



# FAR EASTERN NEW CENTURY

## Handbook for 2023 Annual Shareholders' Meeting



Corporate Governance TOP 5%



GCSA Best Practice Award World Class



ITMF Sustainability & Innovation



Property Development



Production Business



**迎戰 新變局**  
**打造 永續競爭力**  
Building sustainable competitiveness in a turbulent world



Telecommunications



Retail



Cement

Focusing on Sustainable Development Goals



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The meeting handbook is available at <http://investor.fenc.com/report.aspx?lang=en&id=81>.

If you would like to obtain a hard copy of the meeting handbook, please email to [ir@fenc.com](mailto:ir@fenc.com) , or write to

Attn: IR team

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# Far Eastern New Century Corporation (FENC)

## 2023 Annual General Shareholders' Meeting (Translation)

<b>Meeting type:</b>	A hybrid shareholders' meeting (Physical shareholders' meeting with the assistance of video conference)
<b>Time:</b>	9:00 a.m., Wednesday, June 28, 2023 (Taipei time)
<b>Place:</b>	Auditorium in the Taipei Hero House, No. 20, Changsha Street, Section 1, Taipei, Taiwan
<b>E-meeting platform:</b>	Taiwan Depository & Clearing Corporation (TDCC) / TDCC Stockvote ( <a href="https://www.stockvote.com.tw">https://www.stockvote.com.tw</a> )

### **Meeting Agenda**

**Call the meeting to order**

**Chairperson takes chair**

**Chairperson remarks**

#### **Reporting items:**

1. 2022 business operations
2. 2022 financial statements
3. The Audit Committee's review report of 2022 business operations and financial statements
4. 2022 employees' compensation and Directors' remuneration
5. Information of the corporate bonds issued in 2022
6. Information of the share exchange with the Company's subsidiaries

#### **Approval items:**

1. To accept 2022 business report and financial statements
2. To approve the proposal for distribution of 2022 profits

#### **Proposed resolutions:**

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

**Extemporaneous motion**

**Meeting adjourned**

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

## Reporting items

### 1. To report 2022 business operations

The 2022 business report is attached as Attachment I.

### 2. To report 2022 financial statements

The 2022 independent auditors' reports and financial statements by Deloitte & Touche are attached as Attachment II. (The 2022 financial report can be downloaded at <http://mops.twse.com.tw> )

### 3. To report the Audit Committee's review report of 2022 business operations and financial statements

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

### 4. To report 2022 employees' compensation and Directors' remuneration

- i. Regarding expensing employees' compensation under the Business Entity Accounting Act which has been aligned with the international standards, the Article 235-1 of the "Company Act" was therefore amended on May 20, 2015, requiring each company to determine that either a fixed amount or a ratio of profit of the current year distributable as employees' compensation shall be definitely specified in the Articles of Incorporation. Besides, the MoEA Letter No.10402427800 issued by Ministry of Economic Affairs on Oct 15, 2015, specifies the ratio distributable as Directors' remuneration in the Articles of Incorporation shall be limited using upper limit only. In accordance with the related regulations abovementioned, FENC has resolved to amend the Article 26 of the "Articles of Incorporation of Far Eastern New Century Corporation" in 2016 Annual General Shareholders' meeting as there are profits for the current year, with the Company's accumulated losses have been covered, a range of the percentage of profit of the current year should be distributed as employees' compensation and an upper limit of profit of the current year should be distributed as Directors' remuneration. The aforesaid profit of the current year shall be audited by the independent auditors of the Company.
- ii. 2022 Directors' remuneration and employees' compensation were calculated as NT\$153,878,309 and NT\$285,617,109, respectively. The aforesaid items will be paid in cash.
- iii. The 24<sup>th</sup> term Board of Directors approved 2022 employees' compensation and Directors' remuneration in the 7<sup>th</sup> Board meeting.

### 5. To report the information of the corporate bonds issued in 2022

Two corporate bonds were issued in year 2022. Pursuant to Article 246 of "Company Act", the information about the issuance of such corporate bonds is disclosed as Attachment IV.

### 6. To report the information of the share exchange with the Company's subsidiaries

- i. Yuan Ding Investment Co., Ltd.(YDI), FENC's subsidiary fully owns the Company's other four subsidiaries: Far Eastern Fibertech Co., Ltd.(FEFC), Oriental Resources Development Co., Ltd.(ORD), Oriental Green Materials Ltd.(OGM), and Far Eastern Apparel Co., Ltd.(FEAC). In consideration of the overall long-term strategic development, simplify the investment structure and improve the group synergy, FENC proposed to exchange shares among subsidiaries in accordance with the Article 29 of Business Mergers and Acquisitions Act. The transaction was settled in cash, and the Company made a payment of NT\$ 2,527,438 thousand to YDI in exchange for 100% ownership of the aforementioned four companies.

Unit: In thousands of New Taiwan Dollars

Item	Target equity	FEFC	ORD	OGM	FEAC	Total
Transaction in cash		1,380,326	140,127	825,569	181,416	2,527,438
Reference date of the share exchange		December 30, 2022				

- ii. The 24<sup>th</sup> term Board of Directors approved the information in the 6<sup>th</sup> Board meeting.

# Approval items

## 1. To accept 2022 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2022 business report and financial statements.

Explanatory Notes:

- i. FENC's 2022 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. Ke Jr-Shian 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 2022 business report, independent auditors' reports, Audit Committee's report, and the aforesaid financial statements are attached as Attachments I, II, and III.
- iii. Please accept the aforesaid business report and financial statements.

## 2. To approve the proposal for distribution of 2022 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2022 profits.

Explanatory Notes:

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

iii. Please refer to the following table for the 2022 profit allocation proposal

	(Unit: NT\$)
<b>1. Net income of 2022</b>	<b>8,160,292,096</b>
2. Adjustments due to changes in investees' equity in equity-method investments	327,142,091
3. Adjustments due to changes in other comprehensive income	342,487,121
4. Legal reserve	817,563,713
5. Special reserve	834,556,842
6. Reversal of special reserve	1,651,668,973
7. Unappropriated earnings of previous years	4,029,456,228
<b>Earnings available for distribution as of 31 December 2022</b> (1-2+3-4-5+6+7)	<b>12,204,641,772</b>
<b>Distribution item:</b>	
1. Shareholders' dividend (NT\$ 1.35/share in cash)	7,226,381,556
<b>Total distribution</b>	<b>7,226,381,556</b>
<b>Unappropriated earnings</b>	<b>4,978,260,216</b>

iv. Please approve the aforesaid proposal for the distribution of 2022 profits.

## 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. According to the proposed schedule of "Corporate Governance 3.0-Sustainable Development Blueprint" promulgated by the Financial Supervisory Commission, since 2024, any TWSE/ TPEX listed company with a paid-up capital reached NTD 10 billion or more, or being classified as financial insurance industry, shall have the number of independent directors which shall not be less than one-third of the total number of directors. In order to increase the flexibility of the Company in electing the number of independent directors, take the current number of independent directors into account, and furthermore, to cope with the proposed schedule aforementioned promulgated by the Financial Supervisory Commission, the Company hereby amends the Articles 16 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 attached as Attachment V.
- iii. Please approve the proposal for the amendments to the “Articles of Incorporation of Far Eastern New Century Corporation”.

**Extemporary motion**

**Meeting adjourned**

# Attachment I

## 2022 Business Report

### I. Preface

The year 2022 closed with the world in a state of turmoil, pummeled by severe challenges including the looming threat of ever-rising inflation and interest rates, simmering geopolitical tensions, palpable climate change manifested in the increase of extreme weather conditions, an upward spiral in commodity prices and the lingering after-effects of COVID-19. 2023 will be an equally challenging year. In addition to the existing concerns about inflation, interest rates and their effects on growth, other prevailing worries include how to mitigate climate change, supply chain security, the pace of technological innovation, and the race to net zero emissions. Having weathered this volatile economic climate, Far Eastern New Century Corporation (FENC) has lived up to stakeholders' expectations with corporate resilience and the relentless impetus for innovation and transformation which helps in building sustainable competitiveness in a turbulent world.

The world's political and economic landscape is evolving more quickly than ever. Politically, the tension between the United States and China, the world's two biggest economies, has not yet abated. The results of the 2022 midterm elections in the U.S. have tipped the balance between Democrats and Republicans and the presidential election in 2024 is bound to attract the world's attention. With the conclusion of the 20<sup>th</sup> National Congress of the Communist Party of China, wherein national development strategies were publicized and the leadership for the next five years was chosen, China is expected to remain stable politically. The European Union, the world's third largest economy, has seen several of its member states usher in new leaders, whose leadership styles are anticipated to wield significant influence on international affairs. Olaf Scholz is Germany's chancellor of the new coalition government; Giorgia Meloni is the first woman to hold the office of Prime Minister of Italy; Rishi Sunak is the UK's youngest prime minister in more than two centuries and Emmanuel Macron is the first French president to be re-elected in 20 years. Japan, the pivotal nation in Asia, is stepping up its communication with its allies to safeguard national security. India, as it continues to reap the highest demographic dividend, overtook the United Kingdom for the first time to be the fifth largest economy and will, the UN predicts, dethrone China as the most populous country in the world. Taiwan held local elections in late 2022. Whilst it remains to be seen how the results might affect economic development, it is evident that Taiwan remains a focal point of the world economy because of its leading position in supplying chips to the semiconductor industry.

Economically, in the past year, commodity prices skyrocketed, throwing demand and supply off balance. Adding fuel to the fire was the ongoing war between Russia, a major energy supplier, and Ukraine, Europe's breadbasket, which steepened energy and food prices and pushed the cost of living to an all-time high. To curb inflation, following the lead of the US Federal Reserve, central banks worldwide have been raising interest rates, a double-edged sword that might leave major countries heavily indebted and on a downward spiral that ends in stagflation. Mindful of the gray rhino effect, governments have implemented various economic measures to counter potential crises. The Fed forges ahead with rate hikes and strives to shrink its balance sheet. China touts "Common Prosperity" and "State-owned Enterprise Dominance, Private Enterprise Retreat," when faced with excess capacity in the manufacturing sector and stagnancy in the property market. European leaders scramble to address energy shortages as Europe appears stuck in the bottleneck of energy transition. Businesses have had to put rigorous plans in place to ensure adequate cash flow and undertaken lean management initiatives to improve production and sales, keep inventory at reasonable levels and ultimately reduce operational risks.

Environmentally, 137 countries around the world have pledged to achieve net-zero emissions, as set forth in the Paris Agreement, and 90% of them hope to attain carbon neutrality by 2050. Net zero emissions has become a global consensus. Governments, multinational enterprises, and environmental organizations are committed to promoting a comprehensive transformation across all industries toward net zero emissions. The EU Carbon Border Adjustment Mechanism is set to kick off this year. The United States has introduced the Inflation Reduction Act to combat the climate crisis. China will include energy-and-emissions- intensive sectors in its national emissions trading system (ETS) and start to levy a carbon tax by 2025. Japan is considering a carbon border tax for international polluters. Taiwan also announced its path to net-zero emissions by 2050 and supporting strategies. This wave of global resolve to tackle environmental challenges is unstoppable. In addition, the vigorous development of digital technology has changed the behavior of global consumers. During the height of the COVID-19 pandemic, concerns over supply chain disruption and the emergence of remote lifestyles accelerated digital transformation.

Despite these kinds of political, economic and environmental challenges, Far Eastern New Century has been conscientious, accelerating the deployment of eco-friendly products and intelligent transformation. As an agile organization, the Company is proactive in the face of uncertainties and risks and has clearly demonstrated its ambitions in sustainable development as befits a world-class corporation.

## **II. Operating Results**

Leveraging its solid foundation of 70 plus years of experience in the business world, FENC operates in a resourceful and strategic manner. The Company's production business expands in size and strength, investment business develops on a stable financial footing, and property business continues on a steadily profitable trajectory. It has truly brought the strengths of its diversified assets into full play. In the politically and economically tumultuous year of 2022, FENC still managed to deliver impressive earnings results: the consolidated revenue reached a record high of NT\$264 billion, an 11% growth from the previous year; the consolidated net income amounted to NT\$13.34 billion with the net income attributable to shareholders of the Company NT\$8.16 billion, an EPS of NT\$1.63. The 24<sup>th</sup> term Board of Directors in the 7<sup>th</sup> meeting proposed a cash dividend of NT\$1.35 per share. The Company's cash dividend yield is around 4%.

### **Production Business: Integrating Vertical Production Lines to Dominate the Industry**

#### ***1. Ruling the Industry with the Synergy of a Streamlined Production Chain***

The Production Business has a broad scope of operations, expanding its presence overseas with the latest technologies and cutting-edge intelligent equipment. We have a streamlined system from feedstock production to sale, taking full advantage of the synergy of vertical integration. The upstream Petrochemical Business remains watchful of current trends in the global market and optimizes production in accordance with the company's production and sales plan to ensure a reliable supply of key feedstocks. Midstream, the Polyester Business leads the global pack with a thorough deployment strategy on all fronts, including business scale, eco-friendly performance and innovation ability. Downstream, the Textile Business enjoys technological advantages over competitors and has conquered the global market with smart, functional and sustainable products. FENC, as a leading supplier of virgin and recycled polyester, is a global benchmark in the polyester industry.

## ***2. Diversifying Geographic Locations of Production Sites to Maximize Logistic Flexibility and Minimize Risks in Regional Operations***

The Company has moved forward at a prudent and steady pace, diversifying risks by setting up production sites in pivotal locations around the world. The strategic deployment in multiple regions enhances its logistic flexibility for the supply chains in Asia and Americas. This two-pronged approach of localized production and supply chain shortening has been tailored to meet the challenges of supply chain management in the post-COVID era. Currently, its production sites are distributed in the United States, Japan, China, Taiwan, Vietnam, Malaysia, and the Philippines. The diversity in geographic locations enables the Company to make timely adjustments to production volume depending on market demand and supply. FENC has built one of its three major production sites in Vietnam to access markets where preferential tariff treatment applies, making full use of the country's involvement in the CPTPP, EVFTA, and RCEP. Our facilities in Vietnam are fully integrated and equipped with a complete range of product lines. In recent years, the Company has been expanding its presence in the Americas. The newest and largest PTA-PET integrated plant in the Americas - Corpus Christi Polymers - is under construction. APG Polytech produces PET, and Phoenix Technologies International produces recycled PET (rPET). Diversified geographic distribution of production sites can reduce the impact and disruptive economic events in a single market.

## ***3. Expanding the Recycling Business with the Focus on Innovative Green Materials***

### **Leader in the Green Supply Chain**

The Company has advanced steadily, setting itself up as a global leader in rPET, leaving competitors trailing in pursuit of green. Since the establishment of its first PET bottle recycling plant in Taiwan in 1988, it has been aggressively building its recycling business for the last 30-plus years and now ranks second in the world. With production sites spanning Taiwan, Japan, the United States, and China, it continues to expand global production capacity. In addition to the ongoing expansion of the facilities in the U.S. and Japan, new sites are also being developed simultaneously in the Philippines, Vietnam, and Malaysia. The goal is to become the world's largest rPET producer. The Company is also the only food-grade rPET supplier in Taiwan that has been certified by world-class beverage brands. In addition, it has also obtained third-party certification of recycled materials, such as Global Recycled Standard (GRS), and has been approved by US FDA, EU EFSA and regulators in Japan and Canada. Green products currently account for about 30% of the revenue of the Production Business.

### **Trailblazer in Sustainable Development**

The Company has applied the most advanced technologies in mechanical, chemical and biological recycling to the development of unrivaled and innovative materials for a wide array of purposes, ranging from environmentally-friendly packaging, epidemic control, functional clothing and footwear to high-end vehicle accessories. In the 2022 FIFA World Cup, 9 national teams wore jerseys made of FENC's exclusive eco-friendly recycled ocean polyester yarns with tear-resistant weaving technology. As the market for electric vehicles grows rapidly, high-end materials are widely used to reduce the overall weight of a vehicle for the sake of energy efficiency and carbon reduction. We supply Continental AG with tire cord fabric made of PET recycled from waste bottles. Our world's first-of-its-kind eco-fabric made from solution dyed Nylon 6,6 filament in combination with recycled waste gases not only won the recognition of Best Product in the Accelerated Eco category by the ISPO Textrends Award, but also demonstrated Taiwan's strength in innovation to the world with ITMF's first "Sustainability and Innovation Award" for sustainable development. With its outstanding performance in the circular economy, FENC was placed first in the global plastic industry circularity rankings announced by Australia's Mindereroo Foundation in 2023. The Foundation's research team gave

the highest score to the Company, observing that FENC has developed a comprehensive strategy for circular operations, and its executives attach great importance to sustainability and circular initiatives with aggressive targets, resulting in fast-growing production of recycled products, outperforming 400 other plastic companies worldwide.

#### **4. Pledging Commitment to Net Zero Emissions with Relentless Effort to Decarbonize**

The Company has championed the global cause of carbon neutrality with concrete actions. Taking 2020 as the base year, it has set the target of reducing carbon emissions by 20% by 2025 and 40% by 2030, and aims to attain the goal of net zero emissions by 2050. An estimated NT\$20 billion will be invested from 2022 to 2030 in the implementation of five major strategies for reduction in carbon emissions, including improving energy efficiency, seeking fuel alternatives, developing CCUS technologies, raw material transition, and developing renewable energy. The intercompany and interdepartmental Energy Task Force conducts the greenhouse gas emissions inventory by collecting data from FENC's 21 production sites throughout the world and closely monitors international trends in carbon inventory, carbon pricing, and carbon border taxes, etc. The Task Force actualizes the vision of net zero from all angles, including feedstock, manufacturing process and product lines, and coordinates R&D efforts regarding sustainability issues, such as reductions in carbon emissions and waste minimization.

#### **5. Perpetuating Sustainable Development with a Commitment to ESG**

The Company has long been committed to sustainable development in three aspects: environmental, social and governance, having a complete structure of sustainable governance and a high caliber management system, actively shouldering corporate social responsibilities. It has been recognized by multiple organizations at home and abroad for outstanding performances in innovation, corporate governance, sustainable development, investor relations, and operation and management. FENC has received numerous *Taiwan Corporate Sustainability Awards (TCSA)* from the *Taiwan Institute for Sustainable Energy*, including *Top 10 Taiwanese Companies Sustainability Model Award* for three consecutive years, *Corporate Sustainability Report Award–Platinum Award*, *Climate Leadership Award*, *Circular Economy Leadership Award*, *People Development Leadership Award*, and *Growth through Innovation Leadership Award*. Moreover, FENC was conferred the 11<sup>th</sup> *Asia Responsible Enterprise Awards (AREA)* in four categories—*Investment in People*, *Corporate Governance*, *Corporate Sustainability Reporting* and *Circular Economy Leadership*, earning the most honors among the Asian recipients. FENC is the only corporate issuer in Taiwan to issue four sustainability-related financial instruments, including green bonds, sustainability bonds, social bonds, and sustainability-linked bonds. It is also the first Taiwanese non-financial corporation that has registered in the Sustainable Bonds Database at the International Capital Market Association (ICMA). FENC has been acting as a pioneer and model enterprise in sustainable finance. It was recognized for its exceptional performance by *The Asset*, a well-known international financial magazine, and won four awards at the 2022 Triple A Country Awards for Sustainable Finance and Triple A Sustainable Capital Markets Awards including *Best Issuer for Sustainable Finance (Taiwan)*, *Best Blue Loan (Taiwan)*, *Best Issuer (North Asia)*, and *Best Sustainability-Linked Bond (Manufacturing)*. Additionally, it has been incorporated as a constituent of multiple sustainability indexes, including MSCI ESG Leaders Indexes and FTSE4Good Emerging Index. In the field of investor relations, FENC was given the *Most Honored Company award* in 2022 by Institutional Investor Magazine. In addition, it was also selected by FinanceAsia as *Asia's Best Managed Company*, and by Asiamoney as *Asia's Outstanding Company*. To top it off, FENC has been ranked in the *top 5% of the listed companies in the Corporate Governance Evaluation* conducted by *Taiwan Stock Exchange* for the fifth straight year.

## **Investment Business: Maximizing Investment Benefits to Raise Profits**

FENC's diversified investment portfolio ranges from cement production, construction, land and sea transport, textile and synthetic fibers, department store retail chains, telecommunications, to financial and banking services with each subsidiary an outstanding company in its own right. With forward-looking planning, the Company does its utmost to promote business exchange and integration among the subsidiaries in various industries to maximize potential benefits. Far EastOne Telecom (FET), which accounts for the largest proportion in the investment portfolio, ended 2022 with extraordinary operating performance thanks to robust penetration of 5G services and drive for growth from the new economy. Strong demand for corporate cloud services and the IoT and the call for digital transformation also added to FET's success. Its merger with Asia Pacific Telecom has expanded the economic scale of the telecommunications business and promises to increase growth in profit. Our cement business is one of the top ten largest on either side of the Taiwan Strait in terms of clinker capacity. In Taiwan, we are doing well not only in the cement sector, but also in reinvestments, including ready-mixed concrete, electric power, and stainless steel, etc. Asia Cement (China) has been making breakthroughs and rising above competition in the industry since it underwent an organizational restructuring. Our retail business has a total of 47 stores in Taiwan and China. Far Eastern Department Store (FEDS) continues to lead the market trend. FEDS Zhubei Store opened officially in 2022, its new model of operation succeeding in driving the growth of the local economy. Growth was seen in revenue from last year, which in turn led to an increase in profits. Far Eastern International Bank (FEIB) accelerated the transformation of digital financial business. The growth in interest and fee incomes drove up its revenue and led to an increase in net income. The Company will press ahead with plans to integrate the Group's resources, maximizing investment benefits and creating profit margins.

## **Property Business: Reviving Properties to Fortify Corporate Financial Strength**

The Company holds a total land area of 570,000 pings (1,884,306 m<sup>2</sup>) in Taiwan. To improve the efficiency of resource utilization and investment performance, Far Eastern Resources Development Corporation was set up and put in charge of real estate development, and the sale, rental and management of property. Its development projects include commercial and residential buildings, shopping malls, telecom parks, hypermarkets, resort hotels, etc. Assets of growing value are mostly concentrated near the metropolitan center and transportation hubs of the Greater Taipei area. Properties currently leased out include Taipei Far Eastern Plaza in Taipei City, Taipei Far Eastern Telecom Park (Tpark) and the Mega Tower—the tallest super highrise in New Taipei City. Among them, Tpark, covering an area of 24 hectares in Banqiao District, New Taipei City has three completed commercial buildings TPKA, TPKC, and TPKD, whose occupants include ICT companies home and abroad such as Google, Ericsson, and Far EastOne. TPKE is under construction and has been leased in its entirety by a well-known international company. It is scheduled to be completed and ready for occupation by 2023. Still, there are several buildings under development and planning. The newly completed residential building, Eco Park, was awarded *First Prize* and *Prize in the Category of Planning and Design for Residential Super Highrise of the Chinese Architectural Golden Stone Award*, adding a new page to the overall development of Tpark. The Company is also developing a spa resort located in Jiaoxi Township, Yilan County. This 10-acre project has obtained approval for land rezoning, and applications for building permits are being processed. The proposal for rezoning of the lot on Yuandong Rd., Zhongli District, Taoyuan City was approved by the Taoyuan City Government. It has been developed into a distinctive area for art and culture, residence, commerce, and healthcare. Included in this project is the FE International Conference Hall, whose functions will include commemoration, exhibition, and art performance. As various developments continue to progress, returns on these investments will increase the Company's profits.

### **III. Business Goals and Prospects**

In response to opportunities and challenges in the post-pandemic world, the management team has formulated strategies for sustainable development, adopted novel technologies, facilitated development of industrial synergy and spared no effort in expanding the Company's presence in the global market. They will continue to innovate in pursuit of growth with sustainability in mind and exert themselves for FENC's dominance in the business world.

#### **A. Creating Unlimited Business Opportunities with R&D/Innovative Investments**

To cement its leadership position in the industry, the Company has established the Far Eastern Group R&D Center, which specializes in three fields—New Green Materials & Application, Polyester Material and Fiber & Textile. New Green Materials & Application focuses on carbon reduction, high-strength fibers and high-end wound dressings. Polyester Material on cutting-edge polyester, rPET and new non-fiber polyester products with Fiber & Textile focusing on high-end, innovative textiles that are low-carbon and environment-friendly. Internally, the R&D Center works in tune with the Company's growth plan and dispatches experts to assist business units in market expansion. Externally, in strategic alliance with world-class brands, it has successfully developed a number of new products and technologies. It has been granted 332 patents, and in the last three years, the products of research innovation have brought in billions of dollars in average annual revenue. Research and development talents abound not only at the R&D Center but also in each business unit. Interdepartmental collaboration persists in the Company to maintain its leadership advantages in the industry.

#### **B. Stewarding the Environment by Promoting the Circular Economy**

##### **Develop Circular Economy Strategies**

As a leader in production of eco-friendly polyester, the Company promotes circular economy initiatives across different areas, implementing the strategy of 5Rs (Refill, Reduce, Replace, Renew, Recycle). It has deployed all-encompassing circular technology to recycle waste from land, sea and air. This recycles second-hand clothes and waste PET bottles on land and in the ocean by both mechanical and chemical means, for use in multiple applications and manufactures new products from captured industrial waste gases. It is also innovative in creating business models. In Japan, we have launched the Bottle to Bottle project to form a 100% PET closed loop. In Taiwan, as a leading packaging manufacturer, we have partnered with convenience store chains in the promotion of the circular economy by setting up recycling kiosks on store premises, bringing the concept of a green and sustainable ecosystem closer to the general public. With the ambition to be the world champion in the circular economy, FENC has been making relentless efforts in recent years to expand production sites for recycled products and maximize business opportunities for sustainable development.

##### **Striving for Net Zero Emissions**

In response to the global call for carbon reduction, we will implement various pragmatic action plans to cut back on emissions in tangible ways on an advanced schedule. The Company supports energy transition, having in place plans to switch to renewable energy. It has installed equipment for renewable energy sources such as solar PV panels and improved the energy efficiency of manufacturing processes. In addition, it has been using low-carbon alternatives to conventional feedstock, with recycled and biomass materials as the two staples. Capitalizing on its core competency in technological innovation, the Company forges ahead with development of environmentally friendly and low-carbon materials. In terms of fuel substitution, the short-term plan is to replace high-emitting coal or fossil fuel with lower-emitting natural gas; the medium and long-term plan is to replace natural gas with hydrogen to complete energy transition.

## **C. Pushing Ahead with Digital Transformation with Emphasis on Information Security**

To accelerate digital transformation, intelligent management systems have been introduced and deployment of intelligent manufacturing strengthened. Specifically, smart factories are being established to bolster manufacturing, where robots and AI models are adopted. To realize intelligent management, a wide range of systems have been installed, including OMI Platform, intelligent recruitment system, WebHR integration system, customer contribution E-management system, and BI big data platform. While promoting digital transformation, the Company attaches even more importance to management and control of information security, putting in place a complete framework of unified defense for cybersecurity, designating a task force for this defense, and formulating information security policies. Information security is managed and monitored from different angles, ranging from technology, organization to physical environment. As security control measures are implemented, the Company is able to verify compliance with information security regulations and build a corporate-wide risk profile, which ensures continuous management of operation and resilience in information security and ultimately upholds the CIA triad of data protection, i.e., confidentiality, integrity, and availability.

## **D. Achieving Growth with Excellence in Management**

The management team coordinates the management systems at home and abroad and brings out the synergy, backing up sales, production and investment and driving up growth across the board.

### **(1) Risk Control Mechanism:**

The Company operates three systems of risk control on a regular basis—the risk ranking project, regulatory compliance and risk alert system. Additionally, we simulate how the Company’s operations might be impacted under various adverse conditions to enhance its ability to tackle crises and mitigate operational risks.

### **(2) Governance for Sustainable Development:**

The Company is focused on refining the implementation of ESG practices and committed to enhancing its performance of carbon governance. In alignment with the FSB TCFD recommendations of reporting, it fully discloses climate-related information in four categories: governance, strategy, risk management, metrics and targets, to inform all parties of how FENC addresses risks and opportunities regarding climate change. Such transparency attests to its commitment to strengthening corporate resilience and competitiveness in sustainable operations.

### **(3) Innovative Financing:**

The Company conducts financial planning in accordance with sustainable development policies and strives to become a benchmark enterprise in financial innovation.

### **(4) Optimization of Information Integration:**

The Company coordinates the smart management policies of various sites around the world, promotes informatization and accelerates resource consolidation. It has also established an information security department.

### **(5) Development of Executive Talent:**

The Company has built an international HR training system to meet the needs of its global expansion and cultivate outstanding executives for sustainable operations.

## E. Improving Social Well-Being by Setting Good Examples

To realize our conviction of giving back to society, the Company has committed itself to charity in four major areas—science and technology, arts and culture, medical care, and education. In science and technology, the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation, with “Technology and Innovation” as its founding purpose, incentivizes and cultivates talents for research and development in science and technology. It hosts the Y. Z. Hsu Science Awards to encourage the commitment of Taiwanese intellectuals to technological R&D and innovation to advance the country’s overall economic development and improve people’s quality of life. In arts and culture, the Far Eastern Memorial Foundation has long supported the development of artistic and cultural production with the hope that it can contribute to social well-being or national development, sponsoring domestic and international art, cultural and architectural programs and hosting the Far Eastern International Forum for Architecture. At the forefront of healthcare, the Far Eastern Memorial Hospital (FEMH) provides medical services of highest quality with innovative medical technology. During the pandemic, it also demonstrated its professional capability and moral compass by undertaking various epidemic control tasks in COVID hot spots, doing its utmost to fulfill our social responsibility to protect public health. In the field of education, Yuan Ze University, known for innovative teaching and research excellence, has been included in the world’s top 500 schools of business management. As a university with international prestige, it has set up a graduate institute of medicine in partnership with FEMH to cultivate interdisciplinary talents for the healthcare industry. Furthermore, to recruit and educate the potential workforce, the Company has developed industrial internships and HR training programs that draw on the Group’s abundant resources and strong bonds between industry and academia.

Founded 74 years ago, FENC has gone through countless political and economic turmoils. At every critical moment in history, it has consistently remained calm and grasped the opportunities presented by change. With Sincerity, Diligence, Thrift, Prudence and Innovation as its overarching principles of business operation, it shoulders the responsibility of leading industrial transformation towards sustainability. It is poised to embrace a new world and deliver breakthroughs amid unprecedented challenges with innovation of business models, optimization of human resources, managerial excellence and proactive adaptation to climate change. As the Company continues to hone its competitive edge in sustainability, not only will it enhance the brand value of FENC, but will also maximize benefits for shareholders, employees, and society, and hence motivate industrial peers to follow its lead on the path to sustainable development.

Chairman



President



Chief Accountant



# Attachment II

## 2022 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2022. 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, 2022 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 17 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.

#### **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, 2022 and 2021, 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\$24,111,666 thousand and NT\$18,260,477 thousand, representing 4% and 3% of the Group's consolidated assets as of December 31, 2022 and 2021. The total operating revenue of the aforementioned companies was NT\$18,562,542 thousand and NT\$12,093,616 thousand, representing 7% and 5% of the Group's consolidated net operating revenue for the years ended December 31, 2022 and 2021.

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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 Jr Shian Ke.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

#### 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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 47,244,499	7	\$ 34,544,963	5
Financial assets at fair value through profit or loss	5,973,631	1	5,973,798	1
Financial assets at fair value through other comprehensive income	113,543	-	141,111	-
Financial assets at amortized cost - current	1,904,585	-	3,736,179	1
Contact assets	6,807,718	1	6,838,329	1
Notes and accounts receivable, net	29,095,332	4	29,336,993	5
Other receivables	5,806,618	1	3,409,599	-
Current tax assets	178,449	-	43,922	-
Inventories	53,945,228	8	48,965,163	8
Prepayments	3,909,731	1	4,659,552	1
Other financial assets	3,088,720	1	2,837,333	-
Refundable deposits	88,991	-	52,252	-
Other current assets	3,716,111	1	3,534,464	1
<b>Total current assets</b>	<b>161,873,156</b>	<b>25</b>	<b>144,073,658</b>	<b>23</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income	6,190,477	1	7,450,337	1
Financial assets at amortized cost	1,455,482	-	515,300	-
Financial assets for hedging	6,980	-	3,517	-
Investments accounted for using the equity method	80,443,033	12	79,452,479	13
Contract assets	3,670,471	1	3,362,671	1
Property, plant and equipment	172,053,588	26	165,089,960	26
Right-of-use assets	17,590,081	3	17,282,460	3
Investment properties	115,498,368	18	117,236,910	18
Concessions	66,899,173	10	71,801,775	11
Goodwill	12,289,981	2	12,285,871	2
Other intangible assets	2,906,901	1	3,485,296	1
Deferred tax assets	2,588,649	-	2,766,907	-
Prepayments for equipment	2,747,703	-	803,961	-
Refundable deposits	1,603,216	-	1,380,859	-
Long-term receivables	2,142,111	-	93,134	-
Incremental costs of obtaining a contract	3,702,294	1	3,908,968	1
Net defined benefit assets	1,684,780	-	1,409,774	-
Other financial assets	1,819,892	-	2,263,788	-
Other non-current assets	591,574	-	659,960	-
<b>Total non-current assets</b>	<b>495,884,754</b>	<b>75</b>	<b>491,253,927</b>	<b>77</b>
<b>TOTAL</b>	<b>\$ 657,757,910</b>	<b>100</b>	<b>\$ 635,327,585</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 45,591,748	7	\$ 41,123,185	6
Short-term bills payable	32,170,182	5	5,907,698	1
Financial liabilities at fair value through profit or loss	28,382	-	372	-
Contract liabilities	6,408,943	1	4,833,211	1
Notes and accounts payable	18,931,404	3	18,995,689	3
Notes and accounts payable to related parties	269,030	-	327,836	-
Lease liabilities	3,213,996	-	3,218,502	-
Payables to suppliers of machinery and equipment	3,973,468	1	3,556,519	1
Other payables	15,577,136	2	15,949,146	3
Current tax liabilities	3,462,990	1	3,146,037	-
Provisions	301,143	-	256,684	-
Guarantee deposits received	157,537	-	145,360	-
Current portion of long-term liabilities	25,081,824	4	23,213,998	4
Other current liabilities	3,023,979	-	3,467,081	1
<b>Total current liabilities</b>	<b>158,191,762</b>	<b>24</b>	<b>124,141,318</b>	<b>20</b>
<b>NON-CURRENT LIABILITIES</b>				
Contract liabilities	10,375,860	2	10,619,363	2
Bonds payable	92,419,985	14	103,892,830	16
Long-term borrowings	93,047,183	14	96,014,553	15
Provisions	1,447,991	-	1,401,275	-
Deferred tax liabilities	18,396,917	3	18,568,637	3
Lease liabilities	6,491,971	1	6,447,007	1
Deferred credit-gains on related-party transactions	120,861	-	121,416	-
Net defined benefit liabilities	531,833	-	873,412	-
Guarantee deposits received	769,600	-	779,279	-
Other non-current liabilities	4,291,870	1	3,053,577	1
<b>Total non-current liabilities</b>	<b>227,894,071</b>	<b>35</b>	<b>241,771,349</b>	<b>38</b>
<b>Total liabilities</b>	<b>386,085,833</b>	<b>59</b>	<b>365,912,667</b>	<b>58</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Common stock	53,528,751	8	53,528,751	8
Capital surplus	3,408,541	1	3,403,003	1
Retained earnings				
Legal reserve	20,777,078	3	19,759,271	3
Special reserve	119,142,658	18	119,451,597	19
Unappropriated earnings	13,294,029	2	13,856,572	2
Total retained earnings	153,213,765	23	153,067,440	24
Other equity	(1,117,516)	-	(3,925,396)	(1)
Treasury shares	(25,063)	-	(25,063)	-
<b>Total equity attributable to owners of the Company</b>	<b>209,008,478</b>	<b>32</b>	<b>206,048,735</b>	<b>32</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>62,663,599</b>	<b>9</b>	<b>63,366,183</b>	<b>10</b>
<b>Total equity</b>	<b>271,672,077</b>	<b>41</b>	<b>269,414,918</b>	<b>42</b>
<b>TOTAL</b>	<b>\$ 657,757,910</b>	<b>100</b>	<b>\$ 635,327,585</b>	<b>100</b>

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
<b>OPERATING REVENUE</b>				
Net sales	\$191,973,405	73	\$169,280,929	71
Telecommunications service revenue	46,149,939	17	45,333,985	19
Construction revenue	4,861,293	2	7,297,098	3
Other operating revenue	<u>20,959,888</u>	<u>8</u>	<u>16,894,205</u>	<u>7</u>
Total operating revenue	<u>263,944,525</u>	<u>100</u>	<u>238,806,217</u>	<u>100</u>
<b>OPERATING COSTS</b>				
Cost of goods sold	172,811,663	65	151,471,140	63
Cost of telecommunications services	24,358,966	9	24,338,066	10
Construction costs	4,094,657	2	6,517,730	3
Other operating costs	12,640,976	5	9,910,004	4
Loss on disposal of investments, net	<u>17,812</u>	<u>-</u>	<u>83,577</u>	<u>-</u>
Total operating costs	<u>213,924,074</u>	<u>81</u>	<u>192,320,517</u>	<u>80</u>
<b>GROSS PROFIT</b>	<u>50,020,451</u>	<u>19</u>	<u>46,485,700</u>	<u>20</u>
<b>REALIZED CONSTRUCTION INCOME</b>	<u>555</u>	<u>-</u>	<u>555</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Selling and marketing	23,587,255	9	23,047,831	10
General and administrative	11,348,264	4	10,781,952	5
Research and development	989,952	1	880,071	-
Expected credit loss	<u>329,171</u>	<u>-</u>	<u>283,543</u>	<u>-</u>
Total operating expenses	<u>36,254,642</u>	<u>14</u>	<u>34,993,397</u>	<u>15</u>
<b>OTHER GAIN AND LOSS, NET</b>	<u>583,435</u>	<u>-</u>	<u>218,680</u>	<u>-</u>
<b>OPERATING INCOME</b>	<u>14,349,799</u>	<u>5</u>	<u>11,711,538</u>	<u>5</u>
<b>NON-OPERATING INCOME AND EXPENSES</b>				
Share of the profit or loss of associates	4,416,876	2	7,221,766	3
Interest income	441,709	-	266,179	-
Other income	1,579,547	-	1,300,742	-
(Loss) gain on financial assets (liabilities) at fair value through profit or loss, net	(679,849)	-	529,457	-
Gain on change in fair value of investment properties	341,971	-	249,820	-
Interest expense	(3,340,022)	(1)	(2,691,754)	(1)
Other expenses	(744,162)	-	(722,472)	-

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Exchange gain (loss), net	1,375,481	-	(207,822)	-
Impairment loss	(60,256)	-	(834,189)	-
(Loss) gain on disposal of non-financial assets	<u>(531,464)</u>	<u>-</u>	<u>1,004,040</u>	<u>-</u>
Total non-operating income and expenses	<u>2,799,831</u>	<u>1</u>	<u>6,115,767</u>	<u>2</u>
INCOME BEFORE INCOME TAX	<u>17,149,630</u>	<u>6</u>	<u>17,827,305</u>	<u>7</u>
INCOME TAX EXPENSE	<u>(3,808,480)</u>	<u>(1)</u>	<u>(2,982,820)</u>	<u>(1)</u>
NET INCOME	<u>13,341,150</u>	<u>5</u>	<u>14,844,485</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	363,331	-	317,398	-
Gain on property revaluation	52,685	-	272,452	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(1,290,251)	(1)	(170,815)	-
Share of the other comprehensive income (loss) gain of associates accounted for using the equity method	(327,431)	-	415,502	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(69,904)</u>	<u>-</u>	<u>(78,870)</u>	<u>-</u>
	<u>(1,271,570)</u>	<u>(1)</u>	<u>755,667</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	3,667,120	2	(1,314,281)	(1)
Gain on hedging instruments	3,463	-	12,025	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>717,338</u>	<u>-</u>	<u>(433,142)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>4,387,921</u>	<u>2</u>	<u>(1,735,398)</u>	<u>(1)</u>
Other comprehensive income (loss), net of income tax	<u>3,116,351</u>	<u>1</u>	<u>(979,731)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 16,457,501</u>	<u>6</u>	<u>\$ 13,864,754</u>	<u>6</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,160,292	3	\$ 9,684,584	4
Non-controlling interests	<u>5,180,858</u>	<u>2</u>	<u>5,159,901</u>	<u>2</u>
	<u>\$ 13,341,150</u>	<u>5</u>	<u>\$ 14,844,485</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 11,284,425	4	\$ 9,169,547	4
Non-controlling interests	<u>5,173,076</u>	<u>2</u>	<u>4,695,207</u>	<u>2</u>
	<u>\$ 16,457,501</u>	<u>6</u>	<u>\$ 13,864,754</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.63</u>		<u>\$ 1.94</u>	
Diluted	<u>\$ 1.63</u>		<u>\$ 1.94</u>	

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Other Equity			Treasury Shares	Total Equity Attributable to Owners of the Company		
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Gain on Property Revaluations				
BALANCE AT JANUARY 1, 2021	\$ 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	-	-	730,754	-	(730,754)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(2,109,237)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,109,237	(7,226,382)	-	-	-	-	-	(7,226,382)	-	(7,226,382)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Appropriation of the 2021 earnings	-	-	1,017,807	-	(1,017,807)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(779,995)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	779,995	(8,029,313)	-	-	-	-	-	(8,029,313)	-	(8,029,313)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,290,167)	(5,290,167)
Cash dividends distributed by subsidiaries from capital surplus	-	-	-	-	-	-	-	-	-	-	-	(1,464,953)	(1,464,953)
Net income for the year ended December 31, 2022	-	-	-	-	8,160,292	-	-	-	-	-	8,160,292	5,180,858	13,341,150
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	342,487	4,146,901	(1,384,912)	1,192	18,465	-	3,124,133	(7,782)	3,116,351
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,502,779	4,146,901	(1,384,912)	1,192	18,465	-	11,284,425	5,173,076	16,457,501
Change in associates accounted for using the equity method	-	(288)	-	-	1,054	-	(142)	-	(6)	-	618	(7,585)	(6,967)
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	-	4,581	-	-	(301,813)	-	-	-	-	-	(297,232)	207,051	(90,181)
Share-based payment arrangements	-	76	-	-	-	-	-	-	-	-	76	123	199
Increase in non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	679,871	679,871
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(26,382)	-	26,382	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,088,934)	1,088,934	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	<u>\$ 53,528,751</u>	<u>\$ 3,408,541</u>	<u>\$ 20,777,078</u>	<u>\$119,142,658</u>	<u>\$ 13,294,029</u>	<u>\$ (4,572,624)</u>	<u>\$ 837,114</u>	<u>\$ 24,584</u>	<u>\$ 2,593,410</u>	<u>\$ (25,063)</u>	<u>\$209,008,478</u>	<u>\$ 62,663,599</u>	<u>\$271,672,077</u>

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 17,149,630	\$ 17,827,305
Adjustments for:		
Depreciation	20,945,978	20,634,019
Amortization	6,778,942	6,916,743
Expected credit loss	329,171	283,543
Interest expense	3,340,022	2,691,754
Interest income	(441,709)	(266,179)
Dividend income	(148,385)	(87,330)
Share-based payment arrangements	199	-
Share of the profit of associates	(4,416,876)	(7,221,766)
Loss (gain) on disposal of non-financial assets	531,464	(1,004,040)
Loss on disposal of investments	3	63,092
Impairment loss	60,256	834,189
Write-down of inventories	364,176	34,773
Realized gain on the transactions with associates	(555)	(555)
Gain on change in fair value of investment properties	(341,971)	(249,820)
Gain on modifications of lease	-	(306)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	149,104	(518,568)
Contract assets	(274,189)	(893,412)
Notes and accounts receivable	488,685	(2,815,713)
Other receivables	(389,306)	13,757
Inventories	(3,991,114)	(10,353,496)
Prepayments	749,821	(1,309,711)
Other current assets	(181,647)	(294,136)
Incremental cost of obtaining a contract	206,674	(418,324)
Financial liabilities at fair value through profit or loss	28,010	(10,247)
Contract liabilities	1,265,607	9,753,661
Notes and accounts payable	(392,164)	1,249,633
Notes and accounts payable to related parties	(125,382)	36,816
Other payables	(747,876)	1,627,786
Provisions	94,693	359,365
Other current liabilities	(443,102)	299,409
Net defined benefit assets and liabilities	(253,254)	(481,489)
Other non-current liabilities	(620,827)	(146,327)
Cash generated from operations	39,714,078	36,554,426
Interest received	420,544	291,443
Dividends received	5,334,049	5,031,452
Interest paid	(3,268,399)	(2,805,822)
Income tax paid	(3,689,420)	(2,693,719)
Net cash generated from operating activities	<u>38,510,852</u>	<u>36,377,780</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3,003)	(5,248,450)
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	15,769	21,450
Decrease (increase) in financial assets at amortized cost	891,412	(1,234,408)
Acquisition of investments accounted for using the equity method	(901,266)	(1,773,561)
Prepayments for long-term investment	(168,812)	-
Acquisition of property, plant, equipment and prepayments for equipment	(22,869,950)	(20,173,864)
Proceeds from the disposal of property, plant and equipment	138,674	3,130,060
Increase in refundable deposits	(259,096)	(5,337)
(Increase) decrease in other receivables	(1,618,640)	568,230
Acquisition of intangible assets	(760,501)	(684,663)
Increase in concessions	(336,028)	(171,271)
Proceeds from disposal of concessions	5,516	1,714
Proceeds on the disposal of intangible assets	41,291	19,411
Acquisition of right-of-use assets	-	(1,752)
Acquisition of investment properties	(30,285)	(21,258)
Proceeds from the disposal of investment properties	62,434	192,882
Decrease in other financial assets	192,509	325,014
Decrease (increase) in other non-current assets	212,821	(164,261)
Other investing activities	<u>1,864,609</u>	<u>3,163,755</u>
Net cash used in investing activities	<u>(23,522,546)</u>	<u>(21,784,053)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	2,086,686	7,648,572
Increase (decrease) in short-term bills payables	26,365,800	(1,000,522)
Proceeds from issue of bonds	9,500,000	21,400,000
Repayments of bonds payables	(22,200,000)	(13,200,000)
Proceeds from long-term borrowings	266,109,827	230,986,198
Repayments of long-term borrowings	(266,058,369)	(243,049,759)
Increase in guarantee deposits received	2,498	37,081
Repayment of the principal portion of lease liability	(3,969,182)	(3,953,827)
Decrease in other non-current liabilities	(5,489)	(9,176)
Cash dividends paid	(8,029,313)	(7,226,382)
Increase on non-controlling interests	-	49,403
Issuance of ordinary shares for cash in subsidiaries	679,871	-
Acquisition of partial equity in subsidiaries from non-controlling interest	(90,181)	(77,239)
Dividends paid to non-controlling interests	<u>(6,754,712)</u>	<u>(6,746,753)</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	<b>2022</b>	<b>2021</b>
Net cash used in financing activities	<u>(2,362,564)</u>	<u>(15,142,404)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>73,794</u>	<u>(104,979)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,699,536	(653,656)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>34,544,963</u>	<u>35,198,619</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 47,244,499</u>	<u>\$ 34,544,963</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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2022. 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, 2022 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 13 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.

## **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 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\$20,292,936 thousand and NT\$15,882,387 thousand, representing 6% and 5% of the Company's total assets as of December 31, 2022 and 2021. The comprehensive income of the aforementioned investees were NT\$3,321,429 thousand and NT\$854,804 thousand, representing 29% and 9% of the Company's total comprehensive income for the years ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 Jr Shian Ke.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

#### 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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 12,777,733	4	\$ 17,887,855	6
Financial assets at fair value through profit or loss	-	-	10,163	-
Notes and accounts receivable, net	7,315,406	2	7,749,273	2
Other receivables	293,306	-	306,763	-
Current tax assets	7,058	-	17,344	-
Inventories	7,549,667	2	6,656,153	2
Prepayments	591,340	-	585,473	-
Refundable deposits	67	-	5,592	-
Other current assets	222,784	-	238,962	-
Total current assets	<u>28,757,361</u>	<u>8</u>	<u>33,457,578</u>	<u>10</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method	289,347,328	84	274,119,131	82
Property, plant and equipment	21,800,981	7	22,808,295	7
Right-of-use assets	494,523	-	432,439	-
Investment properties	1,090,987	-	1,065,125	-
Other intangible assets	17,971	-	15,611	-
Deferred tax assets	19,359	-	12,638	-
Prepayments for equipment	354,757	-	28,102	-
Refundable deposits	58,473	-	57,348	-
Net defined benefit assets	1,563,512	1	1,322,348	1
Other financial assets	66,943	-	56,642	-
Other non-current assets	81,245	-	100,601	-
Total non-current assets	<u>314,896,079</u>	<u>92</u>	<u>300,018,280</u>	<u>90</u>
<b>TOTAL</b>	<u>\$ 343,653,440</u>	<u>100</u>	<u>\$ 333,475,858</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 4,683,921	1	\$ 3,772,868	1
Short-term bills payable	15,547,728	5	-	-
Financial liabilities at fair value through profit or loss	19,691	-	-	-
Contract liabilities	211,605	-	251,722	-
Notes and accounts payable	1,854,052	1	1,670,187	1
Notes and accounts payable to related parties	1,320,418	-	1,335,725	-
Payables to suppliers of machinery and equipment	7,390	-	1,804	-
Other payables	4,904,046	2	5,101,639	2
Lease liabilities	240,617	-	232,097	-
Current portion of long-term liabilities	10,663,990	3	9,496,599	3
Other current liabilities	811,390	-	779,180	-
Total current liabilities	<u>40,264,848</u>	<u>12</u>	<u>22,641,821</u>	<u>7</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	264,705	-	208,966	-
Bonds payable	56,649,673	16	61,631,311	18
Long-term borrowings	34,840,806	10	40,417,185	12
Deferred tax liabilities	2,579,382	1	2,481,372	1
Guarantee deposits received	1,043	-	1,043	-
Deferred credit-gains on related-party transactions	44,505	-	45,425	-
Total non-current liabilities	<u>94,380,114</u>	<u>27</u>	<u>104,785,302</u>	<u>31</u>
Total liabilities	<u>134,644,962</u>	<u>39</u>	<u>127,427,123</u>	<u>38</u>
<b>EQUITY</b>				
Share capital				
Common stock	53,528,751	15	53,528,751	16
Capital surplus	3,408,541	1	3,403,003	1
Retained earnings				
Legal reserve	20,777,078	6	19,759,271	6
Special reserve	119,142,658	35	119,451,597	36
Unappropriated earnings	13,294,029	4	13,856,572	4
Total retained earnings	<u>153,213,765</u>	<u>45</u>	<u>153,067,440</u>	<u>46</u>
Other equity	(1,117,516)	-	(3,925,396)	(1)
Treasury shares	(25,063)	-	(25,063)	-
Total equity	<u>209,008,478</u>	<u>61</u>	<u>206,048,735</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 343,653,440</u>	<u>100</u>	<u>\$ 333,475,858</u>	<u>100</u>

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$51,246,072	100	\$45,527,236	100
OPERATING COSTS				
Cost of goods sold	<u>43,950,999</u>	<u>86</u>	<u>38,592,537</u>	<u>85</u>
GROSS PROFIT	<u>7,295,073</u>	<u>14</u>	<u>6,934,699</u>	<u>15</u>
OPERATING EXPENSES				
Selling and marketing	5,322,093	10	4,848,388	11
General and administrative	1,980,934	4	1,906,015	4
Research and development	813,144	2	712,873	1
Expected credit loss	<u>6,695</u>	<u>-</u>	<u>22,361</u>	<u>-</u>
Total operating expenses	<u>8,122,866</u>	<u>16</u>	<u>7,489,637</u>	<u>16</u>
OPERATING (LOSS) INCOME	<u>(827,793)</u>	<u>(2)</u>	<u>(554,938)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates	9,249,244	18	11,578,885	25
Interest income	44,953	-	13,560	-
Other income	251,601	-	349,873	1
Gain on disposal of property, plant and equipment	15,508	-	3,809	-
Gain (loss) on disposal of investments	83	-	(47,580)	-
Gain on change in fair value of investment properties	25,862	-	41,713	-
Exchange gain (loss), net	880,347	2	(194,288)	-
(Loss) gain on financial assets (liabilities) at fair value through profit or loss	(161,086)	-	71,185	-
Interest expense	(1,110,613)	(2)	(890,867)	(2)
Other expenses	(205,894)	-	(264,369)	(1)
Impairment (loss) recovery benefit	<u>60,872</u>	<u>-</u>	<u>(163,229)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,050,877</u>	<u>18</u>	<u>10,498,692</u>	<u>23</u>
INCOME BEFORE INCOME TAX	8,223,084	16	9,943,754	22
INCOME TAX BENEFIT (EXPENSE)	<u>(62,792)</u>	<u>-</u>	<u>(259,170)</u>	<u>(1)</u>
NET INCOME	<u>8,160,292</u>	<u>16</u>	<u>9,684,584</u>	<u>21</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	131,201	-	334,120	1
Share of other comprehensive profit or loss of subsidiaries and associates	(801,101)	(1)	850,012	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(26,240)</u>	<u>-</u>	<u>(66,824)</u>	<u>-</u>
	<u>(696,140)</u>	<u>(1)</u>	<u>1,117,308</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive profit or loss of subsidiaries and associates	<u>3,820,273</u>	<u>7</u>	<u>(1,632,345)</u>	<u>(4)</u>
Other comprehensive income (loss), net of income tax	<u>3,124,133</u>	<u>6</u>	<u>(515,037)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u><b>\$11,284,425</b></u>	<u><b>22</b></u>	<u><b>\$ 9,169,547</b></u>	<u><b>20</b></u>
<b>EARNINGS PER SHARE (NEW TAIWAN DOLLARS)</b>				
Basic	<u>\$ 1.63</u>		<u>\$ 1.94</u>	
Diluted	<u>\$ 1.63</u>		<u>\$ 1.94</u>	

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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, 2021	\$ 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
Appropriation of the 2021 earnings											
Legal reserve	-	-	1,017,807	-	(1,017,807)	-	-	-	-	-	-
Special reserve	-	-	-	779,995	(779,995)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(8,029,313)	-	-	-	-	-	(8,029,313)
Net income for the year ended December 31, 2022	-	-	-	-	8,160,292	-	-	-	-	-	8,160,292
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	342,487	4,146,901	(1,384,912)	1,192	18,465	-	3,124,133
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,502,779	4,146,901	(1,384,912)	1,192	18,465	-	11,284,425
Change in associates and subsidiaries accounted for using the equity method	-	4,369	-	-	(325,355)	-	24,454	-	(6)	-	(296,538)
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	-	-	-	-	(1,786)	-	1,786	-	-	-	-
Reversal of special reserve	-	-	-	(1,088,934)	1,088,934	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2022	\$ 53,528,751	\$ 3,408,541	\$ 20,777,078	\$ 119,142,658	\$ 13,294,029	\$ (4,572,624)	\$ 837,114	\$ 24,584	\$ 2,593,410	\$ (25,063)	\$209,008,478

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 8,223,084	\$ 9,943,754
Adjustments for:		
Depreciation	2,305,187	2,378,051
Amortization	10,066	9,229
Expected credit loss	6,695	22,361
Interest expense	1,110,613	890,867
Interest income	(44,953)	(13,560)
Share of the profit of subsidiaries and associates	(9,249,244)	(11,578,885)
Gain on disposal of property, plant and equipment	(15,508)	(3,809)
(Gain)/loss on disposal of investments	(83)	47,580
(Reversal of) impairment loss	(60,872)	163,229
(Reversal of) write-down of inventories	(128,876)	121,694
Gain on change in fair value of investment properties	(25,862)	(41,713)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	10,163	(10,163)
Notes and accounts receivable	427,172	(2,674,405)
Other receivables	13,457	(89,659)
Inventories	(764,638)	(2,496,534)
Prepayments	(5,867)	(529,386)
Other current assets	16,178	(61,420)
Contract liabilities	(40,117)	(43,034)
Notes and accounts payable	183,865	435,287
Notes and accounts payable to related parties	(15,307)	591,820
Other payables	(216,250)	843,150
Financial liabilities at fair value through profit or loss	19,691	(10,619)
Other current liabilities	32,210	12,470
Net defined benefit assets	(109,962)	(419,527)
Cash generated from operations	1,680,842	(2,513,222)
Interest received	44,953	13,648
Dividends received	10,277,476	8,073,232
Interest paid	(1,106,500)	(958,437)
Income tax received	12,543	15,518
Net cash generated from operating activities	<u>10,909,314</u>	<u>4,630,739</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in financial assets at amortized cost	-	300,000
Acquisition of investments accounted for using the equity method	(13,572,613)	(1,974,813)
Proceeds from the capital reduction on investments accounted for using the equity method	39,984	-
Acquisition of property, plant, equipment and prepayments for equipment	(1,373,552)	(857,796)
Proceeds from disposal of property, plant and equipment	16,641	5,262
Decrease in refundable deposits	4,400	10,450

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other receivables	-	660,000
Acquisition of intangible assets	(12,426)	(8,560)
(Increase) decrease in other financial assets	(10,301)	14,701
Decrease (increase) in other non-current assets	<u>95,079</u>	<u>(46,455)</u>
Net cash used in investing activities	<u>(14,812,788)</u>	<u>(1,897,211)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	911,053	310,375
Proceeds from short-term bills payable	15,600,000	-
Proceeds from issue of bonds	5,000,000	17,200,000
Repayments of bonds payable	(9,500,000)	(11,300,000)
Proceeds from long-term borrowings	168,162,380	146,039,764
Repayments of long-term borrowings	(173,090,734)	(149,069,299)
Repayment of the principal portion of lease liabilities	(260,034)	(236,321)
Decrease in guarantee deposits received	-	(121)
Cash dividends paid	<u>(8,029,313)</u>	<u>(7,226,382)</u>
Net cash used in financing activities	<u>(1,206,648)</u>	<u>(4,281,984)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(5,110,122)	(1,548,456)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>17,887,855</u>	<u>19,436,311</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 12,777,733</u>	<u>\$ 17,887,855</u>

(Concluded)

## Attachment III

### The Audit Committee's Review Report

To the 2023 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 2022 which had been audited by Deloitte & Touche, and found them in order.

The Convener of the Audit Committee: Chen-En Ko

A handwritten signature in black ink, appearing to be the name '柯承恩' (Ko Chen-en), written in a cursive style.

May 9, 2023

## Attachment IV

### Information of the Corporate Bonds Issued in Year 2022

Offering Type	Domestic unsecured bonds (1 <sup>st</sup> of Year 2022)	Domestic unsecured bonds (Tranche A) (2 <sup>nd</sup> of Year 2022)	Domestic unsecured bonds (Tranche B) (2 <sup>nd</sup> of Year 2022)
<b>Total Amount</b>	NT\$ 2.5 billion	NT\$ 1.6 billion	NT\$ 0.9 billion
<b>Maturity</b>	5 years	3 years	5 years
<b>Coupon rate</b>	1.75% p.a.	1.70% p.a.	1.80% p.a.
<b>Repayment</b>	50% of the face value of the bond is repayable at the end of the 4 <sup>th</sup> and 5 <sup>th</sup> years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.
<b>Guarantor</b>	None	None	None
<b>Approval authority</b>	<b>Agency</b>	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)
	<b>Date</b>	September 5, 2022	October 17, 2022
	<b>Letter No.</b>	Securities-TPEX-Bond - 11100101981	Securities-TPEX-Bond - 11100112301
<b>Use of proceeds</b>	To payback a portion of short-term borrowings or long-term liabilities due within one year to strengthen medium and long-term financing and enhance financial structure	To payback a portion of short-term borrowings or long-term liabilities due within one year to strengthen medium and long-term financing and enhance financial structure	To payback the loans required by the green investment projects of the Company
<b>Remark</b>	To be issued at par value on September 14, 2022	To be issued at par value on October 26, 2022	To be issued at par value on October 26, 2022

## Attachment V

### Revisions to the “Articles of Incorporation of Far Eastern New Century Corporation”

Section	Proposed Changes	Current Articles
Article 16	<p>There shall be 10 to 15 Directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".</p> <p><u>3 to 5 of the Directors in the preceding paragraph shall be Independent Directors.</u></p> <p>Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of Independent and non-Independent Directors shall be held jointly but seats shall be calculated separately.</p>	<p>There shall be 10 to 15 Directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".</p> <p><u>3 Independent Directors shall be elected from the list of persons with legal capacity.</u></p> <p>Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of Independent and non-Independent Directors shall be held jointly but seats shall be calculated separately.</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>Seventieth amendment on June 28, 2023</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-ninth amendment on June 30, 2022</u></p>

## Attachment VI

### Current Shareholding of Directors

The list of the 24<sup>th</sup> term of Board of Directors of Far Eastern New Century Corporation

Book closure date: April 29, 2023

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

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

## **Attachment VII**

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

Not applicable.

# General information

## I. Articles of Incorporation of Far Eastern New Century Corporation

### Chapter 1 General Provisions

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

Article 2 The Company's businesses are as follows :

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

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

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

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

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

## **Chapter 2 Share Capital**

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

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

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

The Company can issue special stock.

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

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

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

## **Chapter 3 Shareholders' Meeting**

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

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

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

The Shareholders' Meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.

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

#### **Chapter 4 Directors and Managers**

- Article 16 There shall be 10 to 15 Directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".  
3 Independent Directors shall be elected from the list of persons with legal capacity. Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of Independent and non-Independent Directors shall be held jointly but seats shall be calculated separately.
- Article 16-1 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of Independent Directors, is responsible of executing powers relegated to supervisors by the Company Act, Securities and Exchange Act and other laws and regulations.  
The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.
- Article 17 The respective appointments of Directors are for a period of 3 years. They may be reappointed following their re-election.
- Article 18 The Board of Directors of the Company shall comprise the Directors. A Chairman and a Vice

Chairman shall be elected from among the Directors to represent the Company. Where the Chairman has taken leave or is unable to perform his duties for any reasons, the Vice Chairman shall act in his place. Where the Vice Chairman is also unavailable, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.

Article 19 Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Act, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may when urgent matters occur convene meetings of the Board at any time.  
When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.  
A notice to convene a Board meeting shall be sent to all Directors via postal mail, email or fax.

Article 20 (deleted)

Article 21 (deleted)

Article 22 The Company shall have a number of General Managers, Chief Operating Officers and Deputy General Managers, Executive Vice Presidents Managers and Factory Managers, a Chief Auditor and a Deputy Chief Auditor.  
The appointment and dismissal of the above staff shall be by way of a majority at the meetings of the Board of Directors, subject to more than half of the Directors are in attendance of the said meetings.

Article 23 The Chairman, the Vice Chairman and the General Manager shall handle the daily affairs of the Company in compliance with the resolution of the Board of the Directors.

Article 23-1 The Company shall take out liability insurance for Directors and officers with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

## **Chapter 5 Accounting**

Article 24 The Company's fiscal year shall commence on the First of January of each year, and ends on the Thirty-first of December of the same year. The final accounts are settled at the end of the Company's fiscal year.

Article 25 The Board of Directors shall in accordance with law furnish various documents and statements and submit for approval at the General Shareholders' Meeting.  
The appointment, dismissal and remuneration of the accountants auditing and reviewing the above documents and statements shall be resolved at the meeting of the Board of the Directors.

Article 26 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

Article 27 Apart from paying all its income taxes in the case where there are profits for the current year, the

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

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

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

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

First amendment on July 1, 1953;  
Second amendment on January 22, 1954;  
Third amendment on September 1, 1956;  
Fourth amendment on January 15, 1957;  
Fifth amendment on June 13, 1959;  
Sixth amendment on August 25, 1959;  
Seventh amendment on March 31, 1960;  
Eighth amendment on October 26, 1960;  
Ninth amendment on February 25, 1961;  
Tenth amendment on May 25, 1961;  
Eleventh amendment on May 2, 1962;  
Twelfth amendment on August 7, 1964;  
Thirteenth amendment on December 19, 1964;  
Fourteenth amendment on January 20, 1966;  
Fifteenth amendment on June 22, 1966;  
Sixteenth amendment on June 24, 1967;  
Seventeenth amendment on December 23, 1967;  
Eighteenth amendment on June 8, 1968;  
Nineteenth amendment on May 31, 1969;  
Twentieth amendment on June 17, 1970;  
Twenty-first amendment on January 25, 1972;  
Twenty-second amendment on June 20, 1972;  
Twenty-third amendment on April 30, 1973;

Twenty-fourth amendment on October 17, 1973;  
Twenty-fifth amendment on May 8, 1974;  
Twenty-sixth amendment on May 19, 1975;  
Twenty-seventh amendment on April 14, 1976;  
Twenty-eighth amendment on September 15, 1976;  
Twenty-ninth amendment on April 6, 1977;  
Thirtieth amendment on April 18, 1978;  
Thirty-first amendment on February 9, 1979;  
Thirty-second amendment on April 14, 1979;  
Thirty-third amendment on April 28, 1980;  
Thirty-fourth amendment on April 15, 1981;  
Thirty-fifth amendment on April 21, 1982;  
Thirty-sixth amendment on April 21, 1982;  
Thirty-seventh amendment on May 5, 1983;  
Thirty-eighth amendment on May 2, 1984;  
Thirty-ninth amendment on May 10, 1985;  
Fortieth amendment on April 23, 1987;  
Forty-first amendment on April 20, 1988;  
Forty-second amendment on April 20, 1989;  
Forty-third amendment on April 23, 1990;  
Forty-fourth amendment on April 26, 1991;  
Forty-fifth amendment on May 12, 1992;  
Forty-sixth amendment on May 14, 1993;  
Forty-seventh amendment on May 9, 1994;  
Forty-eighth amendment on May 4, 1995;  
Forty-ninth amendment on May 27, 1996;  
Fiftieth amendment on May 23, 1997;  
Fifty-first amendment on May 22, 1998;  
Fifty-second amendment on May 21, 1999;  
Fifty-third amendment on May 15, 2000;  
Fifty-fourth amendment on May 18, 2001;  
Fifty-fifth amendment on June 12, 2002;  
Fifty-sixth amendment on June 9, 2003;  
Fifty-seventh amendment on June 4, 2004;  
Fifty-eighth amendment on June 14, 2005;  
Fifty-ninth amendment on June 13, 2006;  
Sixtieth amendment on October 13, 2009.  
Sixty-first amendment on June 22, 2010  
Sixty-second amendment on June 24, 2011  
Sixty-third amendment on June 25, 2013  
Sixty-fourth amendment on June 26, 2014  
Sixty-fifth amendment on June 26, 2015  
Sixty-sixth amendment on June 23, 2016  
Sixty-seventh amendment on June 29, 2018  
Sixty-eighth amendment on June 30, 2020  
Sixty-ninth amendment on June 30, 2022

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

The latest amendment on June 30, 2022

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

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

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.

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. 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.

When convening stockholders' meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of stockholders' meeting. Shareholders who vote via electronic casting is deemed as presented in person. 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 8-1 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 not be applied herein.

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

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

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

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

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

Article 11 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.

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.

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.

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

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

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 the chairman declares the meeting is adjourned.

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

Article 13 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.

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

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

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

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

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



**FAR EASTERN NEW CENTURY**

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