

**2021 Annual General Shareholders' Meeting
(Translation)**

Date: Thursday, 29 July 2021

Time: 9:00 a.m. Taipei time

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

Shareholders present:

Total number of outstanding shares: 5,352,095,854 shares (excluding 779,373 shares owned by FENC's subsidiaries)

Total shares represented by shareholders present: 4,719,986,441 shares

Percentage of shares held by shareholders: 88.189%

Directors: Mr. Douglas Tong Hsu, Mr. Johnny Hsi, Mr. Peter Hsu, Mr. Shaw Y. Wang, Ms. Tonia Katherine Hsu, Mr. Richard Yang, Mr. Kwan-Tao Li, Mr. Champion Lee, Mr. Raymond R. M. Tai, Mr. Bing Shen and Mr. Johnsee Lee.

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



Recorder: Ms. Grace Yang



Meeting called to order

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

Chairman's address (Omitted)

Reporting items

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

Approval items

1. To accept 2020 business report and financial statements

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

Explanatory Notes:

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

Voting Results: 4,719,986,441 shares were represented at the time of voting (including e-voting); 4,448,167,981 shares voted for the proposal, representing 94.24% of the total represented shares, 663,137 shares voted against the proposal, while 271,155,323 shares voted abstention the proposal.

RESOLVED, that the 2020 business report and financial statements be and hereby were accepted as submitted.

2. To approve the proposal for distribution of 2020 profits

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

Explanatory Notes:

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

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

(Unit: NT\$)

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

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

Additional information: In accordance with the "Measures For Public Companies To Postpone Shareholders' Meetings For Pandemic Prevention" revised by Taiwan Stock Exchange on 18 June 2021, the proposal for distribution of 2020 profits has been reached the legal resolution threshold by e-Voting. The Board approved the resolution on 12 July 2021 and authorized the Chairman to set the record date of ex-dividend prior to the AGM. The Company has announced the record date of ex-dividend and the dividend payment date on the Market Observation Post System (MOPS) on 14 July 2021.

Voting Results: 4,719,986,441 shares were represented at the time of voting (including e-voting); 4,434,496,709 shares voted for the proposal, representing 93.95% of the total represented shares, 16,488,993 shares voted against the proposal, while 269,000,739 shares voted abstention the proposal.

RESOLVED, the proposal for distribution of 2020 profits be and hereby was accepted as proposed.

Proposed resolutions and elections of Directors

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

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

Explanatory Notes:

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

List of Director (including Independent Director) Candidates

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

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

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

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

Voting Results:**Newly elected Directors (including Independent Directors) list and votes received**

	Name	Votes Received
Directors	Douglas Tong Hsu	4,444,181,018
	Asia Cement Corp. Representative: Johnny Hsi	4,151,697,515
	Asia Cement Corp. Representative: Peter Hsu	4,102,330,168
	Asia Cement Corp. Representative: Shaw Y. Wang	4,065,477,239
	Asia Cement Corp. Representative: Jeff Hsu	3,979,669,832
	Far Eastern Department Stores Ltd. Representative: Richard Yang	4,009,759,085
	Far Eastern Department Stores Ltd. Representative: Tonia Katherine Hsu	4,037,312,863
	U-Ming Marine Transport Corp. Representative: Kwan-Tao Li	3,693,261,534
	U-Ming Marine Transport Corp. Representative: Alice Hsu	3,620,001,538
	Yue Ding Industry Co., Ltd. Representative: Champion Lee	3,613,188,594
Independent Directors	Chen-En Ko	3,947,956,997
	Johnsee Lee	3,610,189,236
	Raymond R. M. Tai	3,602,997,052

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

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

Explanatory Notes:

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

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

- iii. Please approve the above proposal.

Voting Results: 4,719,986,441 shares were represented at the time of voting (including e-voting); 4,341,763,914 shares voted for the proposal, representing 91.99% of the total represented shares, 4,573,761 shares voted against the proposal, while 373,648,766 shares voted abstention the proposal.

RESOLVED, the proposal for the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Act be and hereby was accepted as proposed.

Extemporaneous motion: None

Meeting adjourned

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

Attachment I

(English Translation of Financial Statements Originally Issued in Chinese)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

(Concluded)

Independent Auditors' Report

The Board of Directors and Shareholders
Far Eastern New Century Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Fair Value Evaluation of Investment Property

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

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main

source of uncertainty related to investment property, refer to Notes 4 (k) and 5 to the consolidated financial statements. For more information about the Group's investment property, refer to Note 18 to the consolidated financial statements.

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

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

Recognition of Revenue Derived from Mobile Telecommunications Service

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

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

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

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

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

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

Other Matter

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2021

Notice to Readers

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

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

FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

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

FAR EASTERN NEW CENTURY CORPORATION

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

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

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

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

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

(Concluded)

Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

The Company's Subsidiaries' Equity-Method Investee APG Polytech, LLC and Corpus Christi Polymers, LLC, their financial statements were audited by other auditors. Our opinion, insofar as it amounts which are investment accounted for using the equity method and its recognition of other comprehensive

income for these investees, is based solely on the reports of other auditors. The balance of investment accounted for using the equity method of the aforementioned investees were NTD14,718,570 thousand, representing 5% of the Company's total assets as of December 31, 2020. The recognition of other comprehensive losses of the aforementioned investees were NTD653,472 thousand, representing (8)% of the Company's total comprehensive income for the years ended December 31, 2020.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2021

Notice to Readers

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

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

Attachment II

The Audit Committee's Review Report

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

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

The Convener of the Audit Committee: Bing Shen

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13 May 2021