

**2022 Annual General Shareholders' Meeting
(Translation)**

- Meeting type:** A hybrid shareholders' meeting
(Physical shareholders' meeting with the assistance of video conference)
- Time:** 9:00 a.m., Thursday, June 30, 2022 (Taipei time)
- Place:** Auditorium in the Taipei Hero House, No. 20, Changsha Street, Section 1, Taipei, Taiwan
- E-meeting platform:** Taiwan Depository & Clearing Corporation (TDCC) / TDCC Stockvote
(<https://www.stockvote.com.tw>)
- Shareholders present:** **Total number of outstanding shares: 5,352,095,852 shares (excluding 779,375 shares owned by FENC's subsidiaries)**
Total shares represented by shareholders present: 4,677,252,012 shares
Percentage of shares held by shareholders: 87.39%
- Directors:** Mr. Douglas Tong Hsu, Mr. Johnny Hsi, Mr. Peter Hsu, Mr. Shaw Y. Wang, Mr. Jeff Hsu, Ms. Alice Hsu, Mr. Kwan-Tao Li, Ms. Tonia Katherine Hsu, Mr. Richard Yang, Mr. Champion Lee, Mr. Chen-En Ko, Mr. Raymond R.M. Tai and Mr. Johnsee Lee.

Chairman: Mr. Douglas Tong Hsu, Chairman of the Board of Directors



Recorder: Ms. Grace Yang



Meeting called to order

(The aggregate shares of the shareholders present in person or by proxy constituted a quorum.)

Chairman's address (Omitted)

Reporting items

1. 2021 business operations (Omitted)
2. 2021 financial statements (See Attachment I)
3. The Audit Committee's review report of 2021 business operations and financial statements (See Attachment II)
4. 2021 employees' compensation and Directors' remuneration (Omitted)
5. Information of the corporate bonds issued in 2021 (Omitted)
6. Amendments to "Sustainable Development Principles of Far Eastern New Century Corporation" (Omitted)

Approval items

1. To accept 2021 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2021 business report and financial statements.

Explanatory Notes:

- i. FENC's 2021 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 2021 business report (omitted), independent auditors' reports, Audit Committee's report, and the aforesaid financial statements are attached as Attachments I and II.
- iii. Please accept the aforesaid business report and financial statements.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,449,373,256 shares voted for the proposal, representing 95.13% of the total represented shares, 611,533 shares voted against the proposal, while 227,267,223 shares voted abstention the proposal.

RESOLVED, that the 2021 business report and financial statements be and hereby were accepted as submitted.

2. To approve the proposal for distribution of 2021 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2021 profits.

Explanatory Notes:

- i. Cash dividends to common shareholders: NT\$8,029,312,841. (NT\$ 1.5/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 2021 profit allocation proposal

(Unit: NT\$)

| | |
|--|-----------------------|
| 1. Net income of 2021 | 9,684,584,384 |
| 2. Adjustments due to changes in investees' equity in equity-method investments | 204,788,514 |
| 3. Adjustments due to changes in other comprehensive income | 288,691,994 |
| 4. Legal reserve | 1,017,806,489 |
| 5. Special reserve | 780,268,043 |
| 6. Reversal of special reserve | 272,781 |
| 7. Unappropriated earnings of previous years | 3,678,505,928 |
| Earnings available for distribution as of 31 December 2021 (1+2+3-4-5+6+7) | 12,058,769,069 |
| Distribution item: | |
| 1. Shareholders' dividend (NT\$ 1.5/share in cash) | 8,029,312,841 |
| Total distribution | 8,029,312,841 |
| Unappropriated earnings | 4,029,456,228 |

iv. Please approve the aforesaid proposal for the distribution of 2021 profits.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,447,400,560 shares voted for the proposal, representing 95.09% of the total represented shares, 7,084,010 shares voted against the proposal, while 222,767,442 shares voted abstention the proposal.

RESOLVED, the proposal for distribution of 2021 profits be and hereby was accepted as proposed.

Proposed resolutions

1. To approve the revisions to the “Articles of Incorporation of Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments to the Articles of Incorporation.

Explanatory Notes:

- i. In accordance with the provisions of Article 172-2, paragraph 1 of the “Company Act” and to make the Company’s shareholders’ meetings to be able to be held by more flexible means, the Company hereby amends the Articles 11 and 29 of the “Articles of Incorporation of Far Eastern New Century Corporation”.
- ii. The overview table for the “Articles of Incorporation of Far Eastern New Century Corporation” Before and After amendments is as follows.

| Section | Proposed Changes | Current Articles |
|------------|--|--|
| Article 11 | <p>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.</p> <p><u>The Shareholders' Meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p> | <p>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.</p> |
| Article 29 | <p>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.</p> <p><u>Sixty-ninth amendment on June 30, 2022</u></p> | <p>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.</p> <p><u>Sixty-eighth amendment on June 30, 2020</u></p> |

- iii. Please approve the proposal for the amendments to the “Articles of Incorporation of Far Eastern New Century Corporation”.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,393,652,603 shares voted for the proposal, representing 93.94% of the total represented shares, 52,887,261 shares voted against the proposal, while 230,712,148 shares voted abstention the proposal.

RESOLVED, the proposal for the amendments to the “Articles of Incorporation of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

2. To approve amending the company bylaw of “Meeting Rules of Stockholders for Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments to Meeting Rules of Stockholders.

Explanatory Notes:

- i. In accordance with the provisions of Article 172-2 of the “Company Act”, the Financial Supervisory Commission promulgated the “Regulations Governing the Administration of Shareholder Services of Public Companies” on March 4, 2022, which revised and augmented the provisions concerning the means and processes of the holding of shareholders' meetings by visual communication networks. Therefore, the Company hereby refers to the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”, issued by Taiwan Stock Exchange Corporation (TWSE) on 8 March 2022, to amend Articles 2, 8-1,11,13 of the “Meeting Rules of Stockholders for Far Eastern New Century Corporation”.
- ii. The overview table for the “Meeting Rules of Stockholders for Far Eastern New Century Corporation” Before and After amendments is as follows.

| Section | Proposed Changes | Current Articles | Description |
|-----------|---|---|---|
| Article 2 | <p>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.</p> <p><u>Changes to the forms of how the Company convenes shareholders' meetings shall be resolved by resolutions of the board of directors, and shall be made no later than the mailing of the shareholders' meeting notices.</u></p> <p>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. <u>For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes prior to the starting time. Shareholders who complete the registration process will be deemed to attend the shareholders' meeting in person.</u></p> <p>When convening stockholders' meeting, the Company shall</p> | <p>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.</p> <p>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.</p> <p>When convening stockholders' meeting, the Company shall</p> | <p>I. In accordance with the amendments to the “Company Act” and the “Regulations Governing the Administration of Shareholder Services of Public Companies”, regarding the means and processes of the holding of the shareholders' meetings via visual communication networks, the Company hereby takes the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” (referred hereinafter as the “Sample Template”) issued by TWSE on 8 March 2022, as a reference to amending paragraph 2 of this Article.</p> <p>II. The Company refers to the paragraph 2 of Article 6 of the “Sample Template” to stipulate the time</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|--|--|
| | <p>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. <u>Shareholders who have already exercised their voting rights by paper correspondence or electronic means and still attended the shareholders' meetings physically or registered to attend the shareholders' meeting online without withdrawing the former declaration of such intent of voting, in such case, except for exercising voting rights on extemporary motions, they shall not exercise voting rights on the original proposals or make any amendment to the original proposals or exercise voting rights on amendments to the original proposals.</u></p> <p>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.</p> <p>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, <u>and the shares that checked in on the virtual meeting platform,</u> and the number of voting shares via electronic casting.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affaires of the meeting shall wear identification badge or armband.</p> <p>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,</p> | <p>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. <u>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.</u></p> <p>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.</p> <p>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.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affaires of the meeting shall wear identification badge or armband.</p> <p>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,</p> | <p>and procedures of the registration process for shareholders who attend the shareholders' meetings via virtual meeting platforms. Therefore, the paragraph 3 of this Article is amended.</p> <p>III. The "Sample Template" takes the contents of the interpretative letters of No.10102404740, dated 24 February 2012, and of No.10102414350, dated 3 May 2012, issued by the Ministry of Economic Affair, as a reference to amend paragraph 12 of Article 13, which stipulates that shareholders who have already exercised their voting rights via paper correspondence or electronic means, can still register to attend the virtual shareholders' meeting, even though they have not revoked the former declaration of such intent of voting, in that case, except for exercising voting rights on extemporary motions, the shareholders cannot exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal. Therefore, the</p> |

| Section | Proposed Changes | Current Articles | Description |
|-------------|---|--|--|
| | <p>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.</p> <p>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 a lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation. <u>When a virtual shareholders' meeting has convened, the Company shall make continuous and uninterrupted audio and video recordings throughout the entire meeting and shall properly preserve the relevant records and audio and video recordings during the entirety of the Company's existence.</u></p> | <p>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.</p> <p>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 a lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation.</p> | <p>Company hereby refers to the amendment of the "Sample Template" hereinabove to amend paragraph 3 of this Article and reclassifies it as paragraph 4.</p> <p>IV. In addition to the number of shares in attendance being exercised in the attendance book, sign-in cards, paper correspondences or electronic means, the total shares number in attendance shall also be calculated by adding up the shares of those shareholders who have completed the registration process on the virtual meeting platform, after a virtual shareholders' meeting has convened. The Company hereby amends paragraph 5 of this Article and reclassifies it as paragraph 6.</p> <p>V. The Company refers to the paragraphs 3 and 4 of Article 8 of the "Sample Template" to amend paragraph 10 of this Article.</p> |
| Article 8-1 | <p><u>When a virtual shareholders' meeting has convened, shareholders who attend the meeting online may raise their questions in text form on the virtual meeting platform right from the moment when the chairman declares the meeting has convened until the moment when the meeting is being declared adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The provisions of the Articles 5,7,8 shall</u></p> | | <p>In order to specify how the shareholders' question- raising methods, procedures and restrictions are to be executed on virtual meeting platforms, the Company hereby refers to the paragraph 7 of Article 11 of the "Sample Template" to amend this Article.</p> |

| Section | Proposed Changes | Current Articles | Description |
|------------|---|--|---|
| | not be applied herein. | | |
| Article 11 | <p><u>When a virtual shareholders' meeting has convened, shareholders who attend the meeting online may cast their votes on various proposals and elections via the virtual meeting platform after the chairman declares the meeting has now convened and shall complete the casting prior to the moment when the chairman declares the closing of the voting session or otherwise shall be deemed to abstain from voting.</u></p> <p>In regard 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.</p> <p><u>Votes on all proposals and elections shall be conducted by one-time voting and shall be counted as one-time vote right after the chairman declares the closing of the voting session.</u></p> <p>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.</p> <p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p> <p><u>After a virtual shareholders' meeting has convened, the Company shall disclose the voting results of each proposal and the results of each election promptly on the virtual meeting platform right after the closing of the voting session to accord with the regulations. The Company shall disclose the information hereinabove continuously for at least 15 minutes on the virtual meeting platform after</u></p> | <p>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.</p> <p><u>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.</u></p> <p>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.</p> <p>The results of voting and election shall be announced after the vote calculation on the spot and kept for records.</p> | <p>I. In order to make the shareholders who attend the virtual shareholders' meeting on the virtual meeting platform to have sufficient time to conduct the voting process, the Company hereby amends paragraph 1 of this Article.</p> <p>II. When a virtual shareholders' meeting has convened, the vote counting process has to be done by a one-time operation to match up the voting period of those shareholders who attend the shareholders' meeting on the virtual meeting platform. Hence, in accordance with the amendment of Paragraph 1 of this Article, the Company hereby amends Paragraph 2 of this Article and reclassifies it as Paragraph 3.</p> <p>III. In order to enable the shareholders who attend shareholders' meetings on the virtual meeting platform to promptly know the voting status of every resolution and the final result of each election, the Company refers to the Article 19 of the "Sample Template" to amend paragraph 6 of this Article.</p> |

| Section | Proposed Changes | Current Articles | Description |
|------------|--|--|--|
| | <u>the chairman declares the meeting is adjourned.</u> | | |
| Article 13 | <p><u>After a virtual shareholders meeting has convened, the chairman shall declare the opening of the meeting and, at the same time, declare that, unless the meeting does not need to be postponed or resumed under the laws, if there are factors as to natural disasters, accidents or other force majeure events which have led the operation of the virtual meeting platform or the participation via virtual meetings to be obstructed for more than 30 minutes, the shareholders' meeting shall be postponed or resumed within five days, and the chairman shall also declare the date on which the shareholders' meeting to be postponed or resumed.</u></p> <p>If encountering force majeure during the meeting, the chairperson may suspend the meeting and will announce the time to resume the meeting.</p> | <p>If encountering force majeure during the meeting, the chairperson may suspend the meeting and will announce the time to resume the meeting.</p> | <p>When a virtual shareholders' meeting has convened, at the beginning of the shareholders' meeting, the Chairman shall announce the disposing mechanism for interrupted situations, such as obstruction or disconnection from the virtual meeting platform. The Company hereby refers to the paragraph 2 of Article 21 of the "Sample Template" to amend paragraph 1 of this Article.</p> |

iii. Please approve the above proposal.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,393,918,375 shares voted for the proposal, representing 93.94% of the total represented shares, 52,607,332 shares voted against the proposal, while 230,726,305 shares voted abstention the proposal.

RESOLVED, the proposal for the amendments to "Meeting Rules of Stockholders for Far Eastern New Century Corporation" be and hereby was accepted as proposed.

3. To approve amending the company bylaw of “Election Procedures of Director for Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments to Election Procedures of Director.

Explanatory Notes:

- i. In accordance with the “Sample Template for XXX Co., Ltd. Procedures for Election of Directors” revised by Taiwan Stock Exchange Corporation, the Company hereby amends the “Election Procedures of Director for Far Eastern New Century Corporation”.
- ii. The overview table for the “Election Procedures of Director for Far Eastern New Century Corporation” Before and After amendments is as follows.

| Section | Proposed Changes | Current Articles |
|-----------|---|---|
| Article 3 | <p>The election of <u>Directors</u> shall be pursued according to the number of position required, and 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.</p> <p>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.</p> | <p>The election of <u>Directors and Independent Directors</u> shall be pursued according to the number of position required and <u>shall be held together; provided, however, that</u> 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.</p> <p>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.</p> |
| Article 6 | <p>If the candidate is a natural person, the voters shall fill out the ballot with the name of the candidate. If the candidate is <u>the government or juristic stockholder</u>, the ballot shall be filled out with the name <u>of government or juristic person</u>. If the candidate is the <u>representative of the government or juristic stockholder</u>, the ballot shall be filled out with the name of government or juristic person and the representative’s <u>name</u>.</p> | <p>If the candidate is a natural person <u>with the stockholder status</u>, the voters shall fill out the ballot with the name <u>and stockholder number</u> of the candidate. <u>If the candidate is not of the stockholder status</u>, the ballot shall be filled out with the name <u>and the number of identity document of the candidate</u>. If the candidate is the government or juristic stockholder, <u>the ballot shall be filled out with the number</u>, the name of government or juristic person and the representative name. <u>If there are more than one representative, all the representative names shall be listed.</u></p> |

| Section | Proposed Changes | Current Articles |
|--------------------------------|--|--|
| Article 7 | <p>The ballot shall be considered invalid in any of the following situations:</p> <p>(1) Not the ballot provided under the rules herein.</p> <p>(2) One ballot with more than two candidate names listed.</p> <p>(3) Blank ballot.</p> <p>(4) <u>Other words or marks are entered in addition to the candidate's name and the number of voting rights allotted.</u></p> <p>(5) Written characters blurred and not legible.</p> <p>(6) <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></p> <p>(7) <u>The total number of voting rights exercised by the voters exceeds to the total number of voting rights the voters entitled to.</u></p> | <p>The ballot shall be considered invalid in any of the following situations:</p> <p>(1) Not the ballot provided under the rules herein.</p> <p>(2) One ballot with more than two candidate names listed.</p> <p>(3) Blank ballot.</p> <p>(4) <u>Ballot not filled out according to article 6 or ballot with unrelated writing to this election.</u></p> <p>(5) Written characters blurred and not legible.</p> <p>(6) <u>Incorrect candidate information on the ballot.</u></p> |
| Article 13 | (Delete) | <p><u>The elected Directors shall be given the election notification by the Board of Directors.</u></p> |
| Article 14 moved to Article 13 | <p>The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.</p> | <p>The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.</p> |

iii. Please approve the above proposal.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,449,956,932 shares voted for the proposal, representing 95.14% of the total represented shares, 508,342 shares voted against the proposal, while 226,786,738 shares voted abstention the proposal.

RESOLVED, the proposal for amending the company bylaw of "Election Procedures of Director for Far Eastern New Century Corporation" be and hereby was accepted as proposed.

4. To approve amending the company bylaw of “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation” and “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments to Procedures for Lending of Capital to Others and Procedures for Endorsements and Guarantees.

Explanatory Notes:

- i. In accordance with the “FAQ of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” issued by the Financial Supervisory Commission on December 24, 2021, which revised the publishing and reporting standard procedures for both lending of capital to others and making of endorsements/ guarantees by public companies or its subsidiaries, the Company hereby amends Article 8 of the “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation” and Article 8 of the “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation”.
- ii. The overview table for the “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation” and “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation” Before and After amendments is as follows.

1. Amendments to “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation”

| Section | Proposed Changes | Current Articles | Description |
|----------------|---|---|---|
| Article 8 | <p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month.</p> <p>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them within 2 days commencing immediately from the date of occurrence:</p> <p>1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of the Company's Latest Net Worth; or</p> <p>2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Company's Latest Net Worth; or</p> <p>3) <u>The amount of new loans of funds by the Company or the Company's subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in the latest financial statement.</u></p> | <p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month.</p> <p>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them within 2 days commencing immediately from the date of occurrence:</p> <p>1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of the Company's Latest Net Worth; or</p> <p>2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Company's Latest Net Worth; or</p> <p>3) Any additional <u>individual</u> loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of the Company's Latest Net Worth.</p> | <p>I. According to Question NO.35 of the “FAQ of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” announced by the Financial Supervisory Commission on 24 December 2021, one of the publishing and reporting standard procedures for lending of capital to others, as referred to in subparagraph 3, paragraph 1, Article 22 of the “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|--|--|
| | <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to item 3 of the preceding paragraph.</p> <p>The "public announcement and report" referred to herein shall be those entered into the web-site designated by the Financial Supervisory Commission for reporting information. "Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the loans, whichever date is earlier.</p> <p>The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the chartered accountants with relevant materials for them to carry out the necessary audit processes.</p> | <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to item 3 of the preceding paragraph.</p> <p>The "public announcement and report" referred to herein shall be those entered into the web-site designated by the Financial Supervisory Commission for reporting information. "Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the loans, whichever date is earlier.</p> <p>The Company shall assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the chartered accountants with relevant materials for them to carry out the necessary audit processes.</p> | <p>Public Companies", is based on the total amount of new loans of funds lent by the public company or its subsidiaries, rather than on a single new loan amount, and therefore subparagraph 3 of the second paragraph is hereby amended.</p> <p>II. The remaining provisions have not been amended.</p> |

2. Amendments to "Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation"

| Section | Proposed Changes | Current Articles | Description |
|-----------|---|---|--|
| Article 8 | <p>The Company shall before the 10th day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.</p> <p>Where limits of the Company's endorsements /guarantees set below have occurred, the Company shall publish and report within 2 days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> 1) The aggregate balance of endorsements/ guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's Latest Net Worth; or 2) The balance of endorsements/guarantees provided | <p>The Company shall before the 10th day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.</p> <p>Where limits of the Company's endorsements /guarantees set below have occurred, the Company shall publish and report within 2 days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> 1) The aggregate balance of endorsements/ guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's Latest Net Worth; or 2) The balance of endorsements/guarantees provided | <p>I. According to the Question NO.35 of the "FAQ of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" announced by the Financial Supervisory Commission on 24 December 2021, one of the publishing and reporting standard procedures for</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|---|--|
| | <p>by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's Latest Net Worth; or</p> <p>3) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, the booking value of any investment accounted for using equity method, and balance of loans to, such company has reached 30% of the Company's Latest Net Worth; or</p> <p>4) <u>The amount of new endorsements/guarantees made by the Company or the Company's subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in the latest financial statement.</u></p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of the preceding paragraph.</p> <p>The "public announcement and report" referred to herein shall be those entered into the web-site designated by the Financial Supervisory Commission for reporting information.</p> <p>"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the endorsements/ guarantees, whichever date is earlier.</p> <p>The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The</p> | <p>by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's Latest Net Worth; or</p> <p>3) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, the booking value of any investment accounted for using equity method, and balance of loans to, such company has reached 30% of the Company's Latest Net Worth; or</p> <p>4) The additional <u>individual</u> endorsement/ guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's Latest Net Worth.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of the preceding paragraph.</p> <p>The "public announcement and report" referred to herein shall be those entered into the web-site designated by the Financial Supervisory Commission for reporting information.</p> <p>"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the endorsements/ guarantees, whichever date is earlier.</p> <p>The Company shall assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The</p> | <p>endorsements and guarantees, as referred to in subparagraph 4, paragraph 1, Article 25 of the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies", is based on the total amount of new endorsements/ guarantees made by the public company or its subsidiaries, rather than on a single new endorsements/ guarantees amount, and therefore subparagraph 4 of the second paragraph in hereby amended.</p> <p>II. The remaining provisions have not been amended.</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|--|-------------|
| | Company shall furthermore disclose the relevant information in its financial statements and provide the certified accountants with relevant materials for them to carry out the necessary audit processes. | Company shall furthermore disclose the relevant information in its financial statements and provide the certified accountants with relevant materials for them to carry out the necessary audit processes. | |

iii. Please approve the above proposal.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,449,875,733 shares voted for the proposal, representing 95.14% of the total represented shares, 555,768 shares voted against the proposal, while 226,820,511 shares voted abstention the proposal.

RESOLVED, the proposal for the amendments to “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation” and “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

5. To approve amending the company bylaw of “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments to Procedures for Acquisition and Disposition of Assets.

Explanatory Notes:

- i. In accordance with the amendment promulgated by the Financial Supervisory Commission to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, issued by the decree of no.1110380465 on January 28, 2022, the Company hereby amends Articles 6, 7, 8, 9, 9-1 and 12 of the “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation”.
- ii. The overview table for the “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation” Before and After amendments is as follows.

| Section | Proposed Changes | Current Articles | Description |
|----------------|--|--|--|
| Article 6 | <p>1) Evaluation Process</p> <p>a) For investments in securities, the Finance Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with the prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' Opinions</p> <p>a) The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar</p> | <p>1) Evaluation Process</p> <p>a) For investments in securities, the Finance Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with the prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' Opinions</p> <p>a) The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar</p> | <p>When appraisal reports or opinions are being issued by external experts, the provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (referred hereinafter as “the Regulation”) requires external experts, such as certified public accountants to comply with the self-regulatory rules of the industry associations to which they belong, rather than to comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). Therefore, subparagraph(a) of paragraph 2 is hereby amended.</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|---|-------------|
| | <p>amount of the transaction is twenty <u>percent</u> (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to</p> | <p>amount of the transaction is twenty <u>per cent</u> (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. <u>Should the aforesaid accountant needs to refer to experts' opinions, Auditing Standards No. 20 published by the R.O.C. Accounting Research and Development Foundation (ARDF) shall be abided by.</u> This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to</p> | |

| Section | Proposed Changes | Current Articles | Description |
|-----------|--|--|---|
| | the immediate following meeting of the Board of Directors for ratification. | the immediate following meeting of the Board of Directors for ratification. | |
| Article 7 | <p>1) Evaluation Process</p> <p>a) For investments in real property, equipment, or their right-of-use assets, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>b) The proposed acquisition or disposition of real property, or its right-of-use asset shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>c) The proposed acquisition or disposition of equipment or its right-of-use asset shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation Reports</p> <p>In the case of real property, equipment, or their right-of-use assets acquired or disposed by the Company other than as a result of transactions with the domestic government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipments or its right-of-use asset for business operation purposes, where their transaction value is the amount equivalent to twenty <u>percent</u> (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional</p> | <p>1) Evaluation Process</p> <p>a) For investments in real property, equipment, or their right-of-use assets, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>b) The proposed acquisition or disposition of real property, or its right-of-use asset shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>c) The proposed acquisition or disposition of equipment or its right-of-use asset shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation Reports</p> <p>In the case of real property, equipment, or their right-of-use assets acquired or disposed by the Company other than as a result of transactions with the domestic government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipments or its right-of-use asset for business operation purposes, where their transaction value is the amount equivalent to twenty <u>per cent</u> (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to</p> | The reasons to amend are the same as the ones set forth in the description table for Article 6. |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|---|-------------|
| | <p>appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>a) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>b) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price. The said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>i) The appraisal results differ from the transaction amount by twenty <u>percent</u> (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten <u>percent</u> (10%) or greater.</p> <p>d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to</p> | <p>furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>a) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>b) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, unless the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, <u>accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF;</u> <u>furthermore</u> the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>i) The appraisal results differ from the transaction amount by twenty <u>per cent</u> (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten <u>per cent</u> (10%) or greater.</p> <p>d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to</p> | |

| Section | Proposed Changes | Current Articles | Description |
|-----------|---|--|--|
| | <p>the date of the contract; however, where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing real property, equipment, or their right-of-use assets, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> | <p>the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in Determining Authorized Investment Limit and Responsible Units Prior to the Company acquiring or disposing real property, equipment, or their right-of-use assets, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> | |
| Article 8 | <p>Transactions of Real Property with Related Parties</p> <p>1) Where the Company acquires or disposes real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of this Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article</p> | <p>Transactions of Real Property with Related Parties</p> <p>1) Where the Company acquires or disposes real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of this Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article</p> | <p>In order to strengthen the regulation on the related party's transaction, the Regulation stipulates that if a public company or a subsidiary thereof that is not a domestic public company is going to acquire or dispose assets from a related party and</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|---|---|
| | <p>obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten <u>percent</u> (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures</p> <p><u>a)</u> The Company shall, if it acquires or disposes real property or its right-of-use asset from or to related parties, or if it acquires or disposes other assets except real property or its right-of-use asset from or to related parties and the said transaction amount is twenty <u>percent</u> (20%) of the paid-in capital of the Company, or ten <u>percent</u> (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p> <p><u>i)</u> Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p><u>ii)</u> Reasons for transacting with related parties;</p> <p><u>iii)</u> Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein, when acquiring real property or its right-of-use asset from related parties;</p> <p><u>iv)</u> Date and price of acquisition by the related party, party to the</p> | <p>obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten <u>per cent</u> (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures</p> <p>The Company shall, if it acquires or disposes real property or its right-of-use asset from or to related parties, or if it acquires or disposes other assets except real property or its right-of-use asset from or to related parties and the said transaction amount is twenty <u>per cent</u> (20%) of the paid-in capital of the Company, or ten <u>per cent</u> (10%) of the total assets of the Company, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, submit to the Audit Committee and the Board of Directors for approval of the following information prior to the signing of the transaction contract and making payments:</p> <p><u>a)</u> Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p><u>b)</u> Reasons for transacting with related parties;</p> <p><u>c)</u> Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein, when acquiring real property or its right-of-use asset from related parties;</p> <p><u>d)</u> Date and price of acquisition by the related party, party to the</p> | <p>the transaction amount will reach 10 percent or more of the public company's total assets, the public company cannot sign a transaction contract or make any payment unless the relevant materials have been first submitted and approved by a shareholders' meeting. However, in the event of maintaining the integrated business planning needs for the public company, such restriction does not apply to transactions between the public company and its parent company, subsidiaries or between its subsidiaries. Hence the proviso exempts such transactions between the companies thereof from restriction. Therefore, subparagraph (c) of paragraph 2 is hereby amended.</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|---|-------------|
| | <p>transaction and relationship between the said party and the Company and related party;</p> <p>v) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore, evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>vi) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>vii) Restrictions on this transaction and other key contractual issues.</p> <p>b) When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>c) <u>If the Company or its subsidiary thereof that is not a domestic public company will have a transaction that set out in the subparagraph(a) of paragraph 2, and the transaction amount will reach ten percent (10%) or more of the Company's total assets, the Company shall submit the materials in all the items of subparagraph (a) to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u></p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>a) In the case of the Company obtaining real property or its right-</p> | <p>transaction and relationship between the said party and the Company and related party;</p> <p>e) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>f) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>g) Restrictions on this transaction and other key contractual issues.</p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>a) In the case of the Company obtaining real property or its right-</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|--|-------------|
| | <p>of-use asset from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than <u>seventy percent</u> (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>b) Where both the land and the buildings on it are purchased or leased in toto, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>c) In the case of the Company acquiring real property or its right-of-use asset from related parties,</p> | <p>of-use asset from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than <u>seventy per cent</u> (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>b) Where both the land and the buildings on it are purchased or leased in toto, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>c) In the case of the Company acquiring real property or its right-of-use asset from related parties,</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|---|-------------|
| | <p>in addition to the appraisal of the costs of the said real property or its right-of-use asset in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> <p>d) Under any one of the following circumstances in which the Company acquires real property or its right-of-use asset from related parties, it need only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items a), b) and c) hereunder shall not apply:</p> <p>i) The related party having obtained the real property or its right-of-use asset by way of inheritance or gift;</p> <p>ii) The time lapse between the related party's contract for acquisition of the real property or its right-of-use asset and this transaction exceeds five (5) years; or</p> <p>iii) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>iv) The acquisition of the right-of-use asset of real estate for business operation purposes between the Company and subsidiary, or between subsidiary companies, whose total number of issued shares or total capital is 100%-owned, directly or indirectly, by the Company.</p> <p>e) Where the evaluated results pursuant to items a) and b) hereinabove are lower than the transaction price, the Company shall follow items f) and g) hereunder; however, under one of the following situations, with</p> | <p>in addition to the appraisal of the costs of the said real property or its right-of-use asset in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> <p>d) Under any one of the following circumstances in which the Company acquires real property or its right-of-use asset from related parties, it need only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items a), b) and c) hereunder shall not apply:</p> <p>i) The related party having obtained the real property or its right-of-use asset by way of inheritance or gift;</p> <p>ii) The time lapse between the related party's contract for acquisition of the real property or its right-of-use asset and this transaction exceeds five (5) years; or</p> <p>iii) The Company obtaining the real property by way of joint-development contract entered with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>iv) The acquisition of the right-of-use asset of real estate for business operation purposes between the Company and subsidiary, or between subsidiary companies, whose total number of issued shares or total capital is 100%-owned, directly or indirectly, by the Company.</p> <p>e) Where the evaluated results pursuant to items a) and b) hereinabove are lower than the transaction price, the Company shall follow items f) and g) hereunder; however, under one of the following situations, with</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|---|-------------|
| | <p>the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>i) The related party having undertaken construction on undeveloped land or rental land, may offer evidence in respect of its conformity to one the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase or lease of real property.</p> <p>ii) The Company providing evidence that the transaction conditions of its purchase of real property or its lease of</p> | <p>the objective evidence, professional appraisal for the real property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>i) The related party having undertaken construction on undeveloped land or rental land, may offer evidence in respect of its conformity to one the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase or lease of real property.</p> <p>ii) The Company providing evidence that the transaction conditions of its purchase of real property or its lease of</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|--|-------------|
| | <p>right-of-use asset of real property from related party are comparable with those cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. "Cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those cases between non-related parties that are not less than fifty <u>percent</u> (50%) of that of the subject matter.</p> <p>f) Where the appraisal results pursuant to the preceding items are all lower than the transaction price, the Company shall undertake the following:</p> <p>i) With respect to the difference between the transaction price for the real property or its right-of-use asset and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Act, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>ii) The Independent Directors shall undertake measures in compliance with Article 218 of the Company Act;</p> <p>iii) The shareholders' meeting</p> | <p>right-of-use asset of real property from related party are comparable with those cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. "Cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those cases between non-related parties that are not less than fifty <u>per cent</u> (50%) of that of the subject matter.</p> <p>f) Where the appraisal results pursuant to the preceding items are all lower than the transaction price, the Company shall undertake the following:</p> <p>i) With respect to the difference between the transaction price for the real property or its right-of-use asset and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Act, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>ii) The Independent Directors shall undertake measures in compliance with Article 218 of the Company Act;</p> <p>iii) The shareholders' meeting</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|--|-------------|
| | <p>shall be informed of measures under items i) and ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at premium or leased, or they have been disposed of, or lease agreement had been terminated, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>h) When the Company obtains real property or its right-of-use asset from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units In terms of the following transactions between the Company and its subsidiaries, or between the subsidiaries, whose total number of issued shares or total capital is 100%-owned, directly or indirectly, by the Company, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. When the dollar amount of the said transactions is below NT\$300 million; the Chairman shall have the authority to approve/disapprove the said transactions. In any case, the said transactions shall be submitted to the immediate following meeting</p> | <p>shall be informed of measures under items i) and ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at premium or leased, or they have been disposed of, or lease agreement had been terminated, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>h) When the Company obtains real property or its right-of-use asset from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units In terms of the following transactions between the Company and its subsidiaries, or between the subsidiaries, whose total number of issued shares or total capital is 100%-owned, directly or indirectly, by the Company, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. When the dollar amount of the said transactions is below NT\$300 million; the Chairman shall have the authority to approve/disapprove the said transactions. In any case, the said transactions shall be submitted to the immediate following meeting</p> | |

| Section | Proposed Changes | Current Articles | Description |
|-----------|--|--|---|
| | <p>of the Board of Directors for ratification.</p> <p>a) Acquisition or disposal of the equipment or its right-of-use asset for business operation purposes.</p> <p>b) Acquisition or disposal of the right-of-use asset of real estate for business operation purposes.</p> <p>5) With respect to the regulations of 10 percent of total assets, the calculation is based upon total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> | <p>of the Board of Directors for ratification.</p> <p>a) Acquisition or disposal of the equipment or its right-of-use asset for business operation purposes.</p> <p>b) Acquisition or disposal of the right-of-use asset of real estate for business operation purposes.</p> <p>5) With respect to the regulations of 10 percent of total assets, the calculation is based upon total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> | |
| Article 9 | <p>1) Evaluation and Process</p> <p>a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of intangible assets or its right-of-use asset shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the</p> | <p>1) Evaluation and Process</p> <p>a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of intangible assets or its right-of-use asset shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the</p> | The reasons to amend are the same as the ones set forth in the description table for Article 6. |

| Section | Proposed Changes | Current Articles | Description |
|-------------|---|---|--|
| | <p>Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>2) Expert's Valuation Report</p> <p>a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets or its right-of-use asset or club membership.</p> <p>b) Where the transaction amount for acquisition or disposition of intangible assets or its right-of-use asset or club membership exceeds twenty <u>percent</u> (20%) of the Company's paid-in capital or NT\$300 million, except in transaction with domestic government agency, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price.</p> <p>c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished</p> <p>3) Implementation</p> <p>The Company may only proceed with the acquisition or disposition of intangible assets or its right-of-use asset or club membership after the Accounting Department has submitted its application for approval in accordance with item 1) hereunder.</p> | <p>Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>2) Expert's Valuation Report</p> <p>a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets or its right-of-use asset or club membership.</p> <p>b) Where the transaction amount for acquisition or disposition of intangible assets or its right-of-use asset or club membership exceeds twenty <u>per cent</u> (20%) of the Company's paid-in capital or NT\$300 million, except in transaction with domestic government agency, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price; <u>the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</u></p> <p>c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished</p> <p>3) Implementation</p> <p>The Company may only proceed with the acquisition or disposition of intangible assets or its right-of-use asset or club membership after the Accounting Department has submitted its application for approval in accordance with item 1) hereunder.</p> | |
| Article 9-1 | The calculation of the dollar amount of the transactions referred to in the paragraph 1 of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the | The calculation of the dollar amount of the transactions referred to in the paragraph 1 of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the | In accordance with the amended provisions of subparagraph(c) of paragraph 2 of Article 8, paragraph 2 of this Article is hereby amended. |

| Section | Proposed Changes | Current Articles | Description |
|------------|---|--|---|
| | <p>current transaction. Items for which an appraisal report from a professional appraiser or <u>an</u> accountant' opinion has been obtained need not be counted toward the dollar amount of transactions. The calculation of the <u>transaction</u> amount referred to in the paragraph 2 of Article 8 be made in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>shareholders' meeting or Audit Committee and Board of Directors</u> need not be counted toward the dollar amount of transactions.</p> | <p>current transaction. Items for which an appraisal report from a professional appraiser or <u>a</u> accountant' opinion has been obtained need not be counted toward the dollar amount of transactions. The calculation of the <u>dollar amount of the transactions</u> referred to in the paragraph 2 of Article 8 be made in accordance with Article 12, paragraph 1-(g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and Board of Directors need not be counted toward the dollar amount of transactions.</p> | |
| Article 12 | <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a) Acquisition or disposal of real property or its right-of-use asset from or to a related party, or acquisition or disposal of assets other than real property or its right-of-use asset from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises;</p> <p>b) Undertaking merger, demerger, merger or shareholding transfer;</p> <p>c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) f);</p> <p>d) The acquisition or disposal of the equipment or its right-of-use asset for business purposes and in which the counterparties are not related parties, and that the transaction amounts reach 1 billion</p> | <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a) Acquisition or disposal of real property or its right-of-use asset from or to a related party, or acquisition or disposal of assets other than real property or its right-of-use asset from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises;</p> <p>b) Undertaking merger, demerger, merger or shareholding transfer;</p> <p>c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) f);</p> <p>d) The acquisition or disposal of the equipments or its right-of-use asset for business purposes and in which the counterparties are not related parties, and that the transaction amounts reach 1 billion</p> | <p>According to the Regulation, when a public company trades foreign government bonds with a sovereign rating that is not lower than the sovereign rating of Taiwan, in such case, the transactions can also be exempt from the public announcement and reporting procedures as the trading of domestic government bonds. Therefore, subparagraph (f) of paragraph 1 is hereby amended.</p> |

| Section | Proposed Changes | Current Articles | Description |
|---------|---|--|-------------|
| | <p>e) Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, and in which the counterparties are not related parties, where the projected amount to be invested in the transaction reaches NT\$500 million.</p> <p>f) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty percent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p>i) Sale and purchase of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>g) The calculation of transaction amount for g) above as follows:</p> <p>i) Each single transaction amount;</p> <p>ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>iii) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property or its right-of-use asset under the same development project within one (1) year;</p> <p>iv) Cumulative amount for</p> | <p>e) Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, and in which the counterparties are not related parties, where the projected amount to be invested in the transaction reaches NT\$500 million.</p> <p>f) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty percent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p>i) Sale and purchase of domestic government bonds;</p> <p>ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>g) The calculation of transaction amount for g) above as follows:</p> <p>i) Each single transaction amount;</p> <p>ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>iii) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property or its right-of-use asset under the same development project within one (1) year;</p> <p>iv) Cumulative amount for</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|---|-------------|
| | <p>acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>h) "Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) Time Limit for Public Announcement and Reports Public announcement and submission of report in respect of acquisition or disposition of assets by the Company under items a) to f) above shall be undertaken within two (2) days of the occurrence of the event.</p> <p>3) Procedure for Public Announcement</p> <p>a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>c) Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two days after becoming aware of these errors and omissions;</p> <p>d) Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall</p> | <p>acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>h) "Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) Time Limit for Public Announcement and Reports Public announcement and submission of report in respect of acquisition or disposition of assets by the Company under items a) to f) above shall be undertaken within two (2) days of the occurrence of the event.</p> <p>3) Procedure for Public Announcement</p> <p>a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>c) Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published within two days after becoming aware of these errors and omission;</p> <p>d) Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall</p> | |

| Section | Proposed Changes | Current Articles | Description |
|---------|--|--|-------------|
| | <p>within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>iii) Change to the originally publicly announced and reported information</p> <p>4) Format of Pubic Announcement The necessary items and contents of public announcement which the Company shall comply with are referred to the appendixes of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> | <p>within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>iii) Change to the originally publicly announced and reported information</p> <p>4) Format of Pubic Announcement The necessary items and contents of public announcement which the Company shall comply with are referred to the appendixes of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> | |

iii. Please approve the above proposal.

Voting Results: 4,677,252,012 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,449,950,164 shares voted for the proposal, representing 95.14% of the total represented shares, 514,177 shares voted against the proposal, while 226,787,671 shares voted abstention the proposal.

RESOLVED, the proposal for the amendments to “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

Summary of shareholder's questions:

Shareholder (Number: 0477971), Fuh Hwa Securities Investment Trust Co., Ltd., raised two questions:

- ① How does the Company balance its ESG and financial performance? How to develop ESG while improving the Company's Production Business?
- ② What is the FENC's mid-term / long-term plan for the recycled polyester capacity?

Shareholder (Number: 0119299), Ching-Guang Huang, praised the Company.

- ① FENC is a good company with outstanding financial performance in the past years. The FENC stock is worth to be held in a long run.
- ② The shareholder also showed his appreciation for the management team who presented and illustrated the Company's strategies and businesses deeply and comprehensively during the meeting.

Mr. Douglas Tong Hsu (Chairman) and Mr. Johnny Hsi (Vice Chairman) replied and explained to the shareholders' questions thoroughly.

Extemporary motion: None

Meeting adjourned: 10:45 a.m., Thursday, June 30, 2022 (Taipei time)

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.

Attachment I

2021 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 are as follows:

Fair Value Evaluation of Investment Property

The Group's investment property was 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 appraiser engaged by the management, discussed with the management the scope of work of the appraiser and the process of appointment to confirm that there is no possible risk affecting the appraiser's independence, nor restrictions on the appraiser's work scope.
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 by the valuer in the valuation process.

Recognition of Revenue Derived from Mobile Telecommunications Service

Mobile telecommunications service revenue is the main 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 combinations of products and services. The charge rates of the aforementioned products and services are set manually to systems. Since the effectiveness of the design and implementation of internal controls over systems and rate settings relevant to telecommunications service revenue directly and significantly affects the accuracy of revenue calculation, the recognition of mobile telecommunications service revenue is considered a key audit matter.

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

By conducting tests of controls, we obtained an understanding of the Group's recognition of mobile telecommunications service revenue and the design and implementation of related controls.

We also engaged internal information technology (IT) specialists to understand and assess the systems and internal controls relevant to mobile telecommunications service revenue and perform the corresponding audit procedures which are listed as follows. The IT specialists:

1. Identified key systems that processed mobile telecommunications service revenue; assessed and tested the general information technology controls of the aforementioned systems, including access controls and change controls.
2. Tested the completeness and accuracy of interface controls between the switch equipment and the billing systems.
3. Tested the access controls and change controls over the input of rates to the billing systems.
4. Tested the accuracy of the billing calculation.
5. Tested the completeness and accuracy of the calculation and billing of monthly fees, airtime fees and value-added service fees.

In coordination with the internal IT specialists, we:

1. Performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.
2. Sampled user contracts to confirm the accuracy of the billing system information.

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

1. For the billed amounts, we compared whether there is 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.

Accounting Treatment of Frequency and Network Sharing Services

In 2021, the Group had a business cooperation with Asia-Pacific Telecom Co., Ltd. (APTC) which provided frequency and network sharing services. The contract total amount was significant and the transaction content was complex, including lots of additional conditions. There was no similar transaction for reference in the past. Therefore, it required complicated processes to determine a proper accounting treatment. If the accounting treatment of the transaction was improper, it would directly affect the accuracy of the calculation and recognition of the relevant assets, liabilities and the amounts of profit and loss. Thus, the appropriate application of the accounting treatment of the transaction is considered a key audit matter.

In our audit of the frequency and network sharing services, we:

1. Obtained the contracts and minutes of board meetings relevant to the business cooperation of frequency and network sharing between the Group and APTC and confirmed that the business cooperation had been approved by the board of directors of Far EastOne.
2. Obtained the documents of the management's assessment and decision-making processes for accounting treatment of the transaction and confirmed that the decision was properly reviewed and approved.
3. Reviewed contracts relevant to the frequency and network sharing services and confirmed that the accounting treatment adopted by the management was appropriate.
4. Tested whether the actual accounting treatments were the same as those decided by the management and recalculated and confirmed the accuracy of the amount of assets, liabilities and profit and loss related to the transaction.

Other Matter

We did not audit the financial statements of APG Polytech, LLC and Corpus Christi Polymers, LLC, which is subsidiary and joint operation, respectively included in the consolidated financial statements of the Group for the years ended December 31, 2021 and 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 aforementioned companies, is based solely on the reports of other auditors. The total assets of the aforementioned companies were NT\$18,260,477 thousand and NT\$17,801,322 thousand, both representing 3% of the Group's consolidated assets as of December 31, 2021 and 2020. The total operating revenue of the aforementioned companies was NT\$12,093,616 thousand and NT\$9,560,047 thousand, both representing 5% of the Group's consolidated net operating revenue for the years ended December 31, 2021 and 2020.

We have also audited the parent company only financial statements of Far Eastern New Century Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued unmodified opinion with other matter paragraph.

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, 2021 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 audits resulting in this independent auditors' report are Chih-Ming, Shao and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|---|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 34,544,963 | 5 | \$ 35,198,619 | 6 |
| Financial assets at fair value through profit or loss | 5,973,798 | 1 | 5,455,230 | 1 |
| Financial assets at fair value through other comprehensive income | 141,111 | - | 86,209 | - |
| Financial assets at amortized cost - current | 3,736,179 | 1 | 2,507,071 | - |
| Contact assets | 6,838,329 | 1 | 6,098,262 | 1 |
| Notes and accounts receivable, net | 29,336,993 | 5 | 26,788,957 | 4 |
| Other receivables | 3,409,599 | - | 3,828,566 | 1 |
| Current tax assets | 43,922 | - | 35,937 | - |
| Inventories | 48,965,163 | 8 | 21,937,176 | 4 |
| Prepayments | 4,659,552 | 1 | 3,349,841 | 1 |
| Other financial assets | 2,837,333 | - | 2,655,502 | - |
| Refundable deposits | 52,252 | - | 64,369 | - |
| Other current assets | <u>3,534,464</u> | <u>1</u> | <u>3,240,328</u> | <u>-</u> |
| Total current assets | <u>144,073,658</u> | <u>23</u> | <u>111,246,067</u> | <u>18</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income | 7,450,337 | 1 | 2,726,579 | - |
| Financial assets at amortized cost | 515,300 | - | 510,000 | - |
| Financial assets for hedging | 3,517 | - | - | - |
| Investments accounted for using the equity method | 79,452,479 | 13 | 75,201,025 | 12 |
| Contract assets | 3,362,671 | 1 | 3,221,916 | 1 |
| Property, plant and equipment | 165,089,960 | 26 | 162,659,904 | 26 |
| Right-of-use assets | 17,282,460 | 3 | 18,710,578 | 3 |
| Investment properties | 117,236,910 | 18 | 136,853,033 | 22 |
| Concessions | 71,801,775 | 11 | 77,002,309 | 13 |
| Goodwill | 12,285,871 | 2 | 12,287,387 | 2 |
| Other intangible assets | 3,485,296 | 1 | 4,327,470 | 1 |
| Deferred tax assets | 2,766,907 | - | 2,700,290 | - |
| Prepayments for equipment | 803,961 | - | 568,398 | - |
| Refundable deposits | 1,380,859 | - | 1,363,405 | - |
| Long-term receivables | 93,134 | - | 129,598 | - |
| Incremental costs of obtaining a contract | 3,908,968 | 1 | 3,490,644 | 1 |
| Net defined benefit assets | 1,409,774 | - | 642,298 | - |
| Other financial assets | 2,263,788 | - | 2,770,633 | 1 |
| Other non-current assets | <u>659,960</u> | <u>-</u> | <u>543,736</u> | <u>-</u> |
| Total non-current assets | <u>491,253,927</u> | <u>77</u> | <u>505,709,203</u> | <u>82</u> |
| TOTAL | <u>\$ 635,327,585</u> | <u>100</u> | <u>\$ 616,955,270</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings | \$ 41,123,185 | 6 | \$ 33,474,613 | 5 |
| Short-term bills payable | 5,907,698 | 1 | 6,905,315 | 1 |
| Financial liabilities at fair value through profit or loss | 372 | - | 10,619 | - |
| Contract liabilities | 5,884,426 | 1 | 5,509,591 | 1 |
| Notes and accounts payable | 17,980,129 | 3 | 17,746,056 | 3 |
| Notes and accounts payable to related parties | 292,181 | - | 291,020 | - |
| Lease liabilities | 3,218,502 | - | 3,220,558 | 1 |
| Payables to suppliers of machinery and equipment | 3,556,519 | 1 | 3,455,701 | 1 |
| Other payables | 15,949,146 | 3 | 14,431,102 | 2 |
| Current tax liabilities | 3,146,037 | - | 2,913,079 | - |
| Provisions | 256,684 | - | 249,424 | - |
| Guarantee deposits received | 145,360 | - | 126,100 | - |
| Current portion of long-term liabilities | 23,213,998 | 4 | 15,524,620 | 3 |
| Other current liabilities | <u>3,467,081</u> | <u>1</u> | <u>3,167,672</u> | <u>-</u> |
| Total current liabilities | <u>124,141,318</u> | <u>20</u> | <u>107,025,470</u> | <u>17</u> |
| NON-CURRENT LIABILITIES | | | | |
| Financial liabilities for hedging | - | - | 8,508 | - |
| Contract liabilities | 10,619,363 | 2 | 189,322 | - |
| Bonds payable | 103,892,830 | 16 | 104,682,499 | 17 |
| Long-term borrowings | 96,014,553 | 15 | 107,093,501 | 18 |
| Provisions | 1,401,275 | - | 1,049,170 | - |
| Deferred tax liabilities | 18,568,637 | 3 | 18,359,149 | 3 |
| Lease liabilities | 6,447,007 | 1 | 7,289,561 | 1 |
| Deferred credit-gains on related-party transactions | 121,416 | - | 121,971 | - |
| Net defined benefit liabilities | 873,412 | - | 904,696 | - |
| Guarantee deposits received | 779,279 | - | 761,458 | - |
| Other non-current liabilities | <u>3,053,577</u> | <u>1</u> | <u>45,325</u> | <u>-</u> |
| Total non-current liabilities | <u>241,771,349</u> | <u>38</u> | <u>240,505,160</u> | <u>39</u> |
| Total liabilities | <u>365,912,667</u> | <u>58</u> | <u>347,530,630</u> | <u>56</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| Share capital | | | | |
| Common stock | 53,528,751 | 8 | 53,528,751 | 9 |
| Capital surplus | 3,403,003 | 1 | 3,320,137 | 1 |
| Retained earnings | | | | |
| Legal reserve | 19,759,271 | 3 | 19,028,517 | 3 |
| Special reserve | 119,451,597 | 19 | 117,342,360 | 19 |
| Unappropriated earnings | 13,856,572 | 2 | 13,744,880 | 2 |
| Total retained earnings | <u>153,067,440</u> | <u>24</u> | <u>150,115,757</u> | <u>24</u> |
| Other equity | (3,925,396) | (1) | (2,910,395) | (1) |
| Treasury shares | (25,063) | - | (25,063) | - |
| Total equity attributable to owners of the Company | <u>206,048,735</u> | <u>32</u> | <u>204,029,187</u> | <u>33</u> |
| NON-CONTROLLING INTERESTS | | | | |
| | <u>63,366,183</u> | <u>10</u> | <u>65,395,453</u> | <u>11</u> |
| Total equity | <u>269,414,918</u> | <u>42</u> | <u>269,424,640</u> | <u>44</u> |
| TOTAL | <u>\$ 635,327,585</u> | <u>100</u> | <u>\$ 616,955,270</u> | <u>100</u> |

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|---|--------------------|------------|--------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Net sales | \$169,280,929 | 71 | \$138,939,956 | 67 |
| Telecommunications service revenue | 45,333,985 | 19 | 45,541,683 | 22 |
| Construction revenue | 7,297,098 | 3 | 7,212,184 | 4 |
| Other operating revenue | <u>16,894,205</u> | <u>7</u> | <u>15,075,458</u> | <u>7</u> |
| Total operating revenue | <u>238,806,217</u> | <u>100</u> | <u>206,769,281</u> | <u>100</u> |
| OPERATING COSTS | | | | |
| Cost of goods sold | 151,471,140 | 63 | 127,158,892 | 61 |
| Cost of telecommunications services | 24,338,066 | 10 | 23,796,630 | 12 |
| Construction costs | 6,517,730 | 3 | 6,918,007 | 3 |
| Other operating costs | 9,910,004 | 4 | 8,486,618 | 4 |
| Loss on disposal of investments, net | <u>83,577</u> | <u>-</u> | <u>13,458</u> | <u>-</u> |
| Total operating costs | <u>192,320,517</u> | <u>80</u> | <u>166,373,605</u> | <u>80</u> |
| GROSS PROFIT | <u>46,485,700</u> | <u>20</u> | <u>40,395,676</u> | <u>20</u> |
| REALIZED CONSTRUCTION INCOME | <u>555</u> | <u>-</u> | <u>555</u> | <u>-</u> |
| OPERATING EXPENSES | | | | |
| Selling and marketing | 23,047,831 | 10 | 18,777,380 | 9 |
| General and administrative | 10,781,952 | 5 | 10,282,121 | 5 |
| Research and development | 880,071 | - | 866,814 | 1 |
| Expected credit loss | <u>283,543</u> | <u>-</u> | <u>467,605</u> | <u>-</u> |
| Total operating expenses | <u>34,993,397</u> | <u>15</u> | <u>30,393,920</u> | <u>15</u> |
| OTHER GAIN AND LOSS, NET | <u>218,680</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OPERATING INCOME | <u>11,711,538</u> | <u>5</u> | <u>10,002,311</u> | <u>5</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Share of the profit or loss of associates | 7,221,766 | 3 | 5,524,945 | 3 |
| Interest income | 266,179 | - | 299,102 | - |
| Other income | 1,300,742 | - | 1,901,821 | 1 |
| Gain/(loss) on disposal of non-financial assets | 1,004,040 | - | (915,725) | (1) |
| Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net | 529,457 | - | 523,420 | - |
| Gain on change in fair value of investment properties | 249,820 | - | 3,245,848 | 2 |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| Interest expense | (2,691,754) | (1) | (2,939,261) | (1) |
| Other expenses | (722,472) | - | (899,092) | (1) |
| Exchange (loss)/gain, net | (207,822) | - | 15,204 | - |
| Impairment loss | <u>(834,189)</u> | <u>-</u> | <u>(635,089)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>6,115,767</u> | <u>2</u> | <u>6,121,173</u> | <u>3</u> |
| INCOME BEFORE INCOME TAX | 17,827,305 | 7 | 16,123,484 | 8 |
| INCOME TAX EXPENSE | <u>(2,982,820)</u> | <u>(1)</u> | <u>(3,142,945)</u> | <u>(2)</u> |
| NET INCOME | <u>14,844,485</u> | <u>6</u> | <u>12,980,539</u> | <u>6</u> |
| Other comprehensive income (loss) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 317,398 | - | (209,796) | - |
| Gain on property revaluation | 272,452 | - | 1,721,507 | 1 |
| Unrealized (loss)/gain on investments in equity instruments designated as at fair value through other comprehensive income | (170,815) | - | 53,125 | - |
| Share of the other comprehensive income gain/(loss) of associates accounted for using the equity method | 415,502 | 1 | (752,803) | (1) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | <u>(78,870)</u> | <u>-</u> | <u>(91,796)</u> | <u>-</u> |
| | <u>755,667</u> | <u>1</u> | <u>720,237</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of foreign operations | (1,314,281) | (1) | (520,593) | - |
| Gain on hedging instruments | 12,025 | - | 22,579 | - |
| Share of the other comprehensive income (loss) of associates accounted for using the equity method | <u>(433,142)</u> | <u>-</u> | <u>36,246</u> | <u>-</u> |
| | <u>(1,735,398)</u> | <u>(1)</u> | <u>(461,768)</u> | <u>-</u> |
| Other comprehensive income (loss), net of income tax | <u>(979,731)</u> | <u>-</u> | <u>258,469</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 13,864,754</u> | <u>6</u> | <u>\$ 13,239,008</u> | <u>6</u> |
| NET INCOME ATTRIBUTABLE TO: | | | | |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|---|----------------------|----------|----------------------|----------|
| | Amount | % | Amount | % |
| Owners of the Company | \$ 9,684,584 | 4 | \$ 8,062,699 | 4 |
| Non-controlling interests | <u>5,159,901</u> | <u>2</u> | <u>4,917,840</u> | <u>2</u> |
| | <u>\$ 14,844,485</u> | <u>6</u> | <u>\$ 12,980,539</u> | <u>6</u> |
| TOTAL COMPREHENSIVE INCOME | | | | |
| ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 9,169,547 | 4 | \$ 8,036,556 | 4 |
| Non-controlling interests | <u>4,695,207</u> | <u>2</u> | <u>5,202,452</u> | <u>2</u> |
| | <u>\$ 13,864,754</u> | <u>6</u> | <u>\$ 13,239,008</u> | <u>6</u> |
| EARNINGS PER SHARE (NEW TAIWAN DOLLARS) | | | | |
| Basic | <u>\$ 1.94</u> | | <u>\$ 1.62</u> | |
| Diluted | <u>\$ 1.94</u> | | <u>\$ 1.61</u> | |

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 Translation of 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, 2020 | \$ 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 from 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) |
| 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) |
| Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | (24,376) | - | 24,376 | - | - | - | - | - | - |
| 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 |
| Appropriation of the 2020 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | 730,754 | - | (730,754) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 2,109,237 | (2,109,237) | - | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (7,226,382) | - | - | - | - | - | (7,226,382) | - | (7,226,382) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (4,705,450) | (4,705,450) |
| Cash dividends distributed by subsidiaries from capital surplus | - | - | - | - | - | - | - | - | - | - | - | (2,041,690) | (2,041,690) |
| Net income for the year ended December 31, 2021 | - | - | - | - | 9,684,584 | - | - | - | - | - | 9,684,584 | 5,159,901 | 14,844,485 |
| Other comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 288,692 | (1,500,584) | 409,880 | 3,912 | 283,063 | - | (515,037) | (464,694) | (979,731) |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 9,973,276 | (1,500,584) | 409,880 | 3,912 | 283,063 | - | 9,169,547 | 4,695,207 | 13,864,754 |
| Change in associates accounted for using the equity method | - | 131,179 | - | - | 46,117 | - | (50,869) | - | (1,731) | - | 124,696 | 1,134 | 125,830 |
| Change in the Company's capital surplus due to the distribution of dividends to subsidiaries | - | 1,052 | - | - | - | - | - | - | - | - | 1,052 | - | 1,052 |
| Differences between the acquisition or disposition of the equity price of subsidiaries and the carrying amount | - | (50,072) | - | - | - | - | - | - | - | - | (50,072) | (27,167) | (77,239) |
| Change in ownership interest of subsidiaries | - | 707 | - | - | - | - | - | - | - | - | 707 | 48,696 | 49,403 |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | - | - | - | 125,315 | - | (125,315) | - | - | - | - | - | - |
| Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | 33,357 | - | (33,357) | - | - | - | - | - | - |
| BALANCE AT DECEMBER 31, 2021 | \$ 53,528,751 | \$ 3,403,003 | \$ 19,759,271 | \$119,451,597 | \$ 13,856,572 | \$ (8,719,525) | \$ 2,195,786 | \$ 23,392 | \$ 2,574,951 | \$ (25,063) | \$206,048,735 | \$ 63,366,183 | \$269,414,918 |

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 17,827,305 | \$ 16,123,484 |
| Adjustments for: | | |
| Depreciation | 20,634,019 | 20,320,980 |
| Amortization | 6,916,743 | 5,431,770 |
| Expected credit loss | 283,543 | 467,605 |
| Interest expense | 2,691,754 | 2,939,261 |
| Interest income | (266,179) | (299,102) |
| Dividend income | (87,330) | (146,494) |
| Share of the profit of associates | (7,221,766) | (5,524,945) |
| (Gain)/loss on disposal of non-financial assets | (1,004,040) | 915,725 |
| Loss on disposal of investments | 63,092 | - |
| Impairment loss | 834,189 | 635,089 |
| Write-down of inventories | 34,773 | 117,536 |
| Realized gain on the transactions with associates | (555) | (555) |
| Gain on change in fair value of investment properties | (249,820) | (3,245,848) |
| Loss/(gain) on modifications of lease | (306) | 4,678 |
| Net changes in operating assets and liabilities | | |
| Financial assets at fair value through profit or loss | (518,568) | (401,514) |
| Contract assets | (893,412) | (588,168) |
| Notes and accounts receivable | (2,815,713) | (770,835) |
| Other receivables | 13,757 | 916,113 |
| Inventories | (10,353,496) | 3,503,967 |
| Prepayments | (1,309,711) | (837,834) |
| Other current assets | (294,136) | 112,619 |
| Incremental cost of obtaining a contract | (418,324) | (92,537) |
| Financial liabilities at fair value through profit or loss | (10,247) | 8,758 |
| Contract liabilities | 10,804,876 | 952,521 |
| Notes and accounts payable | 234,073 | 41,931 |
| Notes and accounts payable to related parties | 1,161 | (45,241) |
| Other payables | 1,627,786 | (406,217) |
| Provisions | 359,365 | 86,800 |
| Other current liabilities | 299,409 | 179,399 |
| Net defined benefit assets and liabilities | (481,489) | (419,805) |
| Cash generated from operations | 36,700,753 | 39,979,141 |
| Interest received | 291,443 | 294,075 |
| Dividends received | 5,031,452 | 4,745,631 |
| Interest paid | (2,805,822) | (2,973,209) |
| Income tax paid | (2,693,719) | (556,183) |
| Net cash generated from operating activities | <u>36,524,107</u> | <u>41,489,455</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Acquisition of financial assets at fair value through other comprehensive income | (5,248,450) | (522,455) |
| Proceeds from the disposal of financial assets at fair value through other comprehensive income | 272,256 | - |
| Cash received by reduction of capital of financial assets at fair value through other comprehensive income | 21,450 | 13,500 |
| Increase in financial assets at amortized cost | (1,234,408) | (704,982) |
| Acquisition of investments accounted for using the equity method | (1,773,561) | (4,080,195) |
| Acquisition of property, plant, equipment and prepayments for equipment | (20,173,864) | (19,332,091) |
| Proceeds from the disposal of property, plant and equipment | 3,130,060 | 222,484 |
| (Increase)/decrease in refundable deposits | (5,337) | 155,900 |
| Decrease/(increase) in other receivables | 568,230 | (550,590) |
| Acquisition of intangible assets | (684,663) | (758,880) |
| Increase in concessions | (171,271) | (42,150,715) |
| Proceeds from disposal of concessions | 1,714 | 40 |
| Proceeds on the disposal of intangible assets | 19,411 | 2,061 |
| Acquisition of right-of-use assets | (1,752) | (208,951) |
| Acquisition of investment properties | (21,258) | (5,370) |
| Proceeds from the disposal of investment properties | 192,882 | 101 |
| Decrease in other financial assets | 325,014 | 1,535,382 |
| Increase in other non-current assets | (164,261) | (59,262) |
| Other investing activities | <u>3,163,755</u> | <u>-</u> |
| Net cash used in investing activities | <u>(21,784,053)</u> | <u>(66,444,023)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | 7,648,572 | (1,954,973) |
| Decrease in short-term bills payables | (1,000,522) | (1,218,878) |
| Proceeds from issue of bonds | 21,400,000 | 34,500,000 |
| Repayments of bonds payables | (13,200,000) | (20,600,000) |
| Proceeds from long-term borrowings | 230,986,198 | 266,586,037 |
| Repayments of long-term borrowings | (243,049,759) | (237,847,021) |
| Increase in guarantee deposits received | 37,081 | 19,085 |
| Repayment of the principal portion of lease liability | (3,953,827) | (4,160,695) |
| Decrease in other non-current liabilities | (155,503) | (45,594) |
| Cash dividends paid | (7,226,382) | (8,028,144) |
| Increase on non-controlling interests | 49,403 | 162 |
| Acquisition of partial equity in subsidiaries from non-controlling interest | (77,239) | - |
| Dividends paid to non-controlling interests | <u>(6,746,753)</u> | <u>(6,733,082)</u> |
| Net cash generated from (used in) financing activities | <u>(15,288,731)</u> | <u>20,516,897</u> |
| EFFECTS OF EXCHANGE RATE CHANGES | <u>(104,979)</u> | <u>711,702</u> |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|----------------------|----------------------|
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <u>(653,656)</u> | <u>(3,725,969)</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR | <u>35,198,619</u> | <u>38,924,588</u> |
| CASH AND CASH EQUIVALENTS, END OF THE YEAR | <u>\$ 34,544,963</u> | <u>\$ 35,198,619</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, 2021 and 2020, 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, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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 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 financial statements for the year ended December 31, 2021. 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, 2021 are as follows:

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

The Company's investment properties (including the investment properties held by subsidiaries accounted for by using the equity method) are subsequently measured using the fair value model. The fair value evaluation involves significant accounting estimation and judgment. As a result, the fair value evaluation of investment properties (including the investment properties held by subsidiaries 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, discussed with the management the valuer's work scope and process of engagement acceptance, 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 by the valuer in the valuation process.

Recognition of Revenue Derived from Mobile Telecommunications Service of a Subsidiary's Associate

Far EasTone, an associate of the Company's subsidiary is a material component. The mobile telecommunications service revenue is the main revenue source of Far EasTone. 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, Far EasTone often launches different combinations of products and services. The charge rates of the aforementioned products and services are set manually to systems. Since the effectiveness of the design and implementation of internal controls over systems and rate settings relevant to telecommunications service revenue directly and significantly affects the accuracy of revenue calculation, the recognition of mobile telecommunications service revenue is considered a key audit matter.

By conducting tests of controls, we obtained an understanding of the recognition of mobile telecommunications service revenue and the design and implementation of related controls.

We also engaged internal information technology (IT) specialists to understand and assess the systems and internal controls relevant to mobile telecommunications service revenue and perform the corresponding audit procedures which are listed as follows. The IT specialists:

1. Identified key systems that processed mobile telecommunications service revenue; assessed and tested the general information technology controls of the aforementioned systems, including access controls and change controls.
2. Tested the completeness and accuracy of interface controls between the switch equipment and the billing systems.
3. Tested the access controls and change controls over the input of rates to the billing systems.
4. Tested the accuracy of the billing calculation.
5. Tested the completeness and accuracy of the calculation and billing of monthly fees, airtime fees and value-added service fees.

In coordination with the internal IT specialists, we:

1. Performed dialing tests to verify the accuracy and completeness of the traffic and information in the switch equipment.
2. Sampled user contracts to confirm the accuracy of the billing system information.

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

1. For the billed amounts, we compared whether there is 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.

Accounting Treatment of Frequency and Network Sharing Services of a Subsidiary's Associate

In 2021, Far EastTone, an associate of the Company's subsidiary is a material component, had a business cooperation with Asia-Pacific Telecom Co., Ltd. (APTC) which provided frequency and network sharing services. The contract total amount was significant and the transaction content was complex, including lots of additional conditions. There was no similar transaction for reference in the past. Therefore, it required complicated processes to determine a proper accounting treatment. If the accounting treatment of the transaction was improper, it would directly affect the accuracy of the calculation and recognition of the relevant assets, liabilities and the amounts of profit and loss. Thus, the appropriate application of the accounting treatment of the transaction is considered a key audit matter.

In our audit of the frequency and network sharing services, we:

1. Obtained the contracts and minutes of board meetings relevant to the business cooperation of frequency and network sharing between the Group and APTC and confirmed that the business cooperation had been approved by the board of directors of Far EastTone.
2. Obtained the documents of the management's assessment and decision-making processes for accounting treatment of the transaction and confirmed that the decision was properly reviewed and approved.
3. Reviewed contracts relevant to the frequency and network sharing services and confirmed that the accounting treatment adopted by the management was appropriate.
4. Tested whether the actual accounting treatments were the same as those decided by the management and recalculated and confirmed the accuracy of the amount of assets, liabilities and profit and loss related to the transaction.

Other Matter

The financial statements of APG Polytech, LLC and Corpus Christi Polymers, LLC, associates of the Company's subsidiaries, were audited by other auditors. Our opinion, insofar as it relates to the amounts of investment accounted for using the equity method and other comprehensive income included in the financial statements 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 was NT\$15,882,387 thousand and NT\$14,718,570 thousand, both representing 5% of the Company's total assets as of December 31, 2021 and 2020. The other comprehensive gain (losses) of the aforementioned investees were NT\$854,804 thousand and NT\$(653,472) thousand, representing 9% and (8%) of the Company's total comprehensive income for the year ended December 31, 2021 and 2020, respectively.

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, 2021 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 audits resulting in this independent auditors' report are Chih-Ming, Shao and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2022

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 17,887,855 | 6 | \$ 19,436,311 | 6 |
| Financial assets at fair value through profit or loss | 10,163 | - | - | - |
| Notes and accounts receivable, net | 7,749,273 | 2 | 5,097,229 | 2 |
| Other receivables | 306,763 | - | 877,192 | - |
| Current tax assets | 17,344 | - | 14,193 | - |
| Inventories | 6,656,153 | 2 | 4,281,313 | 1 |
| Financial assets at amortized cost | - | - | 300,000 | - |
| Prepayments | 585,473 | - | 56,087 | - |
| Refundable deposits | 5,592 | - | 17,146 | - |
| Other current assets | 238,962 | - | 177,542 | - |
| Total current assets | <u>33,457,578</u> | <u>10</u> | <u>30,257,013</u> | <u>9</u> |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using the equity method | 274,119,131 | 82 | 269,392,281 | 83 |
| Property, plant and equipment | 22,808,295 | 7 | 24,271,372 | 8 |
| Right-of-use assets | 432,439 | - | 663,682 | - |
| Investment properties | 1,065,125 | - | 1,023,412 | - |
| Other intangible assets | 15,611 | - | 16,280 | - |
| Deferred tax assets | 12,638 | - | 63,353 | - |
| Prepayments for equipment | 28,102 | - | 21,598 | - |
| Refundable deposits | 57,348 | - | 56,244 | - |
| Net defined benefit assets | 1,322,348 | 1 | 568,701 | - |
| Other financial assets | 56,642 | - | 71,343 | - |
| Other non-current assets | 100,601 | - | 46,797 | - |
| Total non-current assets | <u>300,018,280</u> | <u>90</u> | <u>296,195,063</u> | <u>91</u> |
| TOTAL | <u>\$ 333,475,858</u> | <u>100</u> | <u>\$ 326,452,076</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings | \$ 3,772,868 | 1 | \$ 3,462,493 | 1 |
| Financial liabilities at fair value through profit or loss | - | - | 10,619 | - |
| Contract liabilities | 251,722 | - | 294,756 | - |
| Notes and accounts payable | 1,670,187 | 1 | 1,234,900 | 1 |
| Notes and accounts payable to related parties | 1,335,725 | - | 743,905 | - |
| Payables to suppliers of machinery and equipment | 1,804 | - | 596 | - |
| Other payables | 5,101,639 | 2 | 4,334,098 | 1 |
| Lease liabilities | 232,097 | - | 235,201 | - |
| Current portion of long-term liabilities | 9,496,599 | 3 | 11,297,104 | 4 |
| Other current liabilities | 779,180 | - | 766,710 | - |
| Total current liabilities | <u>22,641,821</u> | <u>7</u> | <u>22,380,382</u> | <u>7</u> |
| NON-CURRENT LIABILITIES | | | | |
| Lease liabilities | 208,966 | - | 438,087 | - |
| Bonds payable | 61,631,311 | 18 | 53,931,438 | 17 |
| Long-term borrowings | 40,417,185 | 12 | 43,438,049 | 13 |
| Deferred tax liabilities | 2,481,372 | 1 | 2,187,424 | 1 |
| Guarantee deposits received | 1,043 | - | 1,164 | - |
| Deferred credit-gains on related-party transactions | 45,425 | - | 46,345 | - |
| Total non-current liabilities | <u>104,785,302</u> | <u>31</u> | <u>100,042,507</u> | <u>31</u> |
| Total liabilities | <u>127,427,123</u> | <u>38</u> | <u>122,422,889</u> | <u>38</u> |
| EQUITY (Note 19) | | | | |
| Share capital | | | | |
| Common stock | <u>53,528,751</u> | <u>16</u> | <u>53,528,751</u> | <u>16</u> |
| Capital surplus | <u>3,403,003</u> | <u>1</u> | <u>3,320,137</u> | <u>1</u> |
| Retained earnings | | | | |
| Legal reserve | 19,759,271 | 6 | 19,028,517 | 6 |
| Special reserve | 119,451,597 | 36 | 117,342,360 | 36 |
| Unappropriated earnings | 13,856,572 | 4 | 13,744,880 | 4 |
| Total retained earnings | <u>153,067,440</u> | <u>46</u> | <u>150,115,757</u> | <u>46</u> |
| Other equity | <u>(3,925,396)</u> | <u>(1)</u> | <u>(2,910,395)</u> | <u>(1)</u> |
| Treasury shares | <u>(25,063)</u> | <u>-</u> | <u>(25,063)</u> | <u>-</u> |
| Total equity | <u>206,048,735</u> | <u>62</u> | <u>204,029,187</u> | <u>62</u> |
| TOTAL | <u>\$ 333,475,858</u> | <u>100</u> | <u>\$ 326,452,076</u> | <u>100</u> |

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|--|-------------------|------------|-------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Net sales | \$45,527,236 | 100 | \$38,768,801 | 100 |
| OPERATING COSTS | | | | |
| Cost of goods sold | <u>38,592,537</u> | <u>85</u> | <u>33,478,180</u> | <u>86</u> |
| GROSS PROFIT | <u>6,934,699</u> | <u>15</u> | <u>5,290,621</u> | <u>14</u> |
| OPERATING EXPENSES | | | | |
| Selling and marketing | 4,848,388 | 11 | 2,759,130 | 7 |
| General and administrative | 1,906,015 | 4 | 1,496,777 | 4 |
| Research and development | 712,873 | 1 | 683,260 | 2 |
| Expected credit loss | <u>22,361</u> | <u>-</u> | <u>11,539</u> | <u>-</u> |
| Total operating expenses | <u>7,489,637</u> | <u>16</u> | <u>4,950,706</u> | <u>13</u> |
| OPERATING (LOSS) INCOME | <u>(554,938)</u> | <u>(1)</u> | <u>339,915</u> | <u>1</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Share of the profit or loss of subsidiaries and associates | 11,578,885 | 25 | 8,560,758 | 22 |
| Interest income | 13,560 | - | 13,945 | - |
| Other income | 349,873 | 1 | 323,449 | 1 |
| Gain on disposal of property, plant and equipment (Note 26) | 3,809 | - | 29,923 | - |
| Gain on disposal of investments | (47,580) | - | 85 | - |
| Gain on change in fair value of investment properties | 41,713 | - | 39,639 | - |
| Exchange (loss) gain, net | (194,288) | - | (18,318) | - |
| Gain (loss) on financial assets (liabilities) at fair value through profit or loss | 71,185 | - | (43,132) | - |
| Interest expense | (890,867) | (2) | (949,065) | (3) |
| Other expenses | (264,369) | (1) | (263,121) | (1) |
| Impairment loss | <u>(163,229)</u> | <u>-</u> | <u>(149,476)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>10,498,692</u> | <u>23</u> | <u>7,544,687</u> | <u>19</u> |
| INCOME BEFORE INCOME TAX | 9,943,754 | 22 | 7,884,602 | 20 |
| INCOME TAX BENEFIT (EXPENSE) | <u>(259,170)</u> | <u>(1)</u> | <u>178,097</u> | <u>1</u> |
| NET INCOME | <u>9,684,584</u> | <u>21</u> | <u>8,062,699</u> | <u>21</u> |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|---|----------------------------|------------------|----------------------------|------------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 334,120 | 1 | (180,372) | - |
| Share of other comprehensive loss of subsidiaries and associates | 850,012 | 2 | 714,136 | 2 |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | <u>(66,824)</u> | <u>-</u> | <u>36,074</u> | <u>-</u> |
| | <u>1,117,308</u> | <u>3</u> | <u>569,838</u> | <u>2</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of other comprehensive loss of subsidiaries and associates | <u>(1,632,345)</u> | <u>(4)</u> | <u>(595,981)</u> | <u>(2)</u> |
| Other comprehensive income (loss), net of income tax | <u>(515,037)</u> | <u>(1)</u> | <u>(26,143)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 9,169,547</u> | <u>20</u> | <u>\$ 8,036,556</u> | <u>21</u> |
| EARNINGS PER SHARE (NEW TAIWAN DOLLARS) | | | | |
| Basic | <u>\$ 1.94</u> | | <u>\$ 1.62</u> | |
| Diluted | <u>\$ 1.94</u> | | <u>\$ 1.61</u> | |

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

| | Common Stock | Capital Surplus | Retained Earnings | | | Exchange Differences on Translation of 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, 2020 | \$ 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 |
| Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | (3,793) | - | 3,793 | - | - | - | - |
| BALANCE, 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 |
| Appropriation of the 2020 earnings | | | | | | | | | | | |
| Legal reserve | - | - | 730,754 | - | (730,754) | - | - | - | - | - | - |
| Special reserve | - | - | - | 2,109,237 | (2,109,237) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (7,226,382) | - | - | - | - | - | (7,226,382) |
| Net income for the year ended December 31, 2021 | - | - | - | - | 9,684,584 | - | - | - | - | - | 9,684,584 |
| Other comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 288,692 | (1,500,584) | 409,880 | 3,912 | 283,063 | - | (515,037) |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 9,973,276 | (1,500,584) | 409,880 | 3,912 | 283,063 | - | 9,169,547 |
| Change in associates and subsidiaries accounted for using the equity method | - | 81,814 | - | - | 98,746 | - | (103,498) | - | (1,731) | - | 75,331 |
| Change in the Company's capital surplus due to the distribution of dividends to subsidiaries | - | 1,052 | - | - | - | - | - | - | - | - | 1,052 |
| Subsidiaries and associates disposal the investment in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | 106,043 | - | (106,043) | - | - | - | - |
| BALANCE, DECEMBER 31, 2021 | \$ 53,528,751 | \$ 3,403,003 | \$ 19,759,271 | \$119,451,597 | \$ 13,856,572 | \$ (8,719,525) | \$ 2,195,786 | \$ 23,392 | \$ 2,574,951 | \$ (25,063) | \$206,048,735 |

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 9,943,754 | \$ 7,884,602 |
| Adjustments for: | | |
| Expected credit loss | 22,361 | 11,539 |
| Depreciation | 2,378,051 | 2,432,107 |
| Amortization | 9,229 | 12,081 |
| Interest expense | 890,867 | 949,065 |
| Interest income | (13,560) | (13,945) |
| Share of the profit of subsidiaries and associates | (11,578,885) | (8,560,758) |
| Gain on disposal of property, plant and equipment | (3,809) | (29,923) |
| Loss/(gain) on disposal of investments | 47,580 | (85) |
| Impairment loss | 163,229 | 149,476 |
| Write-down of inventories | 121,694 | 2,036 |
| Gain on change in fair value of investment properties | (41,713) | (39,639) |
| Gain on lease modification | - | (107) |
| Net changes in operating assets and liabilities | | |
| Financial assets at fair value through profit or loss | (10,163) | 7,703 |
| Notes and accounts receivable | (2,674,405) | 214,816 |
| Other receivables | (89,659) | 88,897 |
| Inventories | (2,496,534) | 887,099 |
| Prepayments | (529,386) | 22,013 |
| Other current assets | (61,420) | 131,260 |
| Contract liabilities | (43,034) | 150,078 |
| Notes and accounts payable | 435,287 | (72,674) |
| Notes and accounts payable to related parties | 591,820 | (542,285) |
| Other payables | 843,150 | 219,637 |
| Financial liabilities at fair value through profit or loss | (10,619) | 10,619 |
| Other current liabilities | 12,470 | (49,659) |
| Net defined benefit assets | (419,527) | (331,645) |
| Cash generated from operations | (2,513,222) | 3,532,308 |
| Interest received | 13,648 | 13,945 |
| Dividends received | 8,073,232 | 7,928,924 |
| Interest paid | (958,437) | (969,737) |
| Income tax received | 15,518 | 8,475 |
| Net cash generated from operating activities | <u>4,630,739</u> | <u>10,513,915</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease (increase) in financial assets at amortized cost | 300,000 | (300,000) |
| Acquisition of investments accounted for using the equity method | (1,974,813) | (1,108,414) |
| Acquisition of property, plant, equipment and prepayments for equipment | (857,796) | (1,180,312) |
| Proceeds from disposal of property, plant and equipment | 5,262 | 42,045 |
| Decrease in refundable deposits | 10,450 | 38,528 |
| (Increase) decrease in other receivables | 660,000 | (660,000) |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Acquisition of intangible assets | (8,560) | (9,413) |
| Acquisition of investment properties | - | (5,369) |
| Decrease in other financial assets | 14,701 | 1,229,030 |
| (Increase) decrease in other non-current assets | <u>(46,455)</u> | <u>694</u> |
| Net cash used in investing activities | <u>(1,897,211)</u> | <u>(1,953,211)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 310,375 | 1,062,078 |
| Proceeds from issue of bonds | 17,200,000 | 20,500,000 |
| Repayments of bonds payable | (11,300,000) | (13,700,000) |
| Proceeds from long-term borrowings | 146,039,764 | 180,330,464 |
| Repayments of long-term borrowings | (149,069,299) | (189,641,931) |
| Repayment of the principal portion of lease liabilities | (236,321) | (238,157) |
| Decrease in guarantee deposits received | (121) | (459) |
| Cash dividends paid | <u>(7,226,382)</u> | <u>(8,029,313)</u> |
| Net cash used in financing activities | <u>(4,281,984)</u> | <u>(9,717,318)</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS | (1,548,456) | (1,156,614) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR | <u>19,436,311</u> | <u>20,592,925</u> |
| CASH AND CASH EQUIVALENTS, END OF THE YEAR | <u>\$ 17,887,855</u> | <u>\$ 19,436,311</u> |

(Concluded)

Attachment II

The Audit Committee's Review Report

To the 2022 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 2021 which had been audited by Deloitte & Touche, and found them in order.

The Convener of the Audit Committee: Chen-En Ko

Handwritten signature in Chinese characters: 柯承恩

May 6, 2022