the 11th meeting on 12 November 2020, and the overview table for "Sustainability Principles of Far Eastern New Century Corporation" Before and After amendments is attached as Attachment V.

Approval items

1. To accept 2020 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2020 business report and financial statements.

Explanatory Notes:

- i. FENC's 2020 business report and financial statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows) have been audited by independent auditors, Mr. Shao Chih-Ming and Mr. Kuo Cheng-Hung of Deloitte & Touche, and have been examined by and determined to be correct and accurate by the Audit Committee of FENC. We thereby submit this report.
- ii. The 2020 business report, independent auditors' reports, Audit Committee's report, and the aforesaid financial statements are attached as Attachments I, II, and III.
- iii. Please accept the aforesaid business report and financial statements.

2. To approve the proposal for distribution of 2020 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2020 profits.

Explanatory Notes:

- i. Cash dividends to common shareholders: NT\$7,226,381,556. (NT\$ 1.35/share)
- ii. After being approved at the Annual General Shareholders' Meeting, the cash dividends to common shareholders will be distributed on a record date to be determined by the Chairman granted full authority from the Board of Directors. Should FENC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FENC be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.

iii. Please refer to the following table for the 2020 profit allocation proposal

(Unit: NT\$)

1. Net income of 2020	8,062,699,438
2. Adjustments due to changes in investees' equity in equity-method investments	575,153,134
3. Adjustments due to changes in other comprehensive income	180,003,983
4. Legal reserve	730,754,232
5. Special reserve	2,109,237,263
6. Unappropriated earnings of previous years	6,437,336,658
Earnings available for distribution as of 31 December 2020 (1-2-3-4-5+6)	10,904,887,484
Distribution item:	
1. Shareholders' dividend (NT\$ 1.35/share in cash)	7,226,381,556
Total distribution	7,226,381,556
Unappropriated earnings	3,678,505,928

iv. Please approve the aforesaid proposal for the distribution of 2020 profits.

Proposed resolutions and elections of Directors

1. To elect Directors (including Independent Directors) of Far Eastern New Century Corporation

The Board of Directors proposes and recommends that each shareholder to elect thirteen Directors (including three Independent Directors).

Explanatory Notes:

- i. The 23rd term Directors were elected and appointed at the 2018 Annual General Shareholders' Meeting, serving a term of three years and the tenure will expire. The Board of Directors resolved that Directors be elected at this Annual General Shareholders' Meeting.
- ii. According to Article 16 and 17 of the "Articles of Incorporation of Far Eastern New Century Corporation", thirteen Directors (including three Independent Directors) shall be elected, and each Director will serve a three year term beginning from the date being elected and appointed at the Annual General Shareholders' Meeting.
- iii. Director and Independent Director candidates shall be nominated by the candidate nomination system. The Board of Directors or any shareholder with 1% shareholding or more may nominate candidates. The period for candidate nomination of Directors and Independent Directors to be elected in this coming Shareholders' Meeting is from 25 April 2021 to 4 May 2021. During this period, the Board of Directors has received the nomination of ten Director and three Independent Director candidates from shareholder Asia Cement Corporation. The Board has resolved all the candidates met requirements and qualifications of Directors and Independent Directors in the 13th Board meeting of the 23rd term dated 13 May 2021. Please refer to the following table for the candidate list.
- iv. Please elect.

List of Director (including Independent Director) Candidates

No.	Type	Candidate	Education	Major Experiences	Current position	Name of Institutional Shareholders
1	Director	Douglas Tong Hsu	<ul style="list-style-type: none"> National Chiao Tung University, Taiwan, Honor Ph.D in Management University of Notre Dame, USA, MA Columbia University, USA 	<ul style="list-style-type: none"> Chairman, Far Eastern New Century Corp. Chairman, Asia Cement Corp. Chairman, Far Eastern Department Stores Ltd. Chairman, Far EasTone Telecommunications Co. Ltd. Chairman, Oriental Union Chemical Corp. Chairman, U-Ming Marine Transport Corp. Vice Chairman, Far Eastern International Bank Director, Everest Textile Co., Ltd. 	<ul style="list-style-type: none"> Chairman, Far Eastern New Century Corp. Chairman, Asia Cement Corp. Chairman, Far Eastern Department Stores Ltd. Chairman, Far EasTone Telecommunications Co. Ltd. Chairman, Oriental Union Chemical Corp. Chairman, U-Ming Marine Transport Corp. Vice Chairman, Far Eastern International Bank Director, Everest Textile Co., Ltd. 	-
2	Director	Johnny Hsi	<ul style="list-style-type: none"> Columbia University, USA, Master in Computer Science 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corp. Director, Asia Cement Corp. Vice Chairman, Oriental Union Chemical Corp. Chairman, Everest Textile Co., Ltd. Director, Far EasTone Telecommunications Co. Ltd. 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corp. Director, Asia Cement Corp. Vice Chairman, Oriental Union Chemical Corp. Chairman, Everest Textile Co., Ltd. Director, CTCI Corp. 	Asia Cement Corp.
3	Director	Peter Hsu	<ul style="list-style-type: none"> Stanford University, USA, Master in Operation Research 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corp. Director, Asia Cement Corp. Vice Chairman, Far EasTone Telecommunications Co. Ltd. Director, U-Ming Marine Transport Corp. 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corp. Director, Asia Cement Corp. Vice Chairman, Far EasTone Telecommunications Co. Ltd. Director, U-Ming Marine Transport Corp. 	Asia Cement Corp.
4	Director	Shaw Y. Wang	<ul style="list-style-type: none"> National Chung Hsing University, Taiwan, Business Administration Department National Taiwan University, Taiwan, the Executive Program in Business Administration 	<ul style="list-style-type: none"> First Senior Executive Vice President, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corp. Executive Director, Group Foundation Director, Far Eastern International Bank 	Asia Cement Corp.
5	Director	Jeff Hsu	<ul style="list-style-type: none"> Illinois Institute of Technology, USA Master in Design and Innovation, Institute of Design University of Notre Dame, USA, MBA 	<ul style="list-style-type: none"> Worked as a Strategy and Design Consultant in the United States with clients ranging from hi-tech startups to Nestles, Denso Automotive, Kia Motors, and Target Captain's commission in the United States Marine Corps 	<ul style="list-style-type: none"> Chief Innovation Officer, Far Eastern Group Director, Far EasTone Telecommunications Co. Ltd. Director and Executive Vice President, U-Ming Marine Transport Corp. 	Asia Cement Corp.
6	Director	Richard Yang	<ul style="list-style-type: none"> American Graduate School of International Management 	<ul style="list-style-type: none"> Managing Director, Surfview Capital Ltd. 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corp. Managing Director, Surfview Capital Ltd. 	Far Eastern Department Stores Ltd.
7	Director	Tonia Katherine Hsu	<ul style="list-style-type: none"> Sarah Lawrence College, New York, USA , BA 	<ul style="list-style-type: none"> Specialist, Sotheby's, New York, USA (Arts Administration, Asian Liaison) 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corp. 	Far Eastern Department Stores Ltd.
8	Director	Kwan-Tao Li	<ul style="list-style-type: none"> Kellogg-HKUST, MBA 	<ul style="list-style-type: none"> Chief Senior Counselor, Lee and Li, Attorney-at-law 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corp. Director, Asia Cement Corp. Director, Tai Yuen Textile Co. Ltd. Chief Senior Counselor, Lee and Li, Attorney-at-law 	U-Ming Marine Transport Corp.
9	Director	Alice Hsu	<ul style="list-style-type: none"> Sheridan College, Retail Management 	<ul style="list-style-type: none"> President, Far Eastern Department Stores Ltd. 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corp. 	U-Ming Marine Transport Corp.
10	Director	Champion Lee	<ul style="list-style-type: none"> Texas A&I University, USA, Master in Business Administration 	<ul style="list-style-type: none"> Senior Executive Vice President, Far Eastern New Century Corp. 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corp. Director, Asia Cement Corp. Director, Far EasTone Telecommunications Co. Ltd. Director, U-Ming Marine Transport Corp. 	Yue Ding Investment Co., Ltd.

No.	Type	Candidate	Education	Major Experiences	Current position	Name of Institutional Shareholders
11	Independent Director	Chen-En Ko	<ul style="list-style-type: none"> University of Minnesota, USA, Ph.D. of Department of Accounting 	<ul style="list-style-type: none"> Dean of College of Management, National Taiwan University Chairperson of Department of Accounting, National Taiwan University Chairman and President, Chung-Hua Institution for Economic Research Chairman, Taiwan Corporate Governance Association Independent Director, Novatek Microelectronics Corp. 	<ul style="list-style-type: none"> Honorary Professor of Department of Accounting, National Taiwan University Independent Director, Everlight Electronics Co., Ltd. 	-
12	Independent Director	Johnsee Lee	<ul style="list-style-type: none"> Illinois Institute of Technology, USA, Ph.D. 	<ul style="list-style-type: none"> Chairman, Development Center for Biotechnology President and General Director, Industrial Technology Research Institute. Senior Scientist and Project Leader, Johnson Matthey Inc., West Deptford, NJ Principal Investigator, Chem. Technology Div., Argonne National Laboratory, Argonne, IL 	<ul style="list-style-type: none"> Independent Director, Far Eastern New Century Corp. Independent Director, San Fu Chemical Co., Ltd. Independent Director, Everlight Electronics Co., Ltd. Director, Zhen Ding Technology Holding Limited Director, Taiwan HOPAX Chemical MFG. Co., Ltd. 	-
13	Independent Director	Raymond R. M. Tai	<ul style="list-style-type: none"> National Taiwan University, Taiwan, Bachelor, Department of Foreign Languages and Literatures University of Hawaii, USA, Master, Department of American Studies Fu Jen Catholic University, Taiwan, Honor Ph.D. in School of Law 	<ul style="list-style-type: none"> Deputy Director, Department of North America, Ministry of Foreign Affairs, R.O.C.(Taiwan) Adjunct Instructor, Department of Foreign Languages and Literatures, National Taiwan University Third Secretary, Permanent Representative of the R.O.C. to the United Nations Second Secretary, Taipei Economic and Cultural Representative Office in the United States Director-General, Government Information Office, Executive Yuan, R.O.C. Taiwan Deputy Director, National affairs, Executive Yuan, R.O.C. Taiwan Adjunct Professor, Department of Journalism, Chinese Culture University Consultant, Department of North America, Ministry of Foreign Affairs Representative, Taipei Economic and Cultural Office in United Kingdom Deputy Secretary-General to the President and Spokesperson, Office of the President R.O.C.(Taiwan) Executive Secretary, The National Unification Council, Office of the President R.O.C.(Taiwan) Senior Advisor and Convener, The National Unification Council, Office of the President R.O.C.(Taiwan) Ambassador Extraordinary and Plenipotentiary, Embassy of the R.O.C.(Taiwan) to the Holy See 	<ul style="list-style-type: none"> Independent Director, Far Eastern New Century Corp. Director, Professor Lilian Chao Culture & Education Foundation Executive Director, Universal Peace Federation, Taiwan Managing Supervisor, Chinese Confucius And Mencius Association 	-

Note: Mr. Johnsee Lee, who was nominated as the Independent Director candidate, has served as an Independent Director of Far Eastern New Century Corporation for three consecutive terms. Reasons for the continuous nomination:

Independent Director, Mr. Lee currently serves as members of the Company's Audit Committee and Remuneration Committee, specializes in the field of chemical engineering, and also serves as independent directors of the other listed companies. With the profound technology expertise and rich managerial experience, Mr. Lee has actively advised on the corporate governance and operational management during his tenures. Therefore, Mr. Lee has again been nominated as the Independent Director candidate in this term in order to constantly provide professional advice on the operation of the Board and the functional committees with his technical and managerial expertise.

2. To approve the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Act.

The Board of Directors proposes and recommends that each shareholder vote FOR the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Act.

Explanatory Notes:

- i. This is processed in accordance with Paragraph 1 of Article 209 of the Company Act: "A director who acts for himself or on behalf of another person in a manner that is within the scope of the company's business shall explain to the shareholders' meeting the essential contents of such act and obtain the approval from shareholders' meeting".
- ii. The new Directors of the Company are investing in or managing other companies and also acting as directors of such companies which are in the same or similar business as FENC (please refer to the following table). It is proposed to seek approval at the Shareholders' Meeting to release new Directors and their representatives from the non-competition restriction.

Title	Name	Serve as Director/President at other companies in the industry
Director	Douglas Tong Hsu	<ul style="list-style-type: none"> • Director, Everest Textile Co., Ltd. • Vice Chairman, Freudenberg Far Eastern Spunweb Co., Ltd.
Director	Asia Cement Corp. Representative: Johnny Hsi	<ul style="list-style-type: none"> • Chairman, Everest Textile Co., Ltd. • Director, Freudenberg Far Eastern Spunweb Co., Ltd. • Director, CTCL Corp.
Director	U-Ming Marine Transport Corp. Representative: Kwan-Tao Li	<ul style="list-style-type: none"> • Director, Tai Yuen Textile Co., Ltd.
Independent Director	Chen-En Ko	<ul style="list-style-type: none"> • Independent Director, Everlight Electronics Co., Ltd.
Independent Director	Johnsee Lee	<ul style="list-style-type: none"> • Independent Director, San Fu Chemical Co., Ltd. • Independent Director, Everlight Electronics Co., Ltd. • Director, Zhen Ding Technology Holding Limited • Director, Taiwan HOPAX Chemical MFG. Co., Ltd.

- iii. Please approve the above proposal.

Extemporary motion

Meeting adjourned

Attachment I

2020 Business Report

I. Preface

In this fast-evolving era of unprecedented challenges, ranging from the COVID-19 pandemic to tensions between the US and China, financial instabilities, the plunge of oil futures into negative territory, massive disruption in supply chains and tectonic shifts in industry, Far Eastern New Century Corporation (FENC) has utilized its agility and managerial expertise to navigate through the major crises of 2020, to find itself fully prepared for the post-COVID-19 New Norm and poised to once again flex its corporate muscle.

Modern communication technology has rendered the world ever more interconnected politically, economically and environmentally. The coronavirus pandemic brought the world to its knees in 2020 and the spillover effects still pose a great threat to the globe. The border controls implemented to stop transmission greatly reduced international and domestic travel flows whilst numerous cities were either once or repeatedly placed under lockdown or curfew. The world economy suffered massive turbulence and a lack in growth momentum with the world's top developed economies—the US, the EU and Japan—all registering declines in GDP. Since Joe Biden was sworn in as the US president, the new administration has been seeking to restore order at home and in the world by participating actively in international organizations, and attempting to preserve its strategic primacy in the Indo-Pacific region. The competition between the US and China has intensified, with battles fought on various fronts, including trade, technology, weapons and diplomacy, and nearly developed into a new cold war, creating enormous pressures on global supply chains. The UK Prime Minister Boris Johnson and the President of the European Commission, Ursula von der Leyen, finally signed an agreement, ending the UK's EU membership after 47 years and making Brexit official. Japan's longest-serving Prime Minister, Shinzo Abe, was succeeded by former Chief Cabinet Secretary, Yoshihide Suga, and the new cabinet's economic and fiscal policies are still taking shape. China's influence on the world continues to increase and the momentum for its economic growth is relatively stable, even though it is caught between souring relations with the US and the pandemic. The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China was held in 2020 to formulate the "14th Five-Year Plan" and the "Long-Range Objectives Through the Year 2035", in which the idea of "dual circulation" was adopted as the core concept for future economic growth in China.

Even under the lurking threat of COVID-19, the launch of 5G has been instrumental in the creation of long-distance business opportunities. Substantial benefits have also been brought by trade diversion as a result of the US-China trade war and have maintained Taiwan's economic momentum. However, on the flip side, as an export-oriented economy, the country faces multiple challenges internally and externally, including exclusion from regional economic integration, reconfiguration of global supply chains, and the strong appreciation in the New Taiwan dollar.

Regional economic cooperation is a major trend in the development of world trade. The CPTPP came into force in 2018, and the RCEP was signed in 2020. This ongoing rapid integration of global trade and economies will shape the future of the corporate world. Moves made by central banks around the world, especially those by the new chair of the US Federal Reserve, remain a focus of attention. Meanwhile, governments are being put to the test as to whether they can still manage inflation effectively with easing monetary policies in place. In terms of power, the world's energy system is transforming rapidly, massive changes taking place in both demand

and supply. Renewable energy is booming in combination with emerging trends for countries to implement carbon-reducing policies and seek green alternatives for power. Electric vehicle (EV) sales have taken off throughout the world. In the field of environmental protection, since the “Paris Agreement” was adopted at the United Nations Climate Summit, governments have taken concrete actions to respond to climate change and invested in green recovery plans to reduce carbon emissions. Carbon neutrality, energy transition and the circular economy are not merely international trends, but are also enterprises’ stepping stones to success in competition. Public health issues are attracting global attention. Vaccines are essential to crushing the pandemic worldwide and understandably determine the economic outlook in 2021. The cards have been reshuffled for a new game in the post COVID-19 period, and to win the game, enterprises must leverage megatrends, including 5G technology, AI, IoT, EVs, smart healthcare and renewable energy. A corporation needs to accelerate their process of transformation, capitalizing on the opportunities created by this crisis.

FENC has taken on formidable challenges and again demonstrated tenacity during trying times. The onset of COVID-19 has brought with it the toughest of tests for the management, and yet we have, once again, proven our agility during emergencies and adaptability to emerging trends as staunch guardians of the Company’s global brand image.

II. Operating Results

FENC operates across the three major businesses of Production, Property and Investments. In the Production Business, the Company differentiates itself from its peers through vertical integration, diversification of production sites, and continuous green transformation. In the Property Business, it has attracted relocation of major international companies with highly-acclaimed land developments and launched various projects with huge income potential. The Investments Business has been generating stable income by monitoring current societal trends and drawing on the Group’s synergy. Despite the havoc wrought by the COVID-19 pandemic, each business segment has proactively caught diverse business opportunities. The operating profit from the Polyester Business reached a record high of NT\$ 4.07 billion and the revaluation gain on Investment Properties reached NT\$ 2.2 billion. In 2020, the consolidated revenue reached NT\$ 206.77 billion and net income NT\$ 12.98 billion. The net income attributable to shareholders of the Company is NT\$ 8.06 billion, translating into a basic EPS of NT\$ 1.62 based on the IFRS rule. The 23rd term Board of Directors in the 12th meeting proposed a cash dividend of NT\$ 1.35 per share, also a record high cash dividend payout ratio in recent years.

Production Business: Operate Flexibly with Global Deployment, Create Synergy with Vertical Integration, Sustain Business with Innovation

1. Establishing a solid business presence in the world

By closely monitoring global economic developments the Company has built a robust business worldwide. It has prudently established bases in diverse locations including Taiwan, China, Vietnam, the United States, Japan and Southeast Asia. As regional trade agreements continue to spur the location of supply chains, such a diverse deployment gives the Company immense flexibility to make timely adjustments and strategic investments allowing for rapid delivery of its products. It regulates the pace of development in sync with market dynamics to mitigate risks in economic cycles and strengthen its competitive position in the global market. The expansion of product bases has been aligned with green transformation and FENC will continue to establish a solid presence by deploying strategic investments around the world.

2. Maintaining world-class leadership

The Company operates businesses across various industries. It is the leading global polyester supplier, the world's second largest provider of recycled PET (R-PET), the third largest in PET resin and Asia's leader in polyester sheets. It is also the world's third largest producer of nonwoven fiber, number one in hygiene fibers, recycled filament and ocean polyester and Asia-Pacific's largest producer of Nylon 6,6 filament. Additionally, it is the world's largest supplier of medical-grade PE/PP and PE/PET composite fibers.

3. Delivering synergy with a streamlined system

The Company aims to maintain its leadership in the polyester and textile industry. It has been able to maintain an edge over competitors with a vertically integrated network of production and sales. The streamlined system features seamless cooperation from raw material procurement through production and sales to maximize the benefits of vertical integration. Upstream, petrochemical feedstock is pivotal to vertically-integrated production and FENC is thus afforded unrivaled advantages in operation, with their synergy between a consistent supply of high quality feedstock and horizontal support in different production sites. Midstream, the Company is the global leader in polyester production and has committed itself to R&D in innovative materials and fibers and the expansion of green industries. Downstream, its textile operations have engaged in product transformation, diversification of production sites and optimal balance of their customer portfolio. Harnessing its R&D capabilities in new materials, FENC is able to provide customers with rapid and innovative services and has become a strategic partner of many world-class brands.

4. Capturing new markets with green ambition

The Company has operated in the recycling industry for 30 plus years with production sites in Taiwan, China, Japan and the United States, and continues to expand its capacity in Southeast Asia and the Americas. Based on the circular economy and its green products, such as exclusively developed ocean-recycled yarn and eco-friendly elastic polyester fiber TOPGREEN[®], have earned international acclaim as they have been chosen by global sportswear brands as raw materials to promote environmental sustainability. FENC is in the world's top 2 for recycled polyester and is the leader in food-grade R-PET resin in terms of capacity. In 2020, the Company developed TopGreen[®] ChemCycle—the latest recycling technology to chemically convert polyester waste into rPTA and was thus awarded the highest honor Two Star by the Environmental Protection Agency of the Executive Yuan in the “2020 Awards for Excellent Enterprises of Circular Economy.” TopGreen[®] ChemCycle has been adopted by the largest beverage maker in Japan, Coca-Cola Bottlers Japan Inc., and will also be used to produce a wide array of brand-name products, speeding the growth of the recycled polyester industry. In 2020, FENC became the first in Taiwan to issue sustainability bonds and also the first to issue sustainability-linked loan & commercial paper in Asia. The Company intends to implement strategies of sustainable development by making green investments. The secured funds are linked to its pursuit of sustainable development goals and earmarked for specific projects, which forms a closed-loop from the source to the end use of funds and thus makes FENC an innovative role model for sustainability financing in Taiwan and also creates favorable outcomes for the government, enterprises, and investors.

5. Proactively fighting COVID-19

Since the outbreak of the COVID-19 pandemic, the Company has responded proactively. Internally, measures were swiftly adopted and policies were carefully formulated to prevent transmission. Employees were requested to work remotely, teams divided up to work in separate locations. An information platform incorporated a system of employee health self-declaration has been set up. Employees are provided with facemasks to ensure their own health and safety and mitigate the threat of the pandemic on business operations. Externally, the Company has supplied professional medical products essential to the prevention and control of the pandemic, and has fully cooperated with the government's production allocation scheme to ensure a stable supply of epidemic prevention materials.

6. Growing the business with commitment to Environmental, Social and Corporate Governance (ESG)

FENC demonstrates its commitment to sustainability by continuously investing in innovation and technology to optimize its ESG performance. In order to maintain sustainability, the Company set up a "Sustainability Committee" with the ambition of becoming a global leader in sustainability practices. FENC has earned numerous accolades for its outstanding performances from prestigious organizations around the world, such as the World's Best Practice Award in the 2020 Global Corporate Sustainability Awards (GCSA) and five titles in Taiwan Corporate Sustainability Awards (TCSA), including Taiwan's Top 10 Model Enterprises for Sustainability, Best Report of the Year, English Report Gold Awards, Circular Economy Leadership Awards, and People Development Awards. The Company, with its "Promote Circular Economy to Pursuing Sustainable Growth Project", also won the Grand Prize in the category of Outstanding Project for Environmental Friendliness and Excellent Award in the Category of Manufacturing Industry" in the 16th CSR Annual Survey of Global Views Monthly. It has been ranked consistently in the top 5% of the listed companies in the Corporate Governance Evaluation conducted by Taiwan Stock Exchange. In addition, it is included in multiple international sustainability indices, such as the MSCI ESG Leaders Indexes, FTSE4Good Emerging Index and Taiwan Sustainability Index. Moreover, FENC has attained the Leadership Level in CDP Questionnaires of Water Security, Supplier Engagement Rating and Management Level in CDP Questionnaires of Climate Change.

Property Business: Developing Properties to Unlock Asset Potential

The Company has abundant land assets, owning a total land area of 570,000 pings (1,884,306 m²) in Taiwan, including Taipei Far Eastern Plaza and other lots with tremendous development potential scattered in the districts of Banqiao, Wugu Taishan across New Taipei City. To actualize and increase the return on land resources, Far Eastern Resources Development Corporation was set up and put in charge of land development, rental and sale. Taipei Far Eastern Telecom Park (Tpark) covers an area of 74,000 pings (244,629m²) in Banqiao and is positioned as a hub for 5G and AI-related industries that aims to accommodate iconic development projects. It is currently in the third stage of development. By the end of 2020, Google had settled well into its newly-completed office campus—TPKD, an architectural design that blends environmental sustainability with technological innovation, which will bring prosperity to local communities and advance economic development. This will also ensure the Company maintains a stable rental income stream. In addition, several other development projects are under construction and planned to completion in the next one to three years, including another R&D building—TPKE, Zone B and Zone C of residential complexes

constructed by Far Eastern Construction. They are expected to create clustering effects and enhance the overall asset value of Tpark. Another development project for FENC's old textile plant in Neili will begin soon. Building plans include the Far Eastern International Convention Center, a smart hospital, residential & commercial districts and parks, and have great potential in creating benefits.

Investment Business: A Broad Investment Portfolio to Ensure Income Growth

FENC has built a diversified investment portfolio that ranges from telecommunications, cement production, land and sea transport, department store retail chains, financial and banking services to construction. It enables the Company to not only tap into the growth in the domestic market but also reinforce its presence in the international market. Each subsidiary operates with sound management and continues to engage in transformation and upgrading. Together as a whole, they deliver maximum synergy embodying the principle of "sharing resources in pursuit of prosperity for all" and contribute considerable income to FENC. The telecommunications business is the primary focus of the Company's investment business. Far East Tone Telecom (FET) has three strategies in the new era of 5G—New Economy, 5G Applications and Diversified Partnership. Operating with an innovative business model by joining forces across the various sectors of finance, retail, entertainment, etc., it plans to construct an all-in-one mobile life circle and thereby accelerate comprehensive adoption of 5G services. In response to the change in consumer behavior induced by the pandemic, Far Eastern Department Stores (FEDS) has reintegrated online and offline resources and keeps precise track of consumer trends with its smartphone app, which enables an upgrade from digital to AI operation. The soon-to-open New Century Shopping Mall in Zhubei promises to impress visitors with brand-new distinctive features. Asia Cement (ACC) has an annual capacity of 5 million tons in Taiwan and 35 million tons in China, and this, combined with its investment in Sanshui Cement ranks it among the world's top cement producers. FENC will continue to innovate its management of the investment portfolio and advance the subsidiaries to an even higher level of success so as to create consistent and increasing returns on investments for shareholders.

III. Business Goals and Prospects

The Company is poised to leverage emerging trends in the new normal and write a new chapter of prosperity in the post-COVID-19 era. It continues to stride towards the goal of sustainable development with innovative thinking, superior know-how and excellent management.

A. Pursuing Substantial Growth by Focusing on New Fibers

(1) Increasing market share in hygiene and healthcare supplies

FENC is a world-class supplier of fibers for hygiene and healthcare applications. A pandemic-induced structural reform has been undertaken, shifting the Company towards innovation of epidemic prevention materials and increasing the proportion of hygiene and healthcare supplies in production. Cutting-edge manufacturing technology is widely applied to the production of healthcare supplies, including upstream essential materials for hospital-grade face masks, hospital-grade protective clothing, face shields, goggles and blood collection tubes, etc., to safeguard the health of frontline healthcare professionals. This strategic move has also brought in a considerable revenue. In addition, ultra-fine denier fiber has been developed for diapers and sanitary napkins to provide extreme comfort for users. FENC is currently the world's number one supplier of non-woven staple fiber for hygiene applications.

(2) Penetrating the high-end market for vehicle materials

The global market for electric vehicles has taken off. As a result, the industry of high value-added vehicle materials has tremendous potential for growth. To capture the opportunities, Oriental Industries (Suzhou) supplies high value-added nylon 6,6 industrial yarn for production of safety airbags, tire cords and seatbelts, making the Company a leader in this niche market.

(3) Raising visibility on the world stage with top-of-the-line design of athletic apparel

FENC upholds its commitment to innovation in product development, increasing the proportion of high value-added products of exclusive design. In partnership with Adidas for the 2022 World Cup, FENC is expected to once again shine on the world stage by supplying TopGreen Ocean and the latest TopCool Petal filaments for the football strips of five national teams.

B. Expanding Continuously to Reinforce Global Presence

The Company is keen on branching out globally to strategic locations so as to overcome the challenges and make real the opportunities presented by economic integration in different regions around the world. Its global deployment allows greater flexibility in business operation and immediate responsiveness to the needs of major accounts and is also conducive to sales growth for all. Looking forward, Phase II expansion in Vietnam is underway, including the Dyeing & Finishing Plant Phase II, the Polyester Filament, the Staple Fiber Plant and the third Apparel Plant. New production lines are being established at Corpus Christi Polymers in Texas to increase the PTA and PET capacity. The Company's joint venture with Yihua Petrochemical on PTA production in Yangzhou, China and the 400,000-ton PET expansion project was planned to be launched when appropriate. Its recycling facilities in Japan have also been expanded to enhance FENC's stature in the country's circular economy. The Company will continue to establish footholds in a variety of different locations worldwide to avoid reliance on any particular market and mitigate vulnerability to disruptive economic shocks.

C. Promoting Industrial Upgrading by Undertaking Digital Transformation

To accomplish digital transformation, FENC has taken the lead in the industry by being the first in acquiring multiple smart equipment and manufacturing processes and constructing smart supply chains for manufacturing. With the aid of data exchange, cloud computing and automation technology, the Company has managed to craft advanced manufacturing processes and build smart factories. It has also set up an intelligent management system and organized training to enhance employee capacity for digital operations. Real-time Power BI dashboards have been used to speed up decision-making. AI has been infused into the development of the Company's various management systems, including active energy management, real-time online quality prediction, and big-data sharing platform for apparel, dyeing and finishing. As the Company incorporates Industry 4.0 into its operations, automation technologies and AI have made their way into production, warehousing and distribution. The new mode of manufacturing is expected to further increase operational efficiency. At this critical juncture for digital transformation of leading enterprises around the world, we will continue to support the implementation of AI projects with considerable funds earmarked to ensure a promising future.

D. Capturing Green Business Opportunities

FENC has been committed to developing technology to realize business opportunities in the circular economy. By broadening the scope of green product applications, the Company aspires to serve as a total solution for brand customers. It has rolled out several signature projects to promote the concept of circular economy, including Bottle-to-Bottle recycled PET, Bottle-to-Fiber recycled polyester filaments and Bottle-to-Other Packaging recycled packaging solutions. FENC intends to partner with global brand companies in the establishment of green supply chains. A case in point is the partnership with 7-ELEVEN Japan and Coca-Cola on a bottle recycling program in pursuit of a common vision—World Without Waste initiated by Coca-Cola. Having the largest R-PET plant in Japan, the Company planned to construct the third production line next year. Meanwhile, it is also aggressively expanding its R-PET capacity worldwide with new facilities planned in the United States, Vietnam and the Philippines.

E. Maintaining Competitiveness with Innovation in Management

The management team coordinate the company's business activities around the world with agility and efficiency. As a multinational enterprise, it has established a highly-efficient mechanism for risk management and control to cope with unexpected global crises and mitigate risks in a timely manner with a holistic approach and thus safeguard the security and stability of its business operations. It has also introduced a smart mobile system that manages projects with AI across organizational functions, such as finance and accounting, human resources, documentation, sales and payment, etc. It has a globalized HR education and training system that prepares future business leaders for their upcoming responsibilities. It has sound financial policies in place that oversee investment and asset management. FENC remains committed to environmental sustainability, corporate governance and high energy efficiency and continuously improve its management practices to maintain its competitiveness in the corporate world.

F. Focusing R&D Effort on Empowering Possibilities

Far Eastern Group R&D Center is a well-equipped research organization. In addition, to harness the latest R&D progress in the industry, the Company acquired an R&D center in Ohio, US. An international R&D taskforce has been formed to consolidate resources and expertise across the Pacific Ocean and entrusted with bringing revolutionary products to market. The R&D Center focuses on polyester, environmental protection, energy conservation, and reduction in carbon emissions. It has long engaged in the development of green, eco-friendly PET-based materials, high-end advanced materials, functional fibers/fabrics, and R-PET applications and technologies. In the short term, it works closely with business units to roll out upgraded products. In the mid and long-term, it intends to consolidate the Group's R&D resources and core competencies, focusing on the fields of new green materials and applications, bio-based products, and high-end fibers. It will keep up the drive for innovation by locking in on supplying new materials and fibers to promising industries of the future.

G. Setting an Example for the Corporate World by Doing Good for Society

As it pursues growth in business, FENC also spares no effort in contributing to social stability and public well-being. The Company gives back to society by engaging in businesses of public interest, endeavoring to advance people's welfare and enhance the competitiveness of the local communities where FENC operates with its core competencies and capital investment.

FENC has demonstrated a 50-year commitment to the advancement of public welfare, having established three educational institutes, two hospitals and four foundations that sponsor a variety of charitable causes across fields such as education, healthcare, culture and technology. At the forefront of healthcare, the Far Eastern Memorial Hospital (FEMH) remains devoted to patient-centered care throughout nearly four decades of medical practice, and seeks to further enhance it with the introduction of AI. In the field of education, Yuan Ze University, as a comprehensive university that offers multidisciplinary programs, planned further broaden its scope of education offerings by establishing a college of medicine and nursing in cooperation with FEMH. The Graduate Institute of Medicine has been approved by the Ministry of Education and plans to begin its enrollment of the brightest minds in the medical field in 2021. To encourage innovation, the Y. Z. Hsu Science and Technology Memorial Foundation presents awards to acknowledge outstanding achievements in various fields, including nanotechnology, ICT, optoelectronics, biotechnology & pharmacology, green technology, and artificial intelligence. In addition to supporting intellectual development to upgrade industrial performance, FENC also seeks to promote public health and fitness in local communities and exert a positive influence on people's physical well-being by hosting an annual FENC Classic Marathon. This sports event is now entering its twelfth year. Furthermore, the Company works persistently on CSR and ESG to contribute to a brighter future for society and the world as a whole.

As the world settles into a new normal in the post-COVID-19 era, FENC will counter emerging challenges with an innovative mindset, fearless in the face of rapid and capricious shifts, whether they are changes in the political, economic, or mother nature. Moving forward, the Company still firmly adheres to its overarching principles of sincerity, diligence, thrift, prudence and innovation. We will reimagine how to construct a business model that enables the Company, the environment and society to all thrive. We will repurpose business management to maximize value for all the stakeholders—employees, shareholders and society alike. We will reinvent the business prospects, navigating the reconfigured business landscape with green innovation, while remaining agile. In the post-pandemic era FENC will open another new chapter of prosperity after seven decades of success, breaking through with action and triumphing over the new norm.

Chairman



President



Chief Accountant



Attachment II

2020 Independent Auditors' Report

(English Translation of a Report Originally Issued in Chinese)

The Board of Directors and Shareholders
Far Eastern New Century Corporation

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern New Century Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follows:

Fair Value Evaluation of Investment Property

The Group's investment property and the gain on change in fair value of investment property are considered to be significant for consolidated financial statements as a whole. The Group's investment properties were subsequently measured using the fair value model. The fair value evaluation involved significant accounting estimation and judgment. As a result, the fair value evaluation of investment property is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to investment property, refer to Notes 4 (k) and 5 to the consolidated financial statements. For more information about the Group's investment property, refer to Note 18 to the consolidated financial statements.

For the fair value evaluation of investment property, we performed the corresponding audit procedures as follows:

1. We assessed the competencies and independence of the external valuer engaged by the management and discussed with the management the valuer's work scope and process of engagement acceptance to evaluate the risk of the possible impairment of the valuer's independence and evaluated whether the valuer's work scope was free from limiting factors.
2. We assessed the reasonableness of the valuer's assumptions and methods used in the valuation.
3. We audited items from management's supporting documentation, including data which was used in the valuation process by the valuer.

Recognition of Revenue Derived from Mobile Telecommunications Service

The mobile telecommunications service revenue is the main revenue source of the Group's telecommunications segment. The calculation of mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Group often launches different product and service mixes which make the calculation of revenue more complex and directly affects the accuracy and timing of revenue recognition. Therefore, the recognition of mobile telecommunications service revenue is considered as a key audit matter.

For the accounting policies related to mobile telecommunications service revenue, refer to Note 4 (s) of the consolidated financial statements.

For recognition of mobile telecommunications service revenue, our corresponding audit procedures were as follows:

1. We obtained an understanding of the Group's recognition of mobile telecommunications service revenue and the design and implementation of the related controls.
2. We reviewed the contracts of mobile subscribers to confirm the accuracy of the information in the billing system.
3. We performed dialing tests to verify the accuracy and completeness of the traffic data and information obtained from the switch equipment.
4. We tested the accuracy of the billing calculation.
5. We tested the completeness and accuracy of the calculation and billing of monthly fees and airtime fees.
6. We tested the completeness and accuracy of the calculation and billing of value-added service fees.

For the revenue recognition of billed and unbilled amounts, we conducted the following tests:

1. For the billed amounts, we checked whether there was any difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy of the amounts.

Other Matter

We did not audit the financial statements of APG Polytech, LLC and Corpus Christi Polymers, LLC, which are investees included in the consolidated financial statements of the Group for the year ended December 31, 2020, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for these investees, is based solely on the reports of other auditors. The total assets of the aforementioned investees were NTD17,801,322 thousand, representing 3% of the Group's consolidated assets as of December 31, 2020. The total sales revenue of the aforementioned investees were NTD9,560,047 thousand, representing 5% of the Group's consolidated net sales revenue for the years ended December 31, 2020.

We have also audited the parent company only financial statements of the Company for the years ended December 31, 2020 and 2019 on which we have issued unmodified opinion with other matter paragraph and unmodified opinion, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih-Ming, Shao and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 35,198,619	6	\$ 38,924,588	7
Financial assets at fair value through profit or loss	5,455,230	1	5,053,716	1
Financial assets at fair value through other comprehensive income	86,209	-	80,853	-
Financial assets at amortized cost - current	2,507,071	-	1,792,168	-
Contact assets	6,098,262	1	6,398,973	1
Notes and accounts receivable, net	26,788,957	4	26,932,881	5
Other receivables	3,828,566	1	4,209,711	1
Current tax assets	35,937	-	34,616	-
Inventories	21,937,176	4	27,117,492	5
Prepayments	3,349,841	1	2,512,007	-
Other financial assets	2,655,502	-	3,079,224	-
Refundable deposits	64,369	-	105,305	-
Other current assets	<u>3,240,328</u>	-	<u>3,352,947</u>	1
Total current assets	<u>111,246,067</u>	<u>18</u>	<u>119,594,481</u>	<u>21</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	2,726,579	-	2,076,085	-
Financial assets at amortized cost	510,000	-	519,921	-
Investments accounted for using the equity method	75,201,025	12	71,266,263	13
Contract assets	3,221,916	1	2,333,037	-
Property, plant and equipment	162,659,904	26	163,017,162	28
Right-of-use assets	18,710,578	3	18,692,472	3
Investment properties	136,853,033	22	127,633,553	22
Concessions	77,002,309	13	38,069,295	7
Goodwill	12,287,387	2	12,290,228	2
Other intangible assets	4,327,470	1	4,926,629	1
Deferred tax assets	2,700,290	-	3,117,532	1
Prepayments for equipment	568,398	-	1,596,474	-
Refundable deposits	1,363,405	-	1,478,369	-
Long-term other receivables	129,598	-	100,125	-
Incremental costs of obtaining a contract	3,490,644	1	3,398,107	1
Net defined benefit assets	642,298	-	487,009	-
Other financial assets	2,770,633	1	3,882,293	1
Other non-current assets	<u>543,736</u>	-	<u>1,600,664</u>	-
Total non-current assets	<u>505,709,203</u>	<u>82</u>	<u>456,485,218</u>	<u>79</u>
TOTAL	<u>\$ 616,955,270</u>	<u>100</u>	<u>\$ 576,079,699</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 33,474,613	5	\$ 35,429,586	6
Short-term bills payable	6,905,315	1	8,125,603	1
Financial liabilities at fair value through profit or loss	10,619	-	1,861	-
Contract liabilities	5,509,591	1	4,535,792	1
Notes and accounts payable	17,746,056	3	17,704,125	3
Notes and accounts payable to related parties	291,020	-	336,261	-
Payables to suppliers of machinery and equipment	3,455,701	1	2,518,210	-
Lease liabilities	3,220,558	1	3,187,540	1
Other payables	14,431,102	2	14,844,133	3
Current tax liabilities	2,913,079	-	1,693,953	-
Provisions	249,424	-	250,396	-
Guarantee deposits received	126,100	-	233,022	-
Current portion of long-term liabilities	15,524,620	3	23,071,439	4
Other current liabilities	<u>3,167,672</u>	-	<u>2,988,273</u>	1
Total current liabilities	<u>107,025,470</u>	<u>17</u>	<u>114,920,194</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging	8,508	-	31,087	-
Contract liabilities	189,322	-	210,600	-
Lease liabilities	7,289,561	1	7,376,771	1
Bonds payable	104,682,499	17	83,398,393	15
Long-term borrowings	107,093,501	18	78,289,832	14
Provisions	1,049,170	-	961,398	-
Deferred tax liabilities	18,359,149	3	17,761,929	3
Net defined benefit liabilities	904,696	-	959,416	-
Guarantee deposits received	761,458	-	635,451	-
Deferred credit-gains on related-party transactions	121,971	-	122,526	-
Other non-current liabilities	<u>45,325</u>	-	<u>90,919</u>	-
Total non-current liabilities	<u>240,505,160</u>	<u>39</u>	<u>189,838,322</u>	<u>33</u>
Total liabilities	<u>347,530,630</u>	<u>56</u>	<u>304,758,516</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common stock	<u>53,528,751</u>	<u>9</u>	<u>53,528,751</u>	<u>9</u>
Capital surplus	<u>3,320,137</u>	<u>1</u>	<u>3,270,355</u>	<u>1</u>
Retained earnings				
Legal reserve	19,028,517	3	17,955,250	3
Special reserve	117,342,360	19	115,505,874	20
Unappropriated earnings	<u>13,744,880</u>	<u>2</u>	<u>17,376,404</u>	<u>3</u>
Total retained earnings	<u>150,115,757</u>	<u>24</u>	<u>150,837,528</u>	<u>26</u>
Other equity	<u>(2,910,395)</u>	<u>(1)</u>	<u>(3,089,283)</u>	<u>(1)</u>
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-
Total equity attributable to owners of the Company	<u>204,029,187</u>	<u>33</u>	<u>204,522,288</u>	<u>35</u>
NON-CONTROLLING INTERESTS (Note 26)	<u>65,395,453</u>	<u>11</u>	<u>66,798,895</u>	<u>12</u>
Total equity	<u>269,424,640</u>	<u>44</u>	<u>271,321,183</u>	<u>47</u>
TOTAL	<u>\$ 616,955,270</u>	<u>100</u>	<u>\$ 576,079,699</u>	<u>100</u>

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$ 138,939,956	67	\$ 181,946,076	73
Telecommunications service revenue	45,541,683	22	47,518,690	19
Gain on disposal of investments, net	-	-	31,400	-
Construction revenue	7,212,184	4	6,868,908	3
Other operating revenue	<u>15,075,458</u>	<u>7</u>	<u>13,781,516</u>	<u>5</u>
Total operating revenue	<u>206,769,281</u>	<u>100</u>	<u>250,146,590</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	127,158,892	61	168,419,192	67
Cost of telecommunications services	23,796,630	12	24,651,774	10
Loss on disposal of investments, net	13,458	-	-	-
Construction costs	6,918,007	3	6,608,826	3
Other operating costs	<u>8,486,618</u>	<u>4</u>	<u>5,716,868</u>	<u>2</u>
Total operating costs	<u>166,373,605</u>	<u>80</u>	<u>205,396,660</u>	<u>82</u>
GROSS PROFIT	<u>40,395,676</u>	<u>20</u>	<u>44,749,930</u>	<u>18</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>555</u>	<u>-</u>
OPERATING EXPENSES				
Selling and marketing	18,777,380	9	18,810,722	8
General and administrative	10,282,121	5	10,809,934	4
Research and development	866,814	1	1,061,969	-
Expected credit loss	<u>467,605</u>	<u>-</u>	<u>304,866</u>	<u>-</u>
Total operating expenses	<u>30,393,920</u>	<u>15</u>	<u>30,987,491</u>	<u>12</u>
OPERATING INCOME	<u>10,002,311</u>	<u>5</u>	<u>13,762,994</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	5,524,945	3	6,464,485	2
Interest income	299,102	-	354,718	-
Other income	1,901,821	1	1,236,814	-
Exchange gain, net	15,204	-	127,790	-
Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net	523,420	-	386,597	-
Gain on change in fair value of investment properties	3,245,848	2	1,882,995	1
Interest expense	(2,939,261)	(1)	(3,220,315)	(1)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Other expenses	\$ (899,092)	(1)	\$ (879,055)	-
Loss on disposal of property, plant and equipment	(900,039)	(1)	(816,751)	-
(Loss) gain on disposal of investment properties	(12,542)	-	(262)	-
Loss on disposal of concessions	(3,140)	-	(1,467)	-
Gain (loss) on disposal of intangible assets	(4)	-	1,465	-
Net loss on derecognition of financial assets at amortized cost	-	-	(2,800)	-
Impairment loss	<u>(635,089)</u>	<u>-</u>	<u>(166,953)</u>	<u>-</u>
Total non-operating income and expenses	<u>6,121,173</u>	<u>3</u>	<u>5,367,261</u>	<u>2</u>
INCOME BEFORE INCOME TAX	16,123,484	8	19,130,255	8
INCOME TAX EXPENSE	<u>(3,142,945)</u>	<u>(2)</u>	<u>(2,695,092)</u>	<u>(1)</u>
NET INCOME	<u>12,980,539</u>	<u>6</u>	<u>16,435,163</u>	<u>7</u>
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(209,796)	-	831,265	-
Gain on property revaluation	1,721,507	1	337,927	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	53,125	-	70,739	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(752,803)	(1)	1,855,646	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(91,796)</u>	<u>-</u>	<u>(169,991)</u>	<u>-</u>
	<u>720,237</u>	<u>-</u>	<u>2,925,586</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(520,593)	-	(2,536,536)	(1)
(Loss) gain on hedging instruments	22,579	-	(96,443)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>36,246</u>	<u>-</u>	<u>(747,976)</u>	<u>-</u>
	<u>(461,768)</u>	<u>-</u>	<u>(3,380,955)</u>	<u>(1)</u>
Other comprehensive income (loss), net of income tax	<u>258,469</u>	<u>-</u>	<u>(455,369)</u>	<u>-</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME	<u>\$ 13,239,008</u>	<u>6</u>	<u>\$ 15,979,794</u>	<u>7</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,062,699	4	\$ 10,732,669	5
Non-controlling interests	<u>4,917,840</u>	<u>2</u>	<u>5,702,494</u>	<u>2</u>
	<u>\$ 12,980,539</u>	<u>6</u>	<u>\$ 16,435,163</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,036,556	4	\$ 10,546,569	5
Non-controlling interests	<u>5,202,452</u>	<u>2</u>	<u>5,433,225</u>	<u>2</u>
	<u>\$ 13,239,008</u>	<u>6</u>	<u>\$ 15,979,794</u>	<u>7</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.62</u>		<u>\$ 2.15</u>	
Diluted	<u>\$ 1.61</u>		<u>\$ 2.14</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity					Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Gain on Property Revaluations	Treasury Shares			
			Legal Reserve	Special Reserve									
BALANCE AT JANUARY 1, 2019	\$ 53,528,751	\$ 2,908,631	\$ 16,752,421	\$ 114,443,170	\$ 17,996,558	\$ (3,589,901)	\$ 771,912	\$ 45,880	\$ 702,778	\$ (25,063)	\$ 203,535,137	\$ 64,194,300	\$ 267,729,437
Effect of retrospective application and retrospective restatement	-	-	-	-	(331,352)	-	-	-	-	-	(331,352)	(94,653)	(426,005)
BALANCE AT JANUARY 1, 2019, AS RESTATED	53,528,751	2,908,631	16,752,421	114,443,170	17,665,206	(3,589,901)	771,912	45,880	702,778	(25,063)	203,203,785	64,099,647	267,303,432
Appropriation of the 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,202,829	-	(1,202,829)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,088,579	(1,088,579)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,635,175)	-	-	-	-	-	(9,635,175)	-	(9,635,175)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,758,030)	(7,758,030)
Net income for the year ended December 31, 2019	-	-	-	-	10,732,669	-	-	-	-	-	10,732,669	5,702,494	16,435,163
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	823,075	(2,955,805)	1,678,830	(34,180)	301,980	-	(186,100)	(269,269)	(455,369)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,555,744	(2,955,805)	1,678,830	(34,180)	301,980	-	10,546,569	5,433,225	15,979,794
Change in associates accounted for using the equity method	-	14,084	-	6	45,095	-	-	-	-	-	59,185	409	59,594
Disposal of investments accounted for using the equity method	-	(212)	-	-	528	-	(244)	-	-	-	72	-	72
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(11,276)	(11,276)
Change in ownership interest of subsidiaries	-	346,449	-	-	-	-	-	-	-	-	346,449	3,088,551	3,435,000
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,783,277	1,783,277
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,403	-	-	-	-	-	-	-	-	1,403	-	1,403
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	10,533	-	(10,533)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(25,881)	25,881	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	163,092	163,092
BALANCE AT DECEMBER 31, 2019	53,528,751	3,270,355	17,955,250	115,505,874	17,376,404	(6,545,706)	2,439,965	11,700	1,004,758	(25,063)	204,522,288	66,798,895	271,321,183
Appropriation of the 2019 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,073,267	-	(1,073,267)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,836,486	(1,836,486)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(8,029,313)	-	-	-	-	-	(8,029,313)	-	(8,029,313)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,682,000)	(6,682,000)
Cash dividends distributed by subsidiaries capital surplus	-	-	-	-	-	-	-	-	-	-	-	(51,156)	(51,156)
Net income for the year ended December 31, 2020	-	-	-	-	8,062,699	-	-	-	-	-	8,062,699	4,917,840	12,980,539
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(180,004)	(673,235)	(469,545)	7,780	1,288,861	-	(26,143)	284,612	258,469
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	7,882,695	(673,235)	(469,545)	7,780	1,288,861	-	8,036,556	5,202,452	13,239,008
Change in associates accounted for using the equity method	-	48,613	-	-	(417,606)	-	-	-	-	-	(368,993)	(3,859)	(372,852)
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(24,376)	-	24,376	-	-	-	-	-	-
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,169	-	-	-	-	-	-	-	-	1,169	-	1,169
Change in ownership interest of subsidiaries	-	-	-	-	(133,171)	-	651	-	-	-	(132,520)	131,121	(1,399)
BALANCE AT DECEMBER 31, 2020	\$ 53,528,751	\$ 3,320,137	\$ 19,028,517	\$ 117,342,360	\$ 13,744,880	\$ (7,218,941)	\$ 1,995,447	\$ 19,480	\$ 2,293,619	\$ (25,063)	\$ 204,029,187	\$ 65,395,453	\$ 269,424,640

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,123,484	\$ 19,130,255
Adjustments for:		
Expected credit loss	467,605	304,866
Depreciation	20,320,980	21,689,323
Amortization	5,431,770	4,372,487
Interest expense	2,939,261	3,220,315
Net loss on disposal of financial assets at amortized cost	-	2,800
Interest income	(299,102)	(354,718)
Dividend income	(146,494)	(70,241)
Share of the profit of associates	(5,524,945)	(6,464,485)
Loss on disposal of property, plant and equipment	900,039	816,751
Loss on disposal of investment properties	12,542	262
Loss (gain) on disposal of intangible assets	4	(1,465)
Loss on disposal of concessions	3,140	1,467
Gain on disposal of investments	-	(39,053)
Impairment loss	635,089	166,953
Write-down (reversal) of inventories	117,536	(57,622)
Realized gain on the transactions with associates	(555)	(555)
Gain on change in fair value of investment properties	(3,245,848)	(1,882,995)
Loss (gain) on modifications of lease	4,678	(1,101)
Loss on disposal of subsidiaries	-	773
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(401,514)	1,021,888
Financial instruments for hedging	-	1,868
Contract assets	(588,168)	(1,367,612)
Notes and accounts receivable	(770,835)	2,347,777
Other receivables	916,113	(127,491)
Inventories	3,503,967	6,889,155
Prepayments	(837,834)	2,538,599
Other current assets	112,619	(407,029)
Incremental cost of obtaining a contract	(92,537)	(1,595,944)
Financial liabilities at fair value through profit or loss	8,758	(4,987)
Contract liabilities	952,521	(158,586)
Notes and accounts payable	41,931	638,431
Notes and accounts payable to related parties	(45,241)	(29,256)
Other payables	(406,217)	(2,630,602)
Provisions	86,800	7,097
Other current liabilities	179,399	(416,220)
Net defined benefit assets and liabilities	(419,805)	(511,763)
Cash generated from operations	39,979,141	47,029,342
Interest received	294,075	362,404
Dividends received	4,745,631	4,204,534
Interest paid	(2,973,209)	(3,281,446)
Income tax paid	(556,183)	(4,365,548)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Net cash generated from operating activities	<u>\$ 41,489,455</u>	<u>\$ 43,949,286</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for investments	-	(100,000)
Cash received by reduction of capital of financial assets at fair value through other comprehensive income	13,500	-
(Increase) decrease in financial assets at amortized cost	(704,982)	189,356
Acquisition of financial assets at fair value through other comprehensive income	(522,455)	(5,207)
Acquisition of investments accounted for using the equity method	(4,080,195)	(1,855,556)
Proceeds from the disposal of investments accounted for using the equity method	-	162,010
Acquisition of property, plant, equipment and prepayments for equipment	(19,332,091)	(24,629,959)
Proceeds from the disposal of property, plant and equipment	222,484	106,912
Decrease (increase) in refundable deposits	155,900	(386,900)
Increase in other receivables	(550,590)	(2,591,284)
Acquisition of intangible assets	(758,880)	(897,241)
Proceeds on the disposal of intangible assets	2,061	9,282
Acquisition of investment properties	(5,370)	(12,441)
Proceeds from the disposal of investment properties	101	1,440,000
Acquisition of right-of-use assets	(208,951)	(927,705)
Increase in concessions	(42,150,715)	(107,419)
Proceeds from disposal of concessions	40	375
Decrease in other financial assets	1,535,382	1,477,887
Net cash outflow on acquisition of subsidiaries	-	(436,659)
Net cash outflow on disposal of subsidiaries	-	(39,803)
Increase in other non-current assets	<u>(59,262)</u>	<u>(1,089,954)</u>
Net cash used in investing activities	<u>(66,444,023)</u>	<u>(29,694,306)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,954,973)	(12,403,859)
(Decrease) Increase in short-term bills payables	(1,218,878)	1,409,000
Proceeds from issue of bonds	34,500,000	25,100,000
Repayments of bonds payables	(20,600,000)	(17,800,000)
Proceeds from long-term borrowings	266,586,037	300,343,176
Repayments of long-term borrowings	(237,847,021)	(291,083,741)
Repayment of the principal portion of lease liability	(4,160,695)	(3,852,159)
Increase in guarantee deposits received	19,085	80,600
(Decrease) increase in other non-current liabilities	(45,594)	131
Cash dividends paid	(8,028,144)	(9,633,772)
Cash capital increase by subsidiaries	162	5,218,277

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Cash capital reduction by subsidiaries	-	-
Partial acquisition of interests in subsidiaries from non-controlling interests	-	-
Dividends paid to non-controlling interests	<u>\$ (6,733,082)</u>	<u>\$ (7,758,030)</u>
Net cash (used in) generated from financing activities	<u>20,516,897</u>	<u>(10,380,377)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>711,702</u>	<u>(292,575)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,725,969)	3,582,028
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>38,924,588</u>	<u>35,342,560</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 35,198,619</u>	<u>\$ 38,924,588</u>

(Concluded)

Independent auditors' report

(English Translation of a Report Originally Issued in Chinese)

The Board of Directors and the Shareholders
Far Eastern New Century Corporation

Opinion

We have audited the financial statements of Far Eastern New Century Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

Fair Value Evaluation of Investment Properties (Including Investment Properties Held by Subsidiaries Which Are Accounted for Using the Equity Method)

The Company's investment properties (including the investment properties held by subsidiaries which are accounted for by using the equity method) are subsequently measured using the fair value model. The fair value evaluation involves significant accounting estimations and judgment, and the recognition of fair value fluctuations significantly impacts the gains or losses on the changes in fair value of investment properties and the share of profit or loss of subsidiaries and associates. As a result, the fair value evaluation of investment properties (including the investment properties held by subsidiaries which are accounted for by using the equity method) is considered a key audit matter.

For the accounting policies, significant accounting judgment, estimations, and assumptions of the main sources of uncertainty related to investment properties, refer to Notes 4(i) and 5 to the accompanying financial statements. For more information about the Company's investment properties, refer to Note 14 to the financial statements.

For the fair value evaluation of investment properties, our corresponding audit procedures were as follows:

1. We assessed the competencies and independence of the external valuer engaged by the management and discussed with the management the valuer's work scope and process of engagement acceptance we evaluated the risk of possible impairment of the valuer's independence and determined that the valuer's work scope was free from limiting factors.
2. We assessed the reasonableness of the valuer's assumptions and methods used in the valuation.
3. We audited items from management's supporting documentation, including data which was used in the valuation process by the valuer.

Recognition of Revenue Derived from Mobile Telecommunications Service Generated by the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone, is a material component. The mobile telecommunications service revenue is the main revenue source of Far EasTone. The calculation of the mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, Far EasTone often launches different product and service mixes which make the calculation of revenue more complex and directly affect the accuracy and timing of revenue recognition. The recognition of mobile telecommunications service revenue impacts the share of profit or loss of subsidiaries and associates. As the result, the recognition of mobile telecommunications service revenue is considered as a key audit matter.

For recognition of mobile telecommunications service revenue, our corresponding audit procedures were as follows:

1. We obtained an understanding of the recognition of mobile telecommunications service revenue and the design and implementation of the related controls.
2. We reviewed the contracts of mobile subscribers to confirm the accuracy of the information in the billing system.
3. We performed dialing tests to verify the accuracy and completeness of the traffic data and information obtained from the switch equipment.
4. We tested the accuracy of the billing calculation.
5. We tested the completeness and accuracy of the calculation and billing of monthly fees and airtime fees.
6. We tested the completeness and accuracy of the calculation and billing of value-added service fees.

For the revenue recognition of billed and unbilled amounts, we conducted the following tests:

1. For the billed amounts, we checked that there was no difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates and confirmed the accuracy of the amounts.

Other Matter

The Company's Subsidiaries' Equity-Method Investee APG Polytech, LLC and Corpus Christi Polymers, LLC, their financial statements were audited by other auditors. Our opinion, insofar as it amounts which are investment accounted for using the equity method and its recognition of other comprehensive income for these investees, is based solely on the reports of other auditors. The balance of investment accounted for using the equity method of the aforementioned investees were NTD14,718,570 thousand,

representing 5% of the Company's total assets as of December 31, 2020. The recognition of other comprehensive losses of the aforementioned investees were NTD653,472 thousand, representing (8)% of the Company's total comprehensive income for the years ended December 31, 2020.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih-Ming, Shao and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 19,436,311	6	\$ 20,592,925	6
Financial assets at fair value through profit or loss	-	-	7,703	-
Notes and accounts receivable, net	5,097,229	2	5,323,584	2
Other receivables	877,192	-	306,089	-
Current tax assets	14,193	-	18,193	-
Inventories	4,281,313	1	5,170,448	2
Financial assets at amortized cost	300,000	-	-	-
Prepayments	56,087	-	78,100	-
Refundable deposits	17,146	-	18,044	-
Other current assets	177,542	-	308,802	-
Total current assets	<u>30,257,013</u>	<u>9</u>	<u>31,823,888</u>	<u>10</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method	269,392,281	83	268,034,222	82
Property, plant and equipment	24,271,372	8	25,325,644	8
Right-of-use assets	663,682	-	890,813	-
Investment properties	1,023,412	-	978,404	-
Other intangible assets	16,280	-	18,948	-
Deferred tax assets	63,353	-	48,070	-
Prepayments for equipment	21,598	-	143,402	-
Refundable deposits	56,244	-	93,874	-
Net defined benefit assets	568,701	-	417,428	-
Other financial assets	71,343	-	1,300,373	-
Other non-current assets	46,797	-	46,537	-
Total non-current assets	<u>296,195,063</u>	<u>91</u>	<u>297,297,715</u>	<u>90</u>
TOTAL	<u>\$ 326,452,076</u>	<u>100</u>	<u>\$ 329,121,603</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 3,462,493	1	\$ 2,400,415	1
Financial liabilities at fair value through profit or loss	10,619	-	-	-
Contract liabilities (Note 20)	294,756	-	144,678	-
Notes and accounts payable	1,234,900	1	1,307,574	1
Notes and accounts payable to related parties	743,905	-	1,286,190	-
Payables to suppliers of machinery and equipment	596	-	967	-
Lease liabilities	235,201	-	230,906	-
Other payables	4,334,098	1	4,124,706	1
Current portion of long-term liabilities	11,297,104	4	13,695,421	4
Other current liabilities	766,710	-	816,369	-
Total current liabilities	<u>22,380,382</u>	<u>7</u>	<u>24,007,226</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Lease liabilities	438,087	-	668,299	-
Bonds payable	53,931,438	17	44,741,032	14
Long-term borrowings	43,438,049	13	52,752,032	16
Deferred tax liabilities	2,187,424	1	2,381,837	1
Guarantee deposits received	1,164	-	1,623	-
Deferred credit-gains on related-party transactions	46,345	-	47,266	-
Total non-current liabilities	<u>100,042,507</u>	<u>31</u>	<u>100,592,089</u>	<u>31</u>
Total liabilities	<u>122,422,889</u>	<u>38</u>	<u>124,599,315</u>	<u>38</u>
EQUITY				
Share capital				
Common stock	53,528,751	16	53,528,751	16
Capital surplus	3,320,137	1	3,270,355	1
Retained earnings				
Legal reserve	19,028,517	6	17,955,250	6
Special reserve	117,342,360	36	115,505,874	35
Unappropriated earnings	13,744,880	4	17,376,404	5
Total retained earnings	150,115,757	46	150,837,528	46
Other equity	(2,910,395)	(1)	(3,089,283)	(1)
Treasury shares	(25,063)	-	(25,063)	-
Total equity	<u>204,029,187</u>	<u>62</u>	<u>204,522,288</u>	<u>62</u>
TOTAL	<u>\$ 326,452,076</u>	<u>100</u>	<u>\$ 329,121,603</u>	<u>100</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$ 38,768,801	100	\$ 46,477,960	100
OPERATING COSTS				
Cost of goods sold	<u>33,478,180</u>	86	<u>41,524,817</u>	89
GROSS PROFIT	<u>5,290,621</u>	<u>14</u>	<u>4,953,143</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing	2,759,130	7	2,634,540	6
General and administrative	1,496,777	4	1,326,964	3
Research and development	683,260	2	859,202	2
(Reversal of) Expected credit loss	<u>11,539</u>	<u>-</u>	<u>(4,639)</u>	<u>-</u>
Total operating expenses	<u>4,950,706</u>	<u>13</u>	<u>4,816,067</u>	<u>11</u>
OPERATING INCOME	<u>339,915</u>	<u>1</u>	<u>137,076</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates	8,560,758	22	11,434,524	25
Interest income	13,945	-	22,394	-
Other income	323,449	1	325,767	1
Gain on disposal of property, plant and equipment	29,923	-	40,448	-
Gain on disposal of investments	85	-	85	-
Exchange (loss) gain, net	(18,318)	-	12,241	-
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	(43,132)	-	24,749	-
Gain on change in fair value of investment properties	39,639	-	8,535	-
Interest expense	(949,065)	(3)	(988,839)	(2)
Other expenses	(263,121)	(1)	(259,136)	(1)
Impairment loss	<u>(149,476)</u>	<u>-</u>	<u>(13,818)</u>	<u>-</u>
Total non-operating income and expenses	<u>7,544,687</u>	<u>19</u>	<u>10,606,950</u>	<u>23</u>
INCOME BEFORE INCOME TAX	7,884,602	20	10,744,026	23
INCOME TAX BENEFIT (EXPENSE)	<u>178,097</u>	<u>1</u>	<u>(11,357)</u>	<u>-</u>
NET INCOME	<u>8,062,699</u>	<u>21</u>	<u>10,732,669</u>	<u>23</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (180,372)	-	\$ 828,568	2
Gains on property revaluations	-	-	331,557	1
Share of other comprehensive loss of subsidiaries and associates	714,136	2	1,721,330	4
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>36,074</u>	<u>-</u>	<u>(168,335)</u>	<u>(1)</u>
	<u>569,838</u>	<u>2</u>	<u>2,713,120</u>	<u>6</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries and associates	<u>(595,981)</u>	<u>(2)</u>	<u>(2,899,220)</u>	<u>(6)</u>
Other comprehensive income (loss), net of income tax	<u>(26,143)</u>	<u>-</u>	<u>(186,100)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,036,556</u>	<u>21</u>	<u>\$ 10,546,569</u>	<u>23</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.62</u>		<u>\$ 2.15</u>	
Diluted	<u>\$ 1.61</u>		<u>\$ 2.14</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Gain on Property Revaluations	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2019	\$ 53,528,751	\$ 2,908,631	\$ 16,752,421	\$ 114,443,170	\$ 17,996,558	\$ (3,589,901)	\$ 771,912	\$ 45,880	\$ 702,778	\$ (25,063)	\$ 203,535,137
Effect of retrospective application and retrospective restatement	-	-	-	-	(331,352)	-	-	-	-	-	(331,352)
BALANCE AT JANUARY 1, 2019 AS RESTATED	53,528,751	2,908,631	16,752,421	114,443,170	17,665,206	(3,589,901)	771,912	45,880	702,778	(25,063)	203,203,785
Appropriation of the 2018 earnings											
Legal reserve	-	-	1,202,829	-	(1,202,829)	-	-	-	-	-	-
Special reserve	-	-	-	1,088,579	(1,088,579)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,635,175)	-	-	-	-	-	(9,635,175)
Net income for the year ended December 31, 2019	-	-	-	-	10,732,669	-	-	-	-	-	10,732,669
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	823,075	(2,955,805)	1,678,830	(34,180)	301,980	-	(186,100)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,555,744	(2,955,805)	1,678,830	(34,180)	301,980	-	10,546,569
Change in associates and subsidiaries accounted for using the equity method	-	360,321	-	6	39,964	-	5,415	-	-	-	405,706
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,403	-	-	-	-	-	-	-	-	1,403
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	16,192	-	(16,192)	-	-	-	-
Reversal of special reserve	-	-	-	(25,881)	25,881	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2019	53,528,751	3,270,355	17,955,250	115,505,874	17,376,404	(6,545,706)	2,439,965	11,700	1,004,758	(25,063)	204,522,288
Appropriation of the 2019 earnings											
Legal reserve	-	-	1,073,267	-	(1,073,267)	-	-	-	-	-	-
Special reserve	-	-	-	1,836,486	(1,836,486)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(8,029,313)	-	-	-	-	-	(8,029,313)
Net income for the year ended December 31, 2020	-	-	-	-	8,062,699	-	-	-	-	-	8,062,699
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(180,004)	(673,235)	(469,545)	7,780	1,288,861	-	(26,143)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	7,882,695	(673,235)	(469,545)	7,780	1,288,861	-	8,036,556
Change in associates and subsidiaries accounted for using the equity method	-	48,613	-	-	(571,360)	-	21,234	-	-	-	(501,513)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,169	-	-	-	-	-	-	-	-	1,169
Associate disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(3,793)	-	3,793	-	-	-	-
BALANCE, DECEMBER 31, 2020	<u>\$ 53,528,751</u>	<u>\$ 3,320,137</u>	<u>\$ 19,028,517</u>	<u>\$ 117,342,360</u>	<u>\$ 13,744,880</u>	<u>\$ (7,218,941)</u>	<u>\$ 1,995,447</u>	<u>\$ 19,480</u>	<u>\$ 2,293,619</u>	<u>\$ (25,063)</u>	<u>\$ 204,029,187</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,884,602	\$ 10,744,026
Adjustments for:		
(Reversal of) Expected credit loss	11,539	(4,639)
Depreciation	2,426,365	2,440,185
Amortization	12,081	9,358
Interest expense	949,065	988,839
Interest income	(13,945)	(22,394)
Share of the profit of subsidiaries and associates	(8,560,758)	(11,434,524)
Gain on disposal of property, plant and equipment	(29,923)	(40,448)
Gain on disposal of investments	(85)	(85)
Impairment loss	149,476	13,818
Write-down (reversal) of inventories	2,036	(106,178)
Gain on change in fair value of investment properties	(39,639)	(8,535)
Gain on lease modification	(107)	-
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	7,703	(7,703)
Notes and accounts receivable	214,816	1,685,004
Other receivables	94,639	(71,978)
Inventories	887,099	1,608,230
Prepayments	22,013	(14,679)
Other current assets	131,260	64,201
Contract liabilities	150,078	45,231
Notes and accounts payable	(72,674)	(308,933)
Notes and accounts payable to related parties	(542,285)	(205,996)
Other payables	219,637	(64,417)
Financial liabilities at fair value through profit or loss	10,619	(6,832)
Other current liabilities	(49,659)	23,580
Net defined benefit liabilities	<u>(331,645)</u>	<u>(262,357)</u>
Cash generated from operations	3,532,308	5,062,774
Interest received	13,945	22,444
Dividends received	7,928,924	10,015,403
Interest paid	(969,737)	(1,011,388)
Income tax received	<u>8,475</u>	<u>3,478</u>
Net cash generated from operating activities	<u>10,513,915</u>	<u>14,092,711</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in financial assets at amortized cost	\$ (300,000)	\$ 700,000
Acquisition of investments accounted for using the equity method	(1,108,414)	(8,452,235)
Acquisition of property, plant, equipment and prepayments for equipment	(1,180,312)	(2,583,491)
Proceeds from disposal of property, plant and equipment	42,045	65,322
Decrease (increase) in refundable deposits	38,528	(17,735)
(Increase) decrease in other receivables	(660,000)	105,000
Acquisition of intangible assets	(9,413)	(11,219)
Acquisition of investment properties	(5,369)	(1,456)
Decrease (increase) in other financial assets	1,229,030	(1,262,373)
Decrease in other non-current assets	<u>694</u>	<u>17,915</u>
Net cash used in investing activities	<u>(1,953,211)</u>	<u>(11,440,272)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,062,078	(343,419)
Proceeds from issue of bonds	20,500,000	14,000,000
Repayments of bonds payable	(13,700,000)	(10,600,000)
Proceeds from long-term borrowings	180,330,464	245,578,252
Repayments of long-term borrowings	(189,641,931)	(237,077,229)
Repayment of the principal portion of lease liabilities	(238,157)	(231,374)
Decrease in guarantee deposits received	(459)	(892)
Cash dividends paid	<u>(8,029,313)</u>	<u>(9,635,175)</u>
Net cash (used in) generated from financing activities	<u>(9,717,318)</u>	<u>1,690,163</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,156,614)	4,342,602
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>20,592,925</u>	<u>16,250,323</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 19,436,311</u>	<u>\$ 20,592,925</u>

(Concluded)

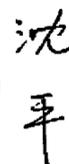
Attachment III

The Audit Committee's Review Report

To the 2021 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2020 which had been audited by Deloitte & Touche, and found them in order.

The Convener of the Audit Committee: Bing Shen



13 May 2021

Attachment IV

Information of the Corporate Bonds Issued in Year 2020

Offering Type	Domestic unsecured bonds (1 st of Year 2020)	Domestic unsecured bonds (2 nd of Year 2020 - Tranche A)	Domestic unsecured bonds (2 nd of Year 2020 - Tranche B)	Domestic unsecured bonds (3 rd of Year 2020)	Domestic unsecured bonds (4 th of Year 2020)
Total Amount	NT\$ 6.0 billion	NT\$ 2.2 billion	NT\$ 3.0 billion	NT\$ 5.5 billion	NT\$ 3.8 billion
Maturity	5 years	5 years	7 years	7 years	5 years
Coupon rate	0.66% p.a.	0.77% p.a.	0.85% p.a.	0.83% p.a.	0.54 % p.a.
Repayment	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.
Guarantor	None	None	None	None	None
Approval authority	Agency	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)
	Date	15 April 2020	1 June 2020	1 June 2020	9 September 2020
	Letter No.	Securities-TPEX-Bond - 10900035711	Securities-TPEX-Bond - 10900057241	Securities-TPEX-Bond - 10900057241	Securities-TPEX-Bond - 10900109421
Use of proceeds	To payback short-term borrowings or current portion of long-term liabilities and improve the financial structure	To payback short-term borrowings or current portion of long-term liabilities and improve the financial structure	To payback short-term borrowings or current portion of long-term liabilities and improve the financial structure	To payback short-term borrowings or current portion of long-term liabilities and improve the financial structure	To meet the green and CSR investment projects of the Company or its lending subsidiaries, or to payback the loans required by the aforementioned projects
Remark	To be issued at par value on 22 April 2020	To be issued at par value on 10 June 2020	To be issued at par value on 10 June 2020	To be issued at par value on 17 September 2020	To be issued at par value on 21 December 2020

Attachment V

Amendments of “Sustainability Principles of Far Eastern New Century Corporation”

Section	Proposed Changes	Current Articles
	<u>Sustainability Principles of Far Eastern New Century Corporation</u>	<u>Corporate Social Responsibility Principles (the “Principles”) of Far Eastern New Century Corporation (“FENC”)</u>
Article 1	In order to fulfill <u>Far Eastern New Century Corporation’s</u> corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, <u>Far Eastern New Century Corporation (“FENC”)</u> hereby promulgates the <u>Sustainability Principles (“the Principles”)</u> in accordance with “Corporate Social Responsibility Best Practice Principles for <u>TWSE/GTSM Listed Companies</u> ”.	In order to fulfill <u>FENC’s</u> corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, FENC hereby promulgates the Principles in accordance with “Corporate Social Responsibility Best Practice Principles for <u>Taiwan Stock Exchange Corporation/GreTai Securities Market Listed Companies</u> ”.
Article 2	<ol style="list-style-type: none"> 1. The Principles apply to entire operations of FENC and its production subsidiaries (hereinafter referred to as “the Company”). 2. The Company <u>shall identify stakeholders of the Company and to understand their reasonable expectations, demands and the rights through proper communications</u> in the course of the business operations. 3. <u>The Company shall</u> give due considerations to the environment, society and corporate governance, <u>in its corporate management guidelines and business operations, while pursuing sustainable operations and profits.</u> 	<p>The Principles apply to entire operations of FENC and its production subsidiaries (hereinafter referred to as the “Company”).</p> <p>The Company <u>gives due consideration to the rights and interests of stakeholders and actively fulfills its corporate social responsibility</u> in the course of the business operations <u>so as to</u> give due consideration to the environment, society, and corporate governance.</p>
Article 3	<ol style="list-style-type: none"> 1. For the purpose of managing <u>and promoting a sound corporate sustainability initiatives, the board of directors of the Company shall</u> establish “<u>Sustainability Committee</u>” to be in charge of <u>supervising the sustainability policies, systems, or relevant management guidelines, and to report the status of the handling to the board of directors periodically.</u> 2. The Company shall set up “<u>Sustainability Implementation Committee</u>” to be responsible for the implementation of sustainability related matters. <u>Corporate Management President shall serve as the general convener. The “Sustainability Implementation Committee” works as follows:</u> 	<p>Article 5</p> <p>For the purpose of managing corporate <u>social responsibility initiatives</u>, the Company shall establish <u>an exclusively (or concurrently) dedicated unit</u> to be in charge of <u>proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans.</u></p>

Section	Proposed Changes	Current Articles
	<p>(1) <u>Compilation and disclosure of corporate sustainability information.</u></p> <p>(2) <u>Planning and implementation of corporate sustainability projects.</u></p> <p>(3) <u>Co-ordination and submission of information on external evaluation matters for corporate sustainability.</u></p>	
Article 4	<p><u>The Company shall conduct risk assessment of environmental, social and corporate governance issues related to company operations in term of the materiality principle, and adopt relevant risk management policies or strategies to manage our economic, environmental and social risks and impacts.</u></p>	
Article 5	<p>To implement corporate <u>sustainability</u> initiatives, the Company sets out the principles below:</p> <ol style="list-style-type: none"> 1. Exercise corporate governance. 2. Foster a sustainable environment. 3. Preserve public welfare. 4. Enhance disclosure of corporate <u>sustainability</u> information. 	<p>Article 3</p> <p>To implement corporate <u>social responsibility</u> initiatives, the Company sets out the principles below:</p> <ol style="list-style-type: none"> 1) Exercise corporate governance. 2) Foster a sustainable environment. 3) Preserve public welfare. 4) Enhance disclosure of corporate <u>social responsibility</u> information.
Chapter II	Exercising Corporate Governance	Chapter 2 Exercising Corporate Governance
Article 6	<ol style="list-style-type: none"> 1. The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate <u>sustainability</u> initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate <u>sustainability</u> responsibility policies. 2. <u>The Company should give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its corporate sustainability initiatives:</u> <ol style="list-style-type: none"> (1) <u>Developing "Sustainability Strategic Blueprint" and corporate sustainability related management guidelines.</u> (2) <u>Making corporate sustainability the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for corporate sustainability initiatives.</u> 	<p>Article 4</p> <p>The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate <u>social responsibility</u> initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate <u>social</u> responsibility policies.</p>

Section	Proposed Changes	Current Articles
	<p>(3) <u>Enhancing the timeliness and accuracy of the disclosure of corporate sustainability information.</u></p> <p>3. <u>The Company should organize education and trainings on the implementation of corporate sustainability initiatives.</u></p>	
Article <u>7</u>	The Company shall establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.	Article <u>6</u> The Company shall establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.
Article <u>8</u>	The Company shall comply with relevant laws and regulations, avoid engaging in unfair competition, not tolerate bribery or corruption to maintain a fair competition environment.	Article <u>7</u> The Company shall comply with relevant laws and regulations, avoid engaging in unfair competition, not tolerate bribery or corruption to maintain a fair competition environment.
Article <u>9</u>	<p>1. The Company shall <u>comply with relevant environmental regulations and international standards to establish environment management systems. Such systems shall include the following tasks:</u></p> <p>(1) <u>Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.</u></p> <p>(2) <u>Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant.</u></p> <p>(3) <u>Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operations.</u></p> <p>2. The Company shall <u>establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for relevant personnel.</u></p> <p>3. <u>The Company shall take into account the effect of business operations on ecological efficiency and endeavor to promote a sustainable environment when engaging in business operations and internal management to reduce the impact on the natural environment and human beings.</u></p>	<p>Article <u>8</u> The Company shall <u>follow</u> relevant environmental <u>laws</u> when engaging in business operations to reduce the impact on the natural environment.</p> <p>Article <u>11</u> The Company shall <u>focus on water management, waste disposal, recycling, green environment, green procurement, and other measures.</u></p>

Section	Proposed Changes	Current Articles
Article <u>10</u>	The Company <u>should assess</u> the <u>potential</u> risks and opportunities of climate change on its operations and <u>take measures to respond to climate-related issues</u> .	Article <u>12</u> The Company <u>shall monitor</u> the risks and opportunities of climate change on its operations and <u>enforce its greenhouse gas emissions inventories</u> .
Article <u>11</u>	The Company shall endeavor to utilize all resources more efficiently <u>in order to reduce energy and water consumption of the products and services and improve recyclability and reusability of raw materials or products</u> .	Article <u>9</u> The Company shall endeavor to utilize all resources more efficiently.
Article <u>12</u>	The Company shall <u>construct and improve environmental protection treatment facilities</u> and adopt appropriate practical pollution prevention, control measures <u>and dispose of waste properly to reduce emission of pollutants, toxins and waste to water, air and land</u> .	Article <u>10</u> The Company <u>in operation shall avoid polluting</u> water, air and land, and adopt appropriate practical pollution prevention <u>and</u> control measures.
Article <u>13</u>	The Company shall <u>adopt standards or guidelines generally used in the country and overseas countries to collect data on greenhouse gas emissions, water intakes, energy consumptions and various wastes, and disclose relevant information</u> .	Article <u>12</u> The Company shall <u>monitor the risks and opportunities of climate change on its operations and enforce its greenhouse gas emissions inventories</u> .
Article <u>14</u>	<ol style="list-style-type: none"> 1. The Company shall comply with relevant labor laws and regulations, <u>and the International Bill of Human Rights, to protect the legal rights and interests of employees, and shall not commit violations against the fundamental labor rights. Information relating to the labor laws and the rights in the countries where the Company has business operations shall be provided to the employees.</u> 2. <u>The Company shall adopt and review human rights management policies and processes.</u> 3. The Company shall ensure that <u>its human resources</u> policies do not contain differential treatments based on gender, race, <u>socioeconomic status</u>, age, or marital and family status, so as to achieve equality in <u>employment, benefits</u>, compensation, hiring conditions, training, <u>evaluation</u> and promotion opportunities. 	Article <u>13</u> The Company shall comply with relevant labor laws and regulations, protect the legal rights and interests of employees, and shall not commit violations against the fundamental labor rights. The Company shall ensure that <u>their human resource</u> policies do not contain differential treatments based on gender, race, age, or marital and family status, so as to achieve equality in compensation, hiring conditions, training, and promotion opportunities.

Section	Proposed Changes	Current Articles
Article <u>15</u>	<ol style="list-style-type: none"> 1. <u>The Company shall establish a platform to facilitate two-way communication between the management and the employees. The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall, by reasonable means, inform employees of operation changes that might have material impacts.</u> 2. <u>The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process.</u> 	
Article <u>16</u>	The Company shall provide safe and healthful work environments for its employees, <u>including necessary health and first-aid facilities</u> and shall endeavor to curb dangers to employees' safety and health, <u>furthermore, should organize trainings on safety and health for relevant employees</u> to prevent occupational accidents.	Article <u>14</u> The Company shall provide safe and healthful work environments for its employees, and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.
Article <u>17</u>	<ol style="list-style-type: none"> 1. The Company <u>should</u> create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills. 2. <u>The Company shall adopt reasonable remuneration policies and employee welfare measures, to ensure that relevant arrangements support the strategic aims of the organization, and align with the interests of stakeholders, and also reflect the corporate business performances results in the employee remuneration or welfare.</u> 	Article <u>15</u> The Company <u>shall</u> create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.
Article <u>18</u>	<ol style="list-style-type: none"> 1. The Company shall ensure the quality of <u>its</u> products and services by following the laws and regulations of the government and relevant standards of <u>the</u> industries. <u>In the process of research and development, procurement, production operations, the Company shall ensure the quality of its products and services.</u> 2. The Company <u>shall comply with relevant laws and regulations or international standards in terms of safety compliance, customer trade secrets, marketing and advertising in regards of its products or services and shall not act in deceiving, misleading or fraudulent ways.</u> 	Article <u>16</u> The Company shall ensure the quality of <u>their</u> products and services by following the laws and regulations of the government and relevant standards of <u>their</u> industries. <u>When</u> the Company <u>carries out</u> marketing or advertising of its products or services, the Company shall not <u>deceive, mislead or commit fraud.</u>

Section	Proposed Changes	Current Articles
Article <u>19</u>	<ol style="list-style-type: none"> 1. The Company <u>should assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and should cooperate with its suppliers and business partners to jointly implement the corporate sustainability initiative.</u> 2. The Company <u>should adopt the supplier management policy. When the Company enter into a contract with any of the major suppliers, the content should include terms stipulating mutual compliance with corporate sustainability policy.</u> 3. The Company <u>should avoid conducting transactions with suppliers against the Company's corporate sustainability policy. The contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</u> 	Article <u>17</u> The Company <u>shall cooperate with its suppliers and business partners to jointly implement the corporate social responsibility initiative.</u>
Article <u>20</u>	<ol style="list-style-type: none"> 1. The Company <u>should evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.</u> 2. The Company <u>can, through investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</u> 	Article <u>18</u> The Company <u>shall, through commercial activities, non-cash property endowments, volunteering service or other professional services, participate in events held by charities and local government agencies relating to community development to promote community development.</u>
Chapter <u>V</u>	Enhancing Disclosure of Corporate <u>Sustainability</u> Information	Chapter <u>5</u> Enhancing Disclosure of Corporate <u>Social Responsibility</u> Information
Article <u>21</u>	The Company shall disclose information according to relevant laws, and shall disclose relevant and reliable information relating to its corporate <u>sustainability</u> initiatives to improve information transparency.	Article <u>19</u> The Company shall disclose information according to relevant laws, and shall disclose relevant and reliable information relating to its corporate <u>social responsibility</u> initiatives to improve information transparency.

Section	Proposed Changes	Current Articles
Article <u>22</u>	<p>1. The Company shall <u>adopt internationally widely recognized standards or guidelines required by the laws to disclose the status and performance of its implementation of the sustainability initiatives and obtain a third-party assurance or verification to enhance the reliability of the information.</u></p> <p>2. <u>The disclosed Company’s sustainability information shall include:</u></p> <p>(1) <u>The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainability initiatives.</u></p> <p>(2) <u>Major stakeholders and their concerns.</u></p> <p>(3) <u>Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</u></p> <p>(4) <u>Future improvements and goals.</u></p>	<p>Article <u>20</u></p> <p>The Company shall <u>issue corporate social responsibility reports, to disclose the status of its implementation of the corporate social responsibility policy.</u></p>
Article <u>23</u>	<p><u>The Company shall monitor the development of the country and overseas countries corporate sustainability standards and the change of business environment so as to examine and improve its established corporate sustainability framework and to obtain better results from the implementation of the sustainability initiatives.</u></p>	
Article <u>24</u>	<p>The Principles take effect after approval at the directors’ meeting <u>and report to the shareholders meeting.</u> The same applies for any amendments.</p>	<p>Article <u>21</u></p> <p>The Principles <u>herein</u> take effect after approval at the directors’ meeting. The same applies for any amendments.</p>

Attachment VI

Current Shareholding of Directors

The list of the 23rd term of Board of Directors of Far Eastern New Century Corporation

Book closure date: 1 May 2021

Title	Name of persons or companies	Representatives appointed	Number of shares held	Percentage of shares held
Chairman	Douglas Tong Hsu	-	91,748,698	1.71%
Director	Asia Cement Corporation	Johnny Hsi	1,272,277,085	23.77%
		Peter Hsu		
		Raymond Hsu		
		Shaw Y. Wang		
	Far Eastern Department Stores Ltd.	Richard Yang	19,964,370	0.37%
		Tonia Katherine Hsu		
	U-Ming Marine Transport Corporation	Kwan-Tao Li	31,181,470	0.58%
		Alice Hsu		
Yue Ding Investment Co., Ltd.	Champion Lee	33,617,781	0.63%	
Independent Director	Bing Shen	-	-	-
	Johnsee Lee	-	-	-
	Raymond R. M. Tai	-	-	-
The combined shareholding of all Directors			1,448,789,404	27.06%
The minimum required combined shareholding of all Directors by law			85,646,004	1.60%

Note: The holdings of individual representatives are excluded from total shareholding calculations.

Attachment VII

Impact of the Stock Dividend Distribution on Operating Results, Earnings per Share and Shareholders' Return on Investment

Not applicable.

General information

I. Articles of Incorporation of Far Eastern New Century Corporation

Chapter 1 General Provisions

Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called: Far Eastern New Century Corporation

Article 2 The Company's businesses are as follows :

1. C301010 Yarn spinning mills
2. C302010 Knit fabric mills
3. C303010 Non woven fabric mills
4. C305010 Printing dyeing and finishing mills
5. C306010 Outerwear knitting mills
6. C307010 Apparel, clothing accessories and other textile product manufacturing
7. C399990 Other textile products
8. C801120 Manmade fiber manufacturing
9. C801990 Other chemical material manufacturing
10. F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products
11. F105050 Wholesale of furniture, bedclothes, kitchen equipment and fixtures
12. F106020 Wholesale of articles for daily use
13. F107990 Wholesale of other chemical products
14. F204110 Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products
15. F205040 Retail sale of furniture, bedclothes, kitchen equipment and fixtures
16. F206020 Retail sale of articles for daily use
17. F207990 Retail sale of other chemical products
18. F301010 Department stores
19. F401010 International trade
20. F501060 Restaurants
21. J701020 Amusement parks
22. J801030 Athletics and recreational sport stadium
23. H701010 Residence and buildings lease construction and development
24. H701020 Industrial factory buildings lease construction and development
25. H701040 Specialized field construction and development
26. H701050 Public works construction and investment
27. G202010 Parking garage business
28. G801010 Warehousing and storage
29. IZ06010 Cargos packaging
30. C802120 Industrial catalyst manufacturing
31. F102040 Wholesale of nonalcoholic beverages
32. F107030 Wholesale of cleaning preparations
33. F113070 Wholesale of telecom instruments
34. F213060 Retail sale of telecom instruments
35. CC01080 Electronic part and component manufacturing
36. CF01011 Medical materials and equipment manufacturing

37. F108031 Wholesale of drugs and medical goods
38. F208031 Retail sale of medical equipments
39. C803990 Other Petroleum and Charcoal Manufacturing
40. F112020 Wholesale of Coal and Products
41. ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations

Article 3 The Company may provide guarantees for third parties in accordance with the Company bylaw of "Procedures for Endorsements and Guarantees".

Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital as stipulated under Article 13 of the Company Act, subject to approval of the Board of Directors.

Article 5 The Company is incorporated in Taipei, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Chapter 2 Share Capital

Article 6 The Company's total capital shall be Sixty Billion New Taiwan Dollar (NT\$60,000,000,000) divided into 6,000,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches.

Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.

Article 7 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises.

The Company can issue special stock.

In the event of the Company merging with another company, matters relating to the merger need not be approved by way of a resolution of the special shareholders meeting.

Article 8 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.

Article 9 Registration of share transfer shall be closed within 60 days prior to General Shareholders' Meeting, or with 30 days prior to Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3 Shareholders' Meeting

Article 10 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings: General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year.

Extraordinary Shareholders' Meeting shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 11 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.

- Article 12 Unless otherwise stipulated by the Company Act, a quorum shall be present at the shareholders' meeting if shareholders representing more than half of the shares issued by the Company are in attendance and resolutions at the said assembly shall be passed if approved by a majority of the shareholders in attendance.
- Article 13 Shareholders may by way of power of attorney appoint proxies to attend the said shareholders' meeting. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.
Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholders' Meeting of Public Companies".
- Article 14 Unless otherwise stipulated by the Company Act and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's regulations for shareholders' meeting.
- Article 15 Minutes and resolutions of shareholders' meeting shall be recorded and signed by or affixed with the seal of the chairman of the meeting. The said minutes and resolutions shall specify the date and place of the shareholders' meeting, number of shares represented by the shareholders (or proxies) present at the meeting; number of voting rights represented; name of the chairman of the shareholders' meeting; resolutions and the manner in which they are passed. The said minutes and resolutions shall be kept, together with the register of shareholders' attendance and the proxies' powers of attorney, in compliance with the law.

Chapter 4 Directors and Managers

- Article 16 There shall be 10 to 15 Directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".
3 Independent Directors shall be elected from the list of persons with legal capacity.
Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of Independent and non-Independent Directors should be held together. Moreover, in order to ensure the election of at least two Independent Directors of each election, the Independent and non-Independent Directors elected should be calculated separately.
- Article 16-1 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of Independent Directors, is responsible of executing powers relegated to supervisors by the Company Act, Securities and Exchange Act and other laws and regulations.
The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.
- Article 17 The respective appointments of Directors are for a period of 3 years. They may be reappointed following their re-election.

- Article 18 The Board of Directors of the Company shall comprise the Directors. A Chairman and a Vice Chairman shall be elected from among the Directors to represent the Company. Where the Chairman has taken leave or is unable to perform his duties for any reasons, the Vice Chairman shall act in his place. Where the Vice Chairman is also unavailable, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.
- Article 19 Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Act, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may when urgent matters occur convene meetings of the Board at any time.
When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.
A notice to convene a Board meeting shall be sent to all Directors via postal mail, email or fax.
- Article 20 (deleted)
- Article 21 (deleted)
- Article 22 The Company shall have a number of General Managers, Chief Operating Officers and Deputy General Managers, Executive Vice Presidents Managers and Factory Managers, a Chief Auditor and a Deputy Chief Auditor.
The appointment and dismissal of the above staff shall be by way of a majority at the meetings of the Board of Directors, subject to more than half of the Directors are in attendance of the said meetings.
- Article 23 The Chairman, the Vice Chairman and the General Manager shall handle the daily affairs of the Company in compliance with the resolution of the Board of the Directors.
- Article 23-1 The Company shall take out liability insurance for Directors and officers with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

Chapter 5 Accounting

- Article 24 The Company's fiscal year shall commence on the First of January of each year, and ends on the Thirty-first of December of the same year. The final accounts are settled at the end of the Company's fiscal year.
- Article 25 The Board of Directors shall in accordance with law furnish various documents and statements and submit for approval at the General Shareholders' Meeting.
The appointment, dismissal and remuneration of the accountants auditing and reviewing the above documents and statements shall be resolved at the meeting of the Board of the Directors.
- Article 26 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered.
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, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

Article 27 Apart from paying all its income taxes in the case where there are profits for the current year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of “net profit after tax for the current year” plus “gains other than net profit after tax for the current year, which must be added to the current year’s undistributed surplus” shall be set aside by the Company as legal reserve. Subject to certain business conditions under which the Company may retain a portion, the Company may distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholder as shareholders’ dividend. However in the case of increase in the Company’s share capital, the shareholders’ dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders’ meeting.

The distribution of shareholders’ dividend shall take into consideration the changes in the outlook for the Company’s businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders’ dividend shall be distributed aimed at maintaining the stability of shareholders’ dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders’ dividend, which is not less than 50% of the final surplus of after-tax profit in same year to withhold accumulated losses, legal reserve and special reserve, the cash dividend is not less than 10% of the shareholders’ dividend distributed in the same year.

Article 28 All matters not covered herein shall be undertaken in accordance with the Company Act of the Republic of China and the other relevant law and regulations.

Article 29 These Articles of Incorporation were drafted on December 15, 1952, and came into effect following its approval by a resolution of the General Shareholders’ Meeting and the competent authorities. Amendments shall take effect following their approval at the shareholders’ meetings.

First amendment on July 1, 1953;
Second amendment on January 22, 1954;
Third amendment on September 1, 1956;
Fourth amendment on January 15, 1957;
Fifth amendment on June 13, 1959;
Sixth amendment on August 25, 1959;
Seventh amendment on March 31, 1960;
Eighth amendment on October 26, 1960;
Ninth amendment on February 25, 1961;
Tenth amendment on May 25, 1961;
Eleventh amendment on May 2, 1962;
Twelfth amendment on August 7, 1964;
Thirteenth amendment on December 19, 1964;
Fourteenth amendment on January 20, 1966;
Fifteenth amendment on June 22, 1966;
Sixteenth amendment on June 24, 1967;
Seventeenth amendment on December 23, 1967;
Eighteenth amendment on June 8, 1968;
Nineteenth amendment on May 31, 1969;
Twentieth amendment on June 17, 1970;
Twenty-first amendment on January 25, 1972;
Twenty-second amendment on June 20, 1972;

Twenty-third amendment on April 30, 1973;
Twenty-fourth amendment on October 17, 1973;
Twenty-fifth amendment on May 8, 1974;
Twenty-sixth amendment on May 19, 1975;
Twenty-seventh amendment on April 14, 1976;
Twenty-eighth amendment on September 15, 1976;
Twenty-ninth amendment on April 6, 1977;
Thirtieth amendment on April 18, 1978;
Thirty-first amendment on February 9, 1979;
Thirty-second amendment on April 14, 1979;
Thirty-third amendment on April 28, 1980;
Thirty-fourth amendment on April 15, 1981;
Thirty-fifth amendment on April 21, 1982;
Thirty-sixth amendment on April 21, 1982;
Thirty-seventh amendment on May 5, 1983;
Thirty-eighth amendment on May 2, 1984;
Thirty-ninth amendment on May 10, 1985;
Fortieth amendment on April 23, 1987;
Forty-first amendment on April 20, 1988;
Forty-second amendment on April 20, 1989;
Forty-third amendment on April 23, 1990;
Forty-fourth amendment on April 26, 1991;
Forty-fifth amendment on May 12, 1992;
Forty-sixth amendment on May 14, 1993;
Forty-seventh amendment on May 9, 1994;
Forty-eighth amendment on May 4, 1995;
Forty-ninth amendment on May 27, 1996;
Fiftieth amendment on May 23, 1997;
Fifty-first amendment on May 22, 1998;
Fifty-second amendment on May 21, 1999;
Fifty-third amendment on May 15, 2000;
Fifty-fourth amendment on May 18, 2001;
Fifty-fifth amendment on June 12, 2002;
Fifty-sixth amendment on June 9, 2003;
Fifty-seventh amendment on June 4, 2004;
Fifty-eighth amendment on June 14, 2005;
Fifty-ninth amendment on June 13, 2006;
Sixtieth amendment on October 13, 2009.
Sixty-first amendment on June 22, 2010
Sixty-second amendment on June 24, 2011
Sixty-third amendment on June 25, 2013
Sixty-fourth amendment on June 26, 2014
Sixty-fifth amendment on June 26, 2015
Sixty-sixth amendment on June 23, 2016
Sixty-seventh amendment on June 29, 2018
Sixty-eighth amendment on June 30, 2020

II. Meeting Rules of Stockholders for Far Eastern New Century Corporation

The latest amendment on June 30, 2020

Article 1 The stockholders' meeting of the Company shall be held according to the rules herein.

Article 2 The location for stockholders' meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.

The meeting notice of the shareholders' meeting shall state the registration time, location and other important information. The aforesaid registration time shall start at least thirty minutes before the beginning of the meeting. The registration desk shall be featured with clear instructions and competent staffs.

When convening stockholders' meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of stockholders' meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.

Shareholders (or by proxies) attending the meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose. The stockholders (or by proxies) when attending the meeting shall hand in signed attendance form.

Number of stockholders in attendance shall be calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attended forms and the number of voting shares via electronic casting.

The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a stockholders' meeting convened by the Board of Directors, the chairman of the Board of Directors shall preside at the meeting. If the chairman of the Board of Directors is on leave or unable to exert the rights, the vice-chairman of the Board of Directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the Board of Directors shall designate a Director to preside at the meeting. If no Director is so designated, the chairman of the meeting shall be elected by the Board of Directors from among themselves. If a Director presides at the meeting including the representative of an institutional director, shall be appointed at least 6 months and familiar with the financial performance and operations of the Company. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If a shareholder files lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation.

Article 3 The chairperson shall announce starting of the meeting when the attending stockholders (or proxies) represent more than half of the total shares issued in public. The chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending stockholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present.

After proceeding with the aforesaid tentative resolutions, the chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending stockholders (or proxies) reached the legal quorum.

Article 4 If the stockholders' meeting is convened by the Board of Directors, the agenda shall be designated by the Board of Directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

If the meeting is convened by person, other than the Board of Directors, having the convening right, the provision set out in the preceding paragraph shall apply mutatis mutandis.

Except with stockholders' resolution, the chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded. During the meeting, if the chairperson declares adjournment of the meeting in violation of the preceding rule, a new chairperson may be elected by a resolution passed by majority of the attending stockholders to continue the meeting.

When the meeting is adjourned by resolution, the stockholders shall not elect another chairperson to continue the meeting at the same location or another venue.

Article 5 The stockholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the chairperson will designate the order in which each person is to speak during the session.

No statement will be considered to have been made if the stockholder (or proxies) merely completes the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.

Article 6 Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the stockholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other stockholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.

Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairperson's permission.

The chairperson may restrain stockholders (or proxies) from speaking if that stockholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a stockholder (or proxy) is speaking, other stockholder (or proxy) shall not interrupt without consent of the chairperson and the speaking stockholder (or proxy). Any disobedient of the preceding rule shall be prohibited by the chairperson. Article 15 of this meeting rule shall apply if the disobedient do not follow the chairperson's instructions.

Article 8 For the same proposal, each person shall not speak more than 2 times.

When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting.

If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.

Article 9 After speaking by the attending stockholder (or proxy), the chairperson may reply in person or assign relevant officer to reply.

Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.

Article 10 For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.

No discussion or voting shall proceed for matters unrelated to the proposal.

The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the chairperson. The person responsible for vote overseeing shall be of the stockholder status.

Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.

All proposals shall be put to vote and may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.

The results of voting and election shall be announced after the vote calculation on the spot and kept for records.

Article 12 During the meeting, the chairperson may at his/her discretion declare time for break.

Article 13 If encountering force majeure during the meeting, the chairperson may suspend the meeting and will announce the time to resume the meeting.

Article 14 The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

Article 15 The stockholders (or proxies) shall obey the instructions of the chairperson and security guards in terms of maintaining the order. The chairperson or security guards may exclude the persons disturbing the stockholders' meeting from the meeting.

Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Act, Stock Exchange Law and the other related laws and regulations.

Article 17 The rules herein take effect after approval at the stockholders' meeting, the same apply for any amendments.

III. Election Procedures of Directors for Far Eastern New Century Corporation

The latest amendment on June 26, 2015

- 1) The election of Directors shall be pursued in accordance with the procedures herein.
- 2) The election of Directors adopts the method of accumulated vote-counts. The attendance card number of the voters shall be used on the ballot instead of the name of the voters. The ballots shall be prepared by the Board of Directors, numbered according to the attendance card numbers and noted with share number represented for voting.
- 3) The election of Directors and Independent Directors shall be pursued according to the number of position required and shall be held together; provided, however, that the Independent and non-Independent Directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.

Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or other relevant regulations of ROC.

- 4) In the beginning of the election, the chairperson shall assign two personnel for vote overseeing and vote counting respectively. The personnel for vote overseeing shall be of the stockholder status.
- 5) The responsibility of the vote-overseeing personnel's responsibility shall be as follows:
 - Check and seal the ballot box in public before ballot casting.
 - Maintain the order and check for any negligence and illegality for voting.
 - Unseal the ballot box and check the ballot number after ballot casting.
 - Check for any invalid ballots and hand in the valid ballots to the vote-counting personnel.
 - Oversee the vote-counting personnel recording the ballot numbers received by each candidate.
- 6) If the candidate is a natural person with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and the number of identity document of the candidate. If the candidate is the government or juristic stockholder, the ballot shall be filled out with the number, the name of government or juristic person and the representative name. If there are more than one representative, all the representative names shall be listed.
- 7) The ballot shall be considered invalid in any of the following situations:
 - Not the ballot provided under the rules herein
 - One ballot with more than two candidate names listed
 - Blank ballot
 - Ballot not filled out according to article 6 or ballot with unrelated writing to this election
 - Written characters blurred and not legible
 - Incorrect candidate information on the ballot

- 8) The ballot box is prepared by the Company, and examined publicly by the scrutineers before voting.
- 9) When all the ballots are cast in the box, the personnel of vote overseeing and counting shall simultaneously unseal the ballot boxes.
- 10) The vote-overseeing personnel shall be present for vote counting.
- 11) If there is any question about the ballot, the vote-overseeing personnel shall check whether it is invalid. The invalid ballots shall be collected and kept separately. The vote-overseeing personnel shall designate them as the invalid with signature and seal after ballot counting.
- 12) For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot number after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected.
- 13) The elected Directors shall be given the election notification by the Board of Directors.
- 14) The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.



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