Far Eastern New Century (TWSE: 1402)

A constituent of the MSCI ESG Leaders Indexes, FTSE4Good Emerging Index & TWSE CG 100 Index

Contents

FENC's Three Key Businesses

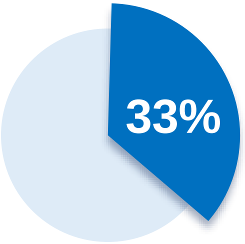
Established 1954 / 32,736 employees

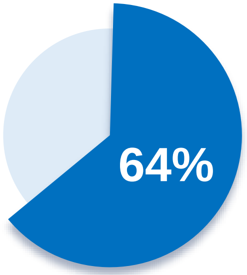
Strategic summary (FENC has a consistent dividend policy)	Asset allocation (6/30/'22: NT$ 663 billion)	Consolidated revenue (1H22: NT$ 133 billion)

Book value per share: **NT$ 38.5**

Production
Transformation

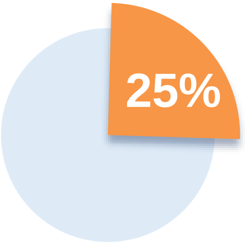
Go green (Sustainability) + Local to local (Regionalization) + Empower possibilities (R & D)

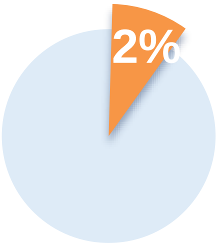




Property
Development & Monetization

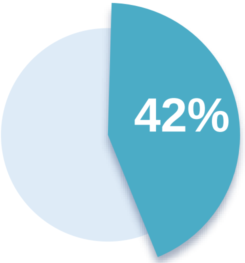
park + Office buildings (Lease) + Residential products (Sell)

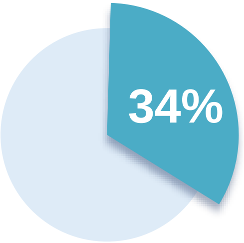




Investments
Stable Investment Income

Parent company of the FE Group





Net Zero by 2050

FENC’s GHG Emissions Target

Reducing GHG emissions through energy efficiency, alternative fossil fuels, renewable energy, raw material transformation and CCUS (carbon capture, utilization and storage) technology.

GHG emissions
(Scopes 1 & 2)

2,432 $ktCO_2e$

2020
Base Year

- 20%

2025

- 40%

2030

2050

Contents

A World Leading Integrated Polyester Supplier

FENC is a leading supplier of virgin & recycled polyester, the only company providing integrated production and total solution services ranging from upstream feedstock to downstream daily necessities

WORLDWIDE TOP 1	**WORLDWIDE TOP 1**	**WORLDWIDE TOP 1**	**WORLDWIDE TOP 2**	**WORLDWIDE TOP 3**	**WORLDWIDE TOP 3**	**ASIA PACIFIC TOP 1**	**ASIA TOP 1**
PE/PET & PE/PP Bicomponent Staple Fiber	Recycled Filament	Recycled Ocean Polyester	Recycled PET	Nonwoven PSF	PET Resin	Nylon 6,6 Filament	PET Sheet

Solutions For a Circular Economy & a Cleaner Earth

How FENC transforms waste PET bottles & waste polyester clothes…

FENC® TOPGREEN®

Recycling Solutions

Bottle to Bottle	1~1.5 bottles	→	1 bottle
Bottle to Apparel	7~8 bottles	→	1 shirt
Bottle to Shoe	11 bottles	→	1 (A pair)
Textile to Textile	1 shirt	→	1 shirt

Waste reduction

FENC has reduced waste by **20 billion** PET bottles per year, enough bottles to circle the Earth **115 times**

GHG reduction

Compared to conventional production of virgin PET resins, producing R-PET resins reduces GHG emissions by **63%**

Recycling Waste From Land, Sea and Air…

FENC explores all possible sources of waste to fulfill the growing demand for sustainable material applications

from Land

from Sea

from Air

FENC's Pioneering Sustainability Projects

Recycling waste
from land, sea and air…

2022 ISPO Munich Textrends

- **Best Product:** TOPGREEN® BIO3
  (recycled waste gas + Nylon 6,6 solution dye)
- **Top 10:** TOPGREEN® rTex
  (recycled textile waste)

2021: Lululemon / Zara

With LanzaTech created the 1st fabric using recycled waste gas

2021: Continental Tire

Recycled polyester yarn in an automotive high performance scenario

2020 ~ Now: Coca-Cola Bottlers Japan

A new joint project for chemical recycling (TOPGREEN® ChemCycle)

2019 ~ Now: Coca-Cola / 7-eleven Closed-loop Business Model in Japan

A waste reduction mechanical recycling project

2015 ~ Now: adidas' Ocean Plastic Recycling Project with Parley (NGO)

Recycling ocean waste PET bottles into high-quality yarns for shoe uppers

2010 ~ Now: Nike Recycled National Team Kits

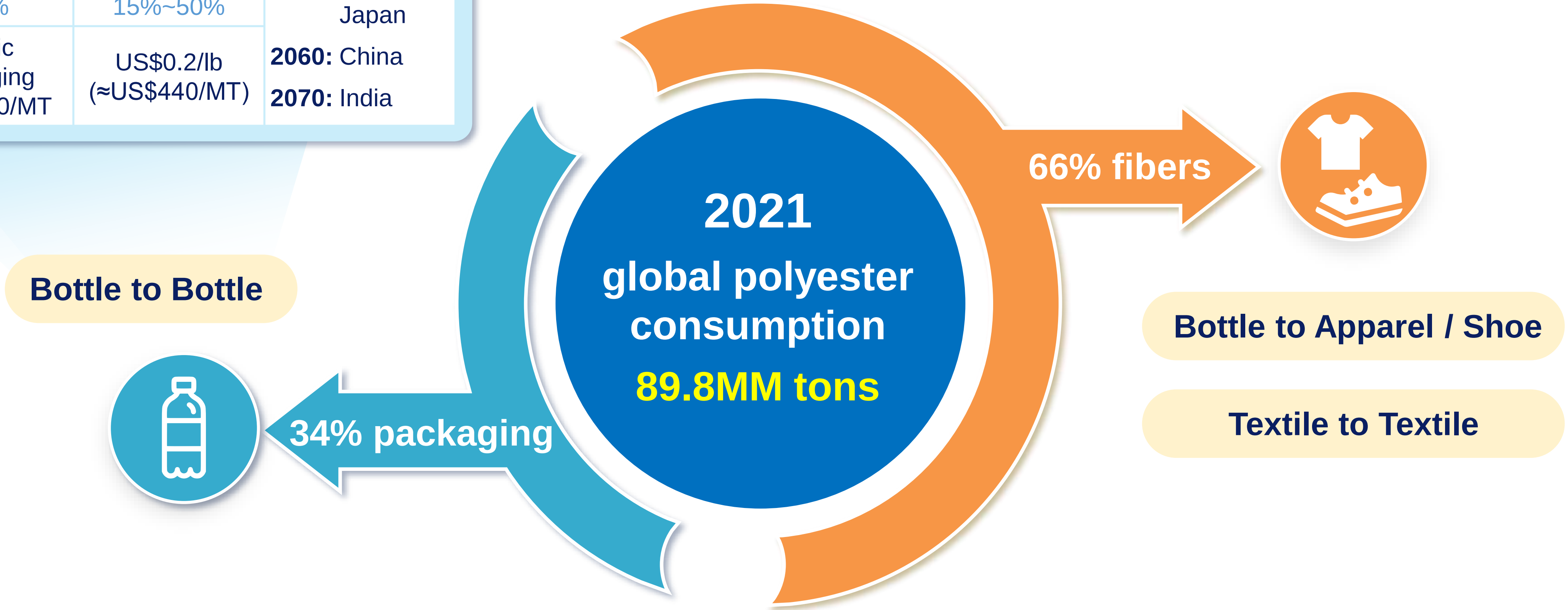
Selected as one of the key suppliers for FIFA World Cups, the NBA and other global sporting events

R-PET Market Demand Outlook

Post-Consumer Recycled (PCR) Resin has/will become a mandatory element of plastic bottles in many places

European Parliament			CO_2 NEUTRAL
2025: ≥25% **2030:** ≥30%	**1 Apr 2022:** ≥30%	**CA, WA & NJ:** 15%~50%	**2050:** EU, USA, Japan **2060:** China **2070:** India
Plastic tax: €0.8/kg (Effective 2021)	Plastic Packaging Tax: £200/MT	US$0.2/lb (≈US$440/MT)	

Regulations will push up the demand for R-PET, but the limited supply of collected, recycled PET bottles will accelerate the development of textile to textile to meet this unfulfilled demand.



FENC's Green Business Snapshot (I)

FENC's green products

1 PET

2021 Revenue NT$ 38.4 billion

27% of Production revenue

15% of PET capacity

>40% of Production operating margin

(Note) **1H22:** Green product revenue is NT$ 25.5 billion, around 30% of the Production Business revenue and more than 40% of its operating margin.

FENC's recycled products have received all three green certifications below

1 Safe for R-PET food packaging

FDA

Health Canada

厚生労働省 Ministry of Health, Labour and Welfare

efsa European Food Safety Authority

2 Recycled content certifications

Global Recycled Standard

SCSglobal SERVICES

TÜVRheinland® Precisely Right.

3 Other green certifications

Recycled 100 claim standard

Recycled Blended claim standard

OEKO-TEX® CONFIDENCE IN TEXTILES STANDARD 100

Organic 100 content standard

Organic Blended content standard

Global Organic Textile Standard · GOTS ·

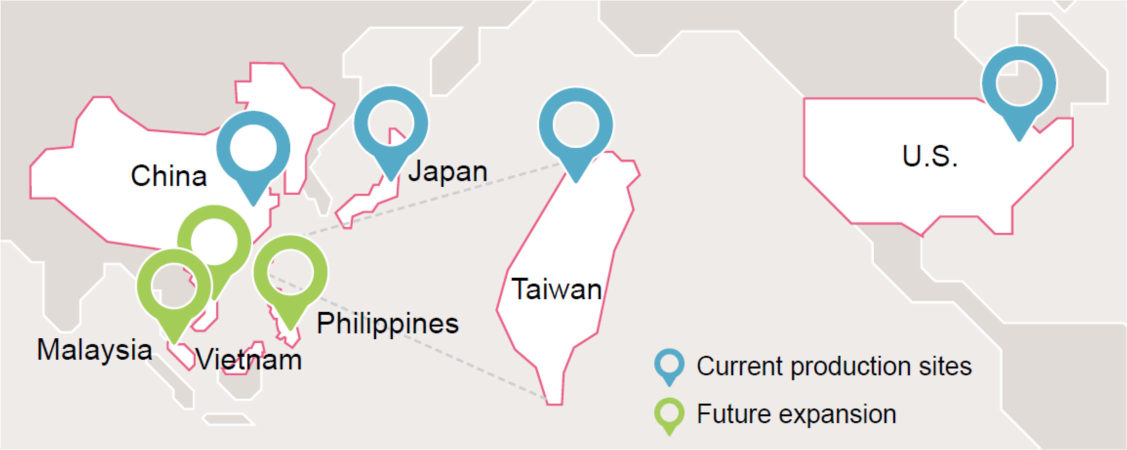
bluesign®

Life Cycle Assessment
ISO 14040:2006
ISO 14044:2006

FENC's Green Business Snapshot (II)

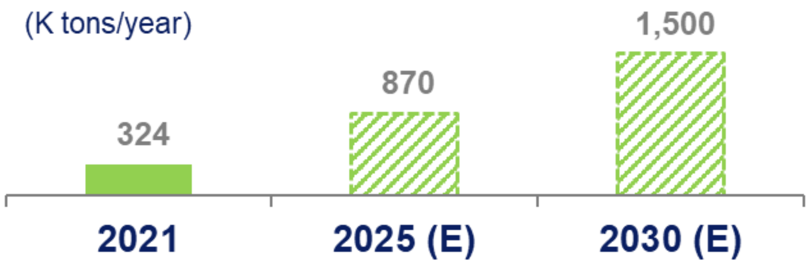
A leading polyester recycling company

FENC has invested heavily in the recycled PET (R-PET) industry since 1988 in Taiwan and then globally. New expansion plans have been launched in Japan, United States, China, Vietnam, Philippines & Malaysia.



Global No.1 R-PET leader

R-PET Capacity & Target



Business models & new partnerships in Japan

Closed-loop business models with Coca-Cola, ITO EN, 7-eleven, FamilyMart, AEON, Himeji city government

Mutual benefits

Solve the trash problem and also secure feedstock for FENC & beverage companies

Contents

Property Development Business – Major Landholdings

Land holdings including investment properties & self-use: approximately 215k pings (712k sq meters)

The book value of investment properties : NT$ 117 billion as of Jun 30, 2022

Taoyuan City (excluding Neili land development plan below)
Size: 53,055 pings (175,612 sq meters)

Neili new land development plan

(part of the ongoing Taoyuan urban renewal plan)

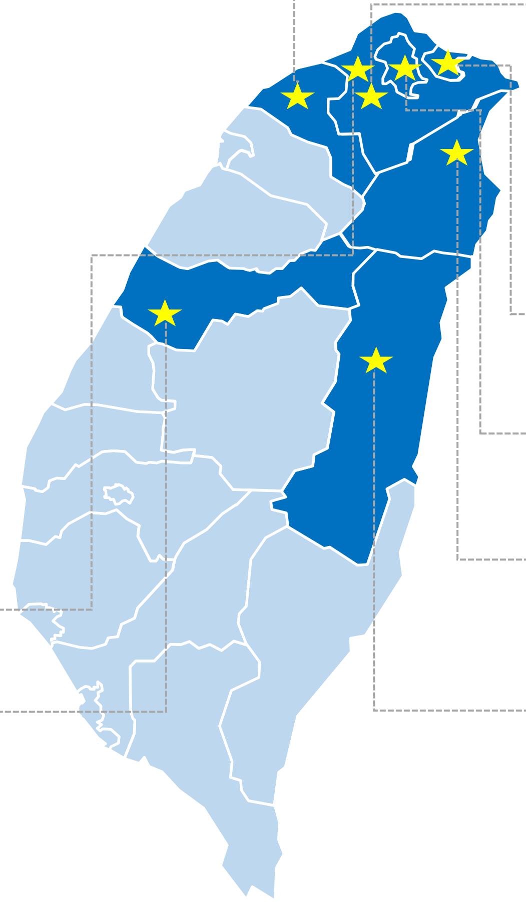
① Size: around 30k pings (99k sq meters)

② Status: applied for government land rezoning approval in 2020. (estimated 2-3 years)

③ Neighborhood: is adjacent to Yuan Ze University & the underground railway project for Neili station

Taishan & Wugu
Size: 16,250 pings (53,788 sq meters)

Taichung City
(Rented to hypermarket 愛買 a.mart)
Size: 2,329 pings (7,709 sq meters)



Banqiao

Taipei Far Eastern Telecom Park
Size: 82,966 pings (274,617 sq meters)

Mega Tower
Size: 2,121 pings (7,021 sq meters)

Others
Size: 16,454 pings (54,463 sq meters)

Taipei Far Eastern Plaza
Size: 1,651 pings (5,465 sq meters)

Yilan (SPA resort)
Size: 30,694 pings (101,597 sq meters)
Phase I plan: villa concept, 173 rooms

Hualien
Size: 9,446 pings (31,266 sq meters)

(Note) 1 ping = 3.31 sq meters = 35.58 sq feet

Neili (Taoyuan City) New Land Development Plan

An integrated district tailored for residential zones, a commercial zone, a medical zone and green parks

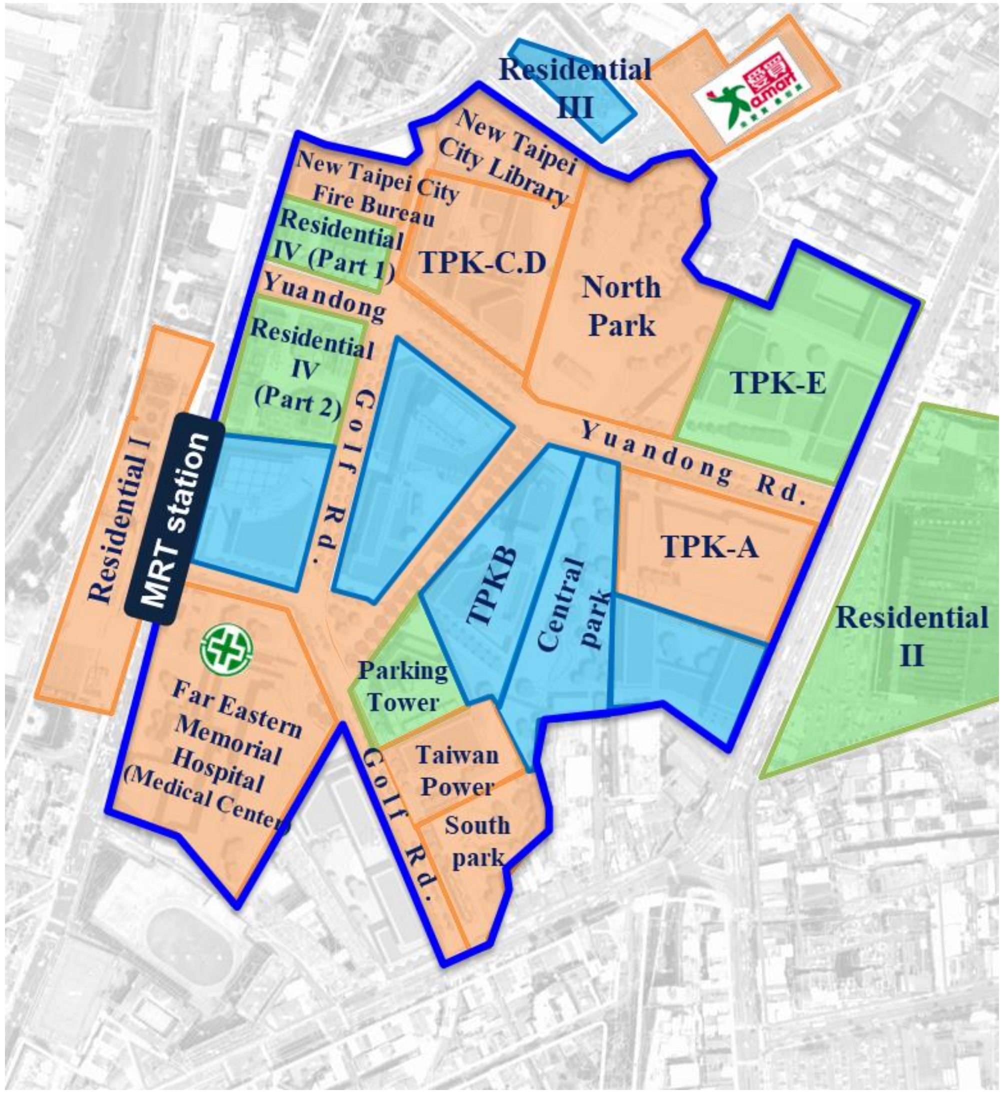
Taipei Far Eastern Telecom Park (Banqiao)

*A **smart green** campus, with sole property ownership, integrated with residential zones, commercial offices, a medical center, a college, and a hypermarket in the neighborhood*

Land development plan: Approximately 24 hectares (around 73.7K pings/244K sq meters)

R&D Office Building Zone	Residential Zone	Commercial / Retail Zone	Regional Medical Center	Public Facilities
46% *(in terms of Tpark land size)*	**7%**	**4%**	**11%**	**32%**
For lease (full occupancy) • **Completed:** 3 buildings (TPK-A/C/D) • **Tenants:** FETone, Google, Ericsson, Synology, Unilever, etc • **Under construction:** 2 buildings (TPK-E & parking tower)	**For sale** • **Under construction:** 1 building (Residential IV-Part 1) • **Planned:** 2 buildings (Residential IV-Part 2 & Residential II)	**Planned for the final stage**	**Far Eastern Memorial Hospital**	**Completed:** • New Taipei City library • New Taipei City Fire Bureau • Infrastructure, ex. road & utilities • Green parks

Developed area (2008-2021) **Developing area (2021-2024)** **Developing area (after 2024)**



Dec 2021

Office	TPK-C	TPK-D
Tenant	FETone IDC center	Google
Height	11 floors	16 floors
Green building label	• TW EEWH Diamond rating	• TW EEWH Diamond rating • U.S. LEED Gold rating
GFA	10.2k pings (33.8k sqm)	17.7k pings (58.5k sqm)
Land	4.7K pings (15k sqm)	

TPK-E (Under construction)

- 13-floor building
- Land: 6.6k pings (21.8k sqm)

Housing Product	Residential IV	
	Part 1 (completion in 2022)	Part 2 (under planning)
Height	27 floor	27 floor
GFA (for sale)	7k pings (23k sqm)	N.A.
Land	1.6k pings (5.3k sqm)	3.2k pings (10.6k sqm)

Contents

Investment Portfolio - Listed Companies

(NT$ million)

Stock code	Investees	Holdings (%)	Book value (2022.6.30)	Market value (2022.8.23)	Accounting method
4904 TT	Far EasTone Telecommunications	38%	23,692	92,798	Consolidated entity
1102 TT	Asia Cement	26%	25,296	38,488	Equity method
2903 TT	Far Eastern Department Stores	35%	11,318	10,031	Equity method
1710 TT	Oriental Union Chemical	31%	5,290	4,927	Equity method
2845 TT	Far Eastern International Bank	16%	7,393	6,814	Equity method
1460 TT	Everest Textile	26%	1,602	1,395	Equity method
2606 TT	U Ming Marine	0%	-	-	Asia Cement's investment
Total Investees			**74,590**	**154,454**	

Note : 5,353 million shares of FENC common stock were issued and outstanding as of 30 Jun 2022.

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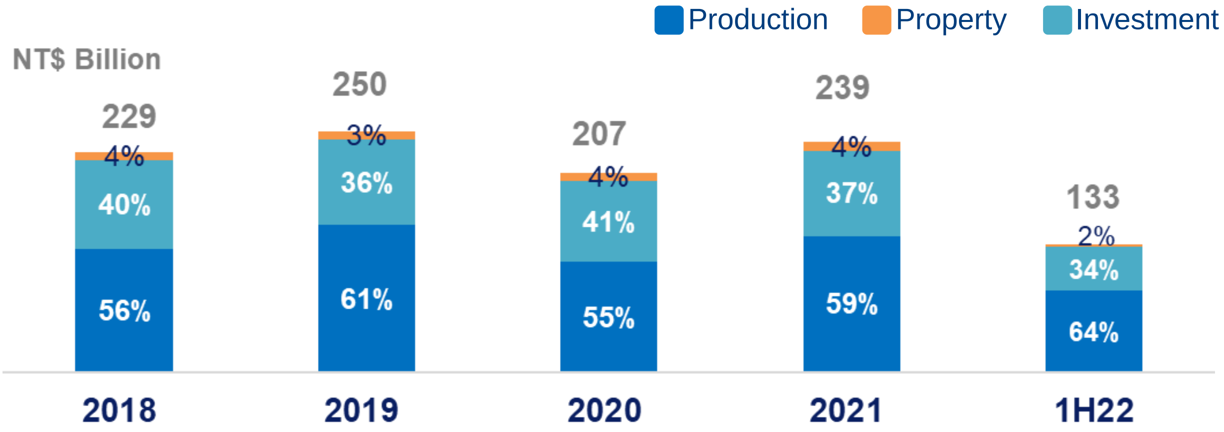
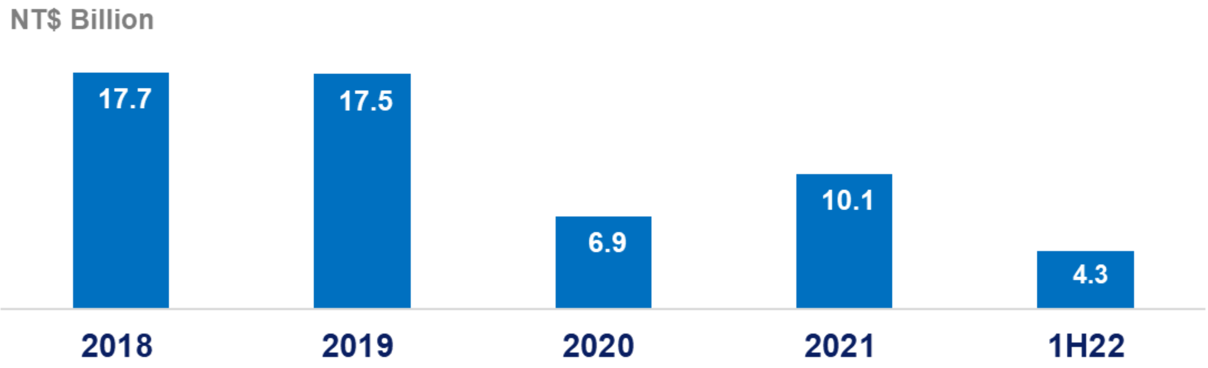
Key Financials Summary (I)

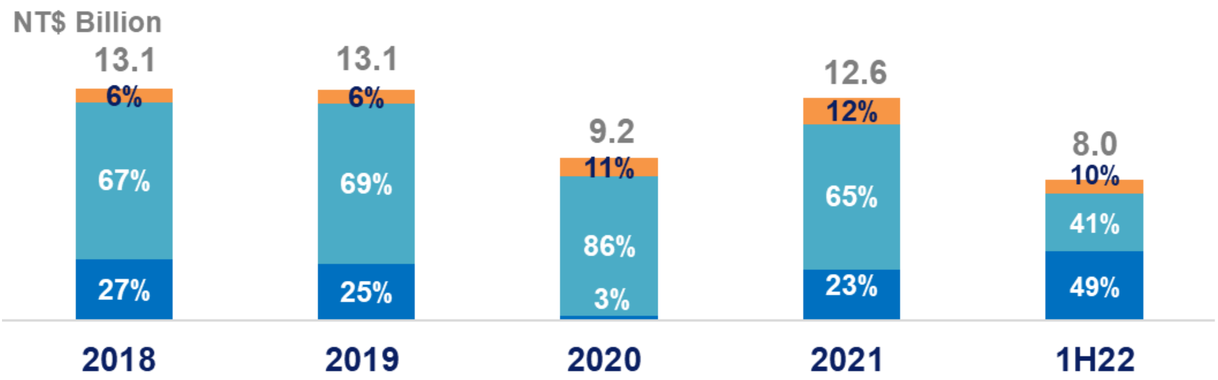
Consolidated revenue breakdown



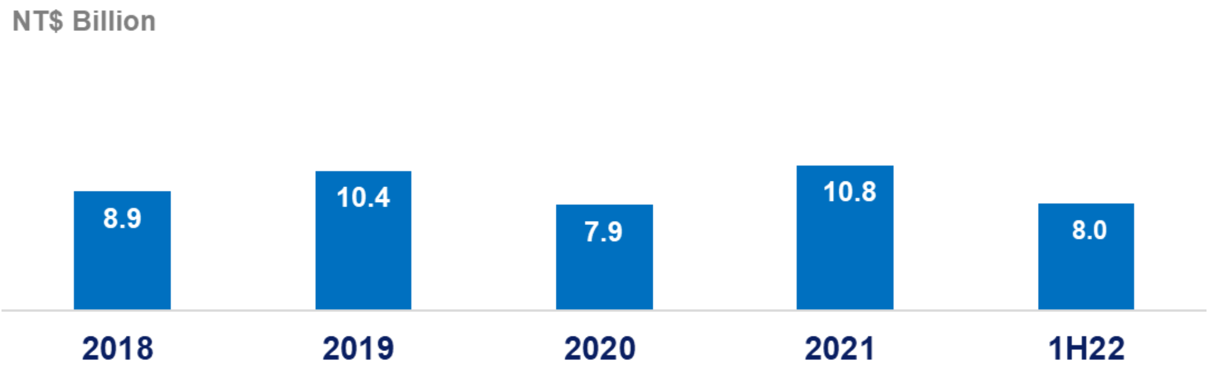
Capex – Production



Adjusted operating margin* breakdown



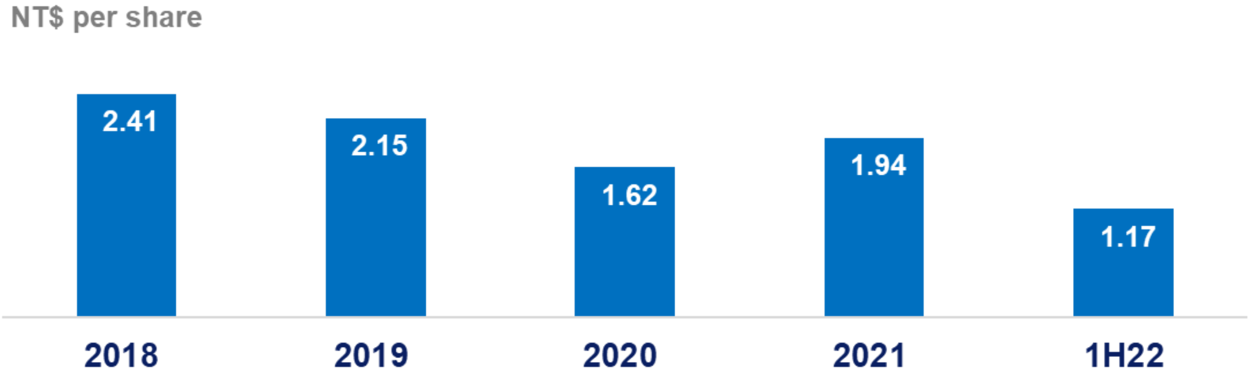
EBITDA – Production



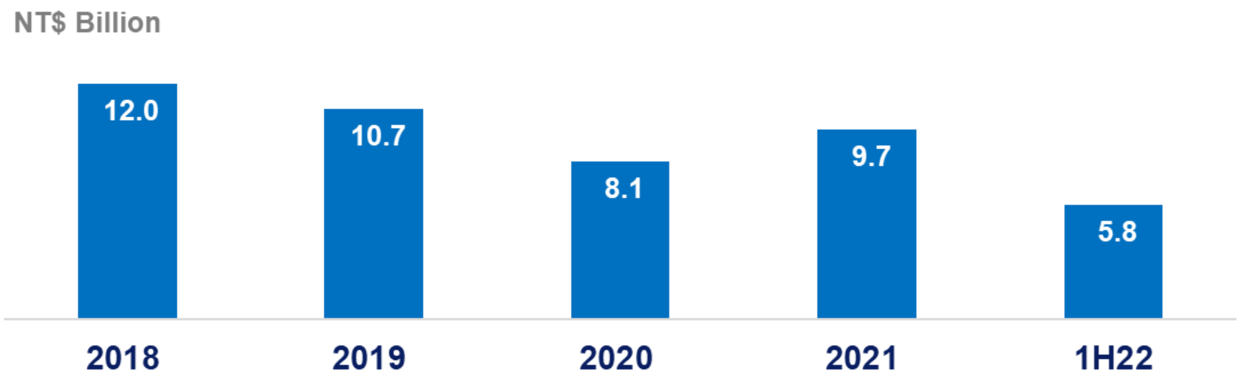
* *For presentation purpose, adjusted operating margin for "investment business" includes*
❶ using 38.33% holding ratio to calculate FETone operating margin ❷ investment Income (equity method) & dividend income of non-operating income.

Key Financials Summary (II)

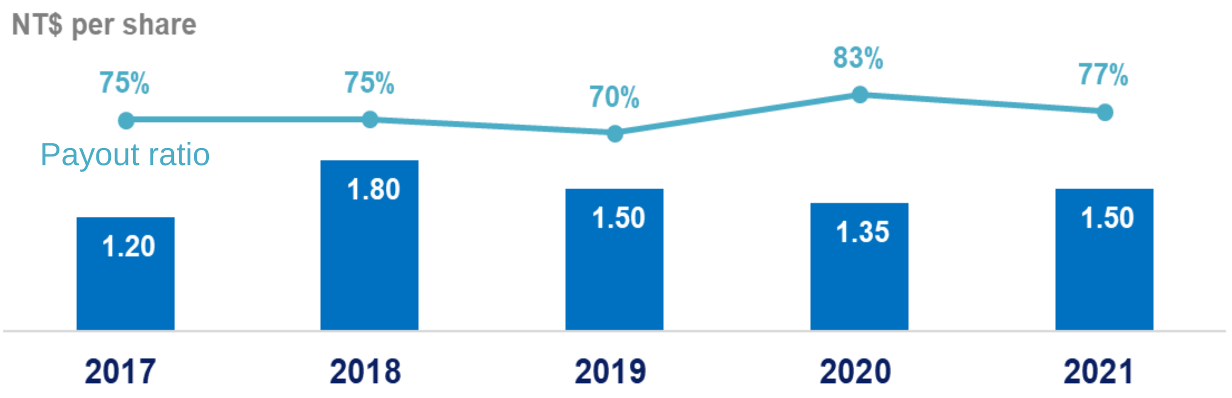
Earnings per share



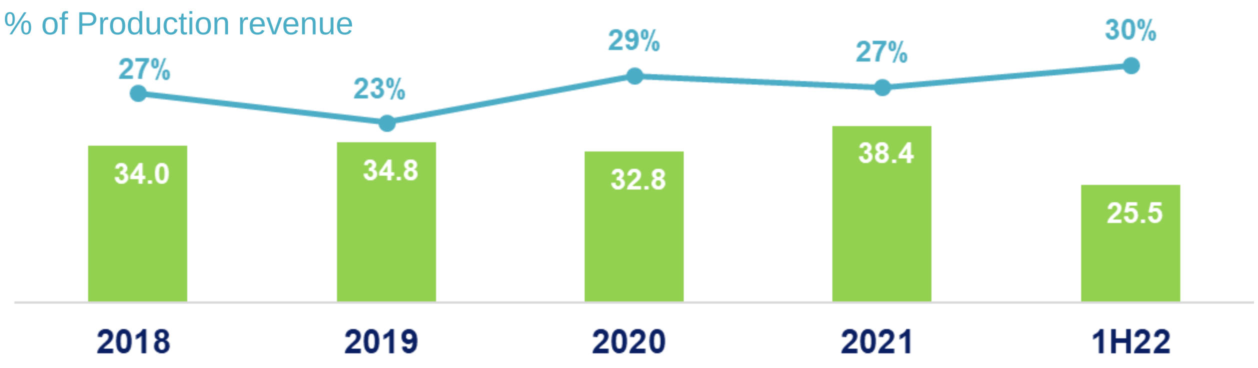
Net income attributable to shareholders



Cash dividend per share



Green product revenue



Consolidated Financial Summary

(NT$ million)	2Q22		2Q21		YoY	1H22		2021		2020	
Revenues	**69,296**	100%	**58,494**	100%	**18%**	**132,681**	100%	**238,806**	100%	**206,769**	100%
Profit from Operations	**5,297**	8%	**4,073**	7%	**30%**	**9,560**	7%	**11,712**	5%	**10,002**	5%
Investment Income(Equity method)-Net	1,291	2%	1,670	3%	-23%	2,099	1%	7,222	3%	5,525	3%
Interest Expenses-Net	(654)	-1%	(620)	-1%	n.a.	(1,239)	-1%	(2,426)	-1%	(2,640)	-1%
Gain on revaluation of investment property	22	0%	189	0%	-88%	38	0%	250	0%	3,246	2%
Others	(146)	0%	104	0%	n.a.	335	0%	1,070	0%	(9)	0%
Consolidated Income before Tax	**5,811**	9%	**5,416**	9%	**7%**	**10,793**	8%	**17,827**	7%	**16,123**	8%
Tax Expenses	1,245	2%	859	1%	45%	2,160	2%	2,983	1%	3,143	2%
Consolidated Net Income	**4,566**	7%	**4,557**	8%	**0%**	**8,633**	6%	**14,844**	6%	**12,981**	6%
Attributable to:											
Shareholders of the Company	**3,080**	5%	**3,517**	6%	**-12%**	**5,833**	4%	**9,685**	4%	**8,063**	4%
Non-Controlling Interests	**1,486**	2%	**1,040**	2%	**43%**	**2,800**	2%	**5,160**	2%	**4,918**	2%
EPS (NT$)(1)	**0.62**		**0.71**			**1.17**		**1.94**		**1.62**	
Total Assets						**662,883**	100%	**635,328**	100%	**616,955**	100%
Total Debt						**396,563**	60%	**365,913**	58%	**347,531**	56%
Net Interest-bearing Debt						237,774	36%	235,607	37%	232,482	38%
Total Equity						**266,320**	40%	**269,415**	42%	**269,425**	44%
Total Shareholders' Equity of Parent Company						206,285	31%	206,049	32%	204,029	33%
Non-Controlling Interests						60,035	9%	63,366	10%	65,395	11%
Book Value Per Share						**38.5**		**38.5**		**38.1**	
Return on Equity						**5.7%**		**4.7%**		**3.9%**	

(Note 1): EPS is calculated using adjusted outstanding shares (deducting treasury stock).

Contents

ESG & Recent Achievements

Awards

TAIWAN STOCK EXCHANGE

Top 5%

of all the listed companies

Corporate Governance Evaluation

Global Corporate Sustainability Award

- Best Practice Award - World Class - Outstanding Practice
- Special Award for Pandemic Response
- Sustainability Reporting Award–Sliver Award

Taiwan Corporate Sustainability Award

- The Most Prestigious Sustainability Awards - Top Ten Domestic Corporates
- Sustainability Report Award–Platinum Award
- Circular Economy Leadership Award
- Growth through Innovation Leadership Award
- People Development Leadership Award

Institutional Investor

2022 ASIA (EX-JAPAN) EXECUTIVE TEAM

MOST HONORED COMPANY

Best CEO
Best ESG
Best CFO
Best IR Program
Best IR Professional

Finance Asia

Asia's Best Managed Company

HR Asia

Best Companies to Work For in Asia

Constituent of ESG Indexes

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FTSE4Good

FTSE4Good TIP Taiwan ESG Index

TIP Taiwan Index Plus

SUSTAINALYTICS a Morningstar company RATED

CDP

Management Level

- Climate Change
- Supplier Engagement Rating
- Water Security

Q & A

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Contents

FENC’s Production Sites & Capacity

Provide clients local to local services

Regionalization with various & diversified production sites and flexible sales & distribution to mitigate the effects of trade barriers

Abbr. *Polyester Staple Fiber(PSF)* *High Tenacity Polyester Yarn (HTY)*

1 Taiwan
- PTA / PET
- PSF
- Filament
- Knitted Fabric
- HTY
- R-PET

2 China
- PTA / PET
- PSF
- HTY
- Filament
- Knitted Fabric
- Apparel
- R-PET

3 Vietnam
- PET
- PSF
- Knitted Fabric
- Apparel

4 U.S.
Via M&A
- PET
- CCP JV (Note)
- R-PET

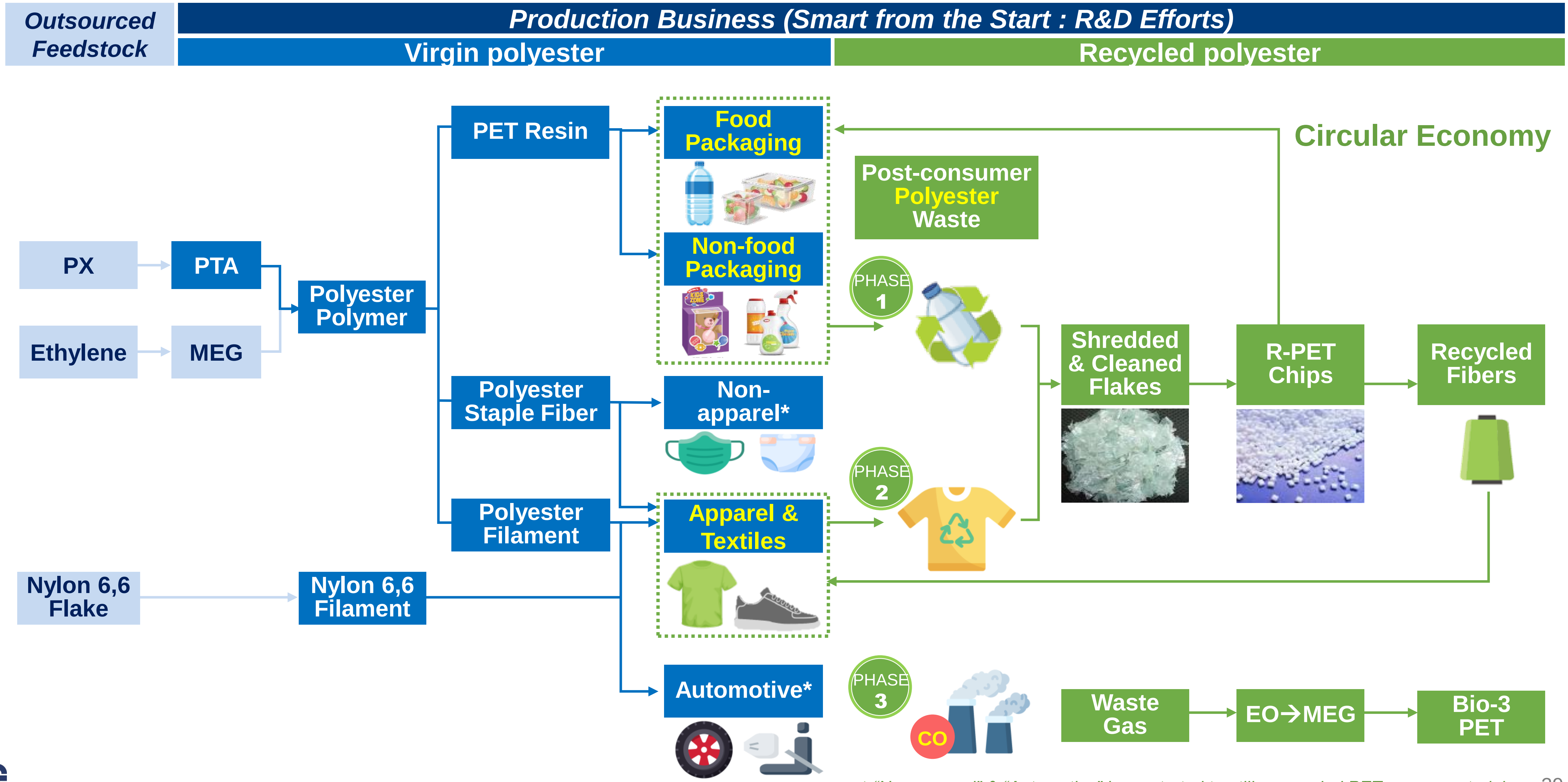
5 Japan
- R-PET

6 Malaysia
- PET

Annual capacity (Current)
- PTA 2.75mm tons / PET 2.235mm tons
- PSF 419K tons
- Filament 95K tons
- Knitted Fabric 43K tons
- Apparel 75 mm pieces
- HTY 150K tons
- Recycled-PET(R-PET) 324K tons

(Note) CCP JV project since 2018: ❶ partnered with Alpek & Indorama, ❷ annual planned capacity of PET 1.1 MM & PTA 1.3 MM tons, ❸ each party has the right to off-take one-third of the capacity and to source its feedstock independently.

FENC's Value Chain



* "Non-apparel" & "Automotive" have started to utilize recycled PET as raw materials

About FENC

http://www.fenc.com/?lang=en

Far Eastern New Century ("FENC") is a leading polyester recycling company publicly traded in Taiwan since 1967 with a market capitalization of approximately US$6 billion. It's a constituent of the MSCI ESG Leaders Indexes and FTSE4Good Emerging Index. FENC is also the flagship company of Far Eastern Group and has diversified businesses ranging from production, to property development and investments.

On the production side, FENC aims to expand its green material business by increasing the scale of its recycled products. After expanding capacities in Taiwan, Japan and the United States, FENC has become one of the world's largest post-consumer recycled polyester producers. With their high quality and speed to market, FENC's products have been adopted by well-known global brands including Coca-Cola, Nike and Adidas.

FENC is a world top-three PET producer in terms of capacity and the leading PET producer in Asia. With its production sites in Taiwan, the United States, Vietnam, China, Japan and Southeast Asia, FENC is the only global polyester supplier providing integrated production and total solution services ranging from upstream feedstock to downstream daily necessities. FENC's strategy is to strengthen its position as a leading polyester producer by maintaining long-term client partnerships, upgrading its product mix and enhancing research and development capabilities.

Currently FENC has total investment properties of 220,000 pings (728,000 square meters) in Taiwan, the majority of which are located in prime areas of northern Taiwan. The Taipei Far Eastern Telecom Park (Tpark) project in Banqiao, New Taipei City is one of FENC's development priorities.

The majority of the Company's investment portfolio is listed companies on the Taiwan Stock Exchange with proven track records, including Asia Cement (1102 TT), Far EasTone Telecommunications (4904 TT), Far Eastern International Bank (2845 TT), Oriental Union Chemical (1710 TT), Far Eastern Department Stores (2903 TT), and Everest Textile (1460 TT), thus providing the Company consistent dividend and investment income each year.

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