



FAR EASTERN NEW CENTURY

Handbook for 2024 Annual Shareholders' Meeting

積勢蓄能 智造未來

Pooling Energy to Create Intelligent Future



Production Business



Telecommunications



Cement



Retail



Property Development



reddot winner 2023
materials and surfaces design

Focusing on Sustainable Development Goals



National Sustainability
Development Award



Top 10 Taiwanese
Companies Sustainability
Model Award



Corporate
Governance
TOP 5%



遠東集團
FAR EASTERN GROUP

Date : June 27, 2024

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

Meeting type: A hybrid shareholders' meeting (Physical shareholders' meeting with the assistance of video conference)

E-meeting platform: Taiwan Depository & Clearing Corporation (TDCC) Stockvote (<https://www.stockvote.com.tw>)

CONTENTS

REPORTING ITEMS	3
1. To REPORT 2023 BUSINESS OPERATIONS.....	3
2. To REPORT 2023 FINANCIAL STATEMENTS	3
3. To REPORT THE AUDIT COMMITTEE’S REVIEW REPORT OF 2023 BUSINESS OPERATIONS AND FINANCIAL STATEMENTS.....	3
4. To REPORT 2023 EMPLOYEES’ COMPENSATION AND DIRECTORS’ REMUNERATION	3
5. To REPORT THE INFORMATION OF THE CORPORATE BONDS ISSUED IN 2023	3
APPROVAL ITEMS	4
1. To ACCEPT 2023 BUSINESS REPORT AND FINANCIAL STATEMENTS	4
2. To APPROVE THE PROPOSAL FOR DISTRIBUTION OF 2023 PROFITS	4
PROPOSED RESOLUTIONS AND ELECTIONS OF DIRECTORS	6
1. To ELECT DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) OF FAR EASTERN NEW CENTURY CORPORATION	6
2. To APPROVE THE RELEASE OF THE RELEVANT DIRECTORS FROM THE NON-COMPETITION RESTRICTION UNDER ARTICLE 209 OF THE COMPANY ACT.....	10
EXTEMPORARY MOTION	11
ATTACHMENT I 2023 BUSINESS REPORT	12
ATTACHMENT II 2023 INDEPENDENT AUDITORS’ REPORT	20
ATTACHMENT III THE AUDIT COMMITTEE’S REVIEW REPORT	44
ATTACHMENT IV INFORMATION OF THE CORPORATE BONDS ISSUED IN YEAR 2023	45
ATTACHMENT V CURRENT SHAREHOLDING OF DIRECTORS.....	47
GENERAL INFORMATION	48
I. ARTICLES OF INCORPORATION OF FAR EASTERN NEW CENTURY CORPORATION.....	48
II. MEETING RULES OF STOCKHOLDERS FOR FAR EASTERN NEW CENTURY CORPORATION.....	54
III. ELECTION PROCEDURES OF DIRECTORS FOR FAR EASTERN NEW CENTURY CORPORATION.....	57

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 , or write to

Attn: IR team

Far Eastern New Century Corporation

34F, No. 207, Tun-Hwa South Road, Section 2, Taipei 106, Taiwan

(+886-2-7752-8537 / +886-2-7752-8470 / +886-2-7752-8492)

Far Eastern New Century Corporation (FENC)

2024 Annual General Shareholders' Meeting (Translation)

Meeting type:	A hybrid shareholders' meeting (Physical shareholders' meeting with the assistance of video conference)
Time:	9:00 a.m., Thursday, June 27, 2024 (Taipei time)
Place:	Auditorium in the Taipei Hero House, No. 20, Changsha Street, Section 1, Taipei, Taiwan
E-meeting platform:	Taiwan Depository & Clearing Corporation (TDCC) / TDCC Stockvote (https://www.stockvote.com.tw)

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2023 business operations
2. 2023 financial statements
3. The Audit Committee's review report of 2023 business operations and financial statements
4. 2023 employees' compensation and Directors' remuneration
5. Information of the corporate bonds issued in 2023

Approval items:

1. To accept 2023 business report and financial statements
2. To approve the proposal for distribution of 2023 profits

Proposed resolutions and elections of Directors:

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

Extemporaneous motion

Meeting adjourned

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

Reporting items

1. To report 2023 business operations

The 2023 business report is attached as Attachment I.

2. To report 2023 financial statements

The 2023 independent auditors' reports and financial statements by Deloitte & Touche are attached as Attachment II. (The 2023 financial report can be downloaded at <http://mops.twse.com.tw>)

3. To report the Audit Committee's review report of 2023 business operations and financial statements

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

4. To report 2023 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. 2023 Directors' remuneration and employees' compensation were calculated as NT\$152,109,090 and NT\$262,812,119, respectively. The aforesaid items will be paid in cash.
- iii. The 24th term Board of Directors approved 2023 employees' compensation and Directors' remuneration in the 11th Board meeting.

5. To report the information of the corporate bonds issued in 2023

Five corporate bonds were issued in year 2023. Pursuant to Article 246 of "Company Act", the information about the issuance of such corporate bonds is disclosed as Attachment IV.

Approval items

1. To accept 2023 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2023 business report and financial statements.

Explanatory Notes:

- i. FENC's 2023 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 2023 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 2023 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2023 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 2023 profit allocation proposal

	(Unit: NT\$)
1. Net income of 2023	8,229,199,410
2. Retrospective application of the impact of IAS amendments	17,896,636
3. Adjustments due to changes in investees' equity in equity-method investments	578,485,286
4. Adjustments due to changes in other comprehensive income	296,885,918
5. Reversal of special reserve for first-time adoption of TIFRS and investment properties measured using the fair value model	961,205,909
6. Legal reserve	892,670,259
7. Special reserve	2,984,939,817
8. Reversal of special reserve due to subsequent changes in the fair value of investment properties	231,190,895
9. Unappropriated earnings of previous years	4,978,260,216
Earnings available for distribution as of 31 December 2023 (1+2-3+4+5-6-7+8+9)	10,258,543,622
Distribution item:	
1. Shareholders' dividend (NT\$ 1.35/share in cash)	7,226,381,556
Total distribution	7,226,381,556
Unappropriated earnings	3,032,162,066

iv. Please approve the aforesaid proposal for the distribution of 2023 profits.

Proposed resolutions and elections of Directors

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

The Board of Directors proposes and recommends that each shareholder to elect fifteen (15) Directors (including five (5) Independent Directors).

Explanatory Notes:

- i. The 24th term Directors were elected and appointed at the 2021 Annual General Shareholders' Meeting, serving a term of three years and the tenure has expired. Therefore, elections shall be held at the Annual General Shareholders' Meeting according to the Company Act.
- ii. Fifteen (15) Directors (including five (5) Independent Directors) is proposed to be elected subjected to the Article 16 and 17 of the "Articles of Incorporation of Far Eastern New Century Corporation", and each Director will serve a term of three years, starting from the date being elected and appointed at the Annual General Shareholders' Meeting.
- iii. The election of Directors (including Independent Directors) follows a candidate nomination system where the candidates can be nominated by the Board of Directors or any shareholder holding 1% or more of the shares. The nomination period for candidates of Directors (including Independent Directors) to be elected for this term runs from April 20, 2024, to April 29, 2024. During the period, the Board of Directors has received the list of nomination of fifteen (15) Directors (including five (5) Independent Directors) from shareholder Asia Cement Corporation. The nominations were resolved by the 24th Board of Directors at its 13th meeting dated May 9, 2024. The list of candidates for Directors (including Independent Directors) for this term is set forth in the table as follows.
- iv. Please elect.

List of Director (including Independent Director) Candidates

No.	Type	Candidate	Education	Major Experiences	Current position	Name of Corporate Shareholders Represented	Shareholdings
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 postgraduate study in Economics 	<ul style="list-style-type: none"> Chairman, Far Eastern New Century Corporation Chairman, Asia Cement Corporation Chairman, Far Eastern Dept. Store, Ltd. Chairman, Far EasTone Telecommunications Co., Ltd. Chairman, Oriental Union Chemical Corporation Chairman, U-Ming Marine Transport Corporation Vice Chairman, Far Eastern International Bank Director, Everest Textile Co., Ltd. 	<ul style="list-style-type: none"> Chairman, Far Eastern New Century Corporation Chairman, Asia Cement Corporation Chairman, Far Eastern Dept. Store, Ltd. Chairman, Far EasTone Telecommunications Co., Ltd. Chairman, Oriental Union Chemical Corporation Chairman, U-Ming Marine Transport Corporation Vice Chairman, Far Eastern International Bank Director, Everest Textile Co., Ltd. 	-	91,748,698
2	Director	Johnny Hsi	<ul style="list-style-type: none"> Columbia University, USA, Master of Computer Science 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corporation Director, Asia Cement Corporation Vice Chairman, Oriental Union Chemical Corporation Chairman, Everest Textile Co., Ltd. Director, Far EasTone Telecommunications Co., Ltd. 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corporation Director, Asia Cement Corporation Vice Chairman, Oriental Union Chemical Corporation Chairman, Everest Textile Co., Ltd. Director, CTCI Corporation 	Asia Cement Corporation	1,272,277,085
3	Director	Peter Hsu	<ul style="list-style-type: none"> Stanford University, USA, Master of Operation Research 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corporation Director, Asia Cement Corporation Vice Chairman, Far EasTone Telecommunications Co., Ltd. Director, U-Ming Marine Transport Corporation 	<ul style="list-style-type: none"> Vice Chairman, Far Eastern New Century Corporation Director, Asia Cement Corporation Vice Chairman, Far EasTone Telecommunications Co., Ltd. Director, U-Ming Marine Transport Corporation 	Asia Cement Corporation	1,272,277,085
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 Corporation 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corporation Executive Director, Group Foundation Director, Far Eastern International Bank 	Asia Cement Corporation	1,272,277,085
5	Director	Jeff Hsu	<ul style="list-style-type: none"> Illinois Institute of Technology, USA Master of 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 Served in the United States Marine Corps with the rank of Captain 	<ul style="list-style-type: none"> Chief Innovation Officer, Far Eastern Group Director, Far Eastern New Century Corporation Director, Far EasTone Telecommunications Co., Ltd. Vice Chairman and Executive Vice President, U-Ming Marine Transport Corporation 	Asia Cement Corporation	1,272,277,085
6	Director	Richard Yang	<ul style="list-style-type: none"> Thunderbird School of Global Management, Arizona State University, USA, MBA 	<ul style="list-style-type: none"> Managing Director, Surfview Capital Ltd. 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corporation Managing Director, Surfview Capital Ltd. 	Far Eastern Dept. Store, Ltd.	19,964,370

No.	Type	Candidate	Education	Major Experiences	Current position	Name of Corporate Shareholders Represented	Shareholdings
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 Corporation 	Far Eastern Dept. Store, Ltd.	19,964,370
8	Director	Alice Hsu	<ul style="list-style-type: none"> Sheridan College, Department of Retail Management 	<ul style="list-style-type: none"> President, Far Eastern Dept. Store, Ltd. 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corporation 	U-Ming Marine Transport Corporation	31,181,470
9	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, Attorneys-at-law 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corporation Director, Asia Cement Corporation Chief Senior Counselor, Lee and Li, Attorneys-at-law 	U-Ming Marine Transport Corporation	31,181,470
10	Director	Champion Lee	<ul style="list-style-type: none"> Texas A&I University, USA, Master of Business Administration 	<ul style="list-style-type: none"> Senior Executive Vice President, Far Eastern New Century Corporation 	<ul style="list-style-type: none"> Director, Far Eastern New Century Corporation Director, Asia Cement Corporation Director, Far EastOne Telecommunications Co., Ltd. Director, U-Ming Marine Transport Corporation 	Yue Ding Industry Co., Ltd.	33,617,781
11	Independent Director	Shu-Chieh Huang	<ul style="list-style-type: none"> National Chiao Tung University, Taiwan, EMBA 	<ul style="list-style-type: none"> CEO of Deloitte & Touche, Taiwan 	<ul style="list-style-type: none"> Independent Director, Accton Technology Corporation Director, Jie-Heng Consultant Ltd. 	-	0
12	Independent Director	Raymond R. M. Tai	<ul style="list-style-type: none"> National Taiwan University, Taiwan, Department of Foreign Languages and Literatures, Bachelor University of Hawaii, USA, Master of American Studies Fu Jen Catholic University, Taiwan, Honor Ph.D. in School of Law 	<ul style="list-style-type: none"> Commissioner, 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 Mission 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 Representative 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) 	<ul style="list-style-type: none"> Independent Director, Far Eastern New Century Corporation Director, Professor Lilian Chao Culture & Education Foundation Deputy Director-general, Universal Peace Federation, Taiwan Managing Supervisor, Chinese Confucius and Mencius Association 	-	0

No.	Type	Candidate	Education	Major Experiences	Current position	Name of Corporate Shareholders Represented	Shareholdings
				<ul style="list-style-type: none"> • 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 			
13	Independent Director	Way Kuo	<ul style="list-style-type: none"> • Kansas State University, USA, Ph.D. in Engineering 	<ul style="list-style-type: none"> • President, City University of Hong Kong, HK • Dean of College of Engineering, University of Tennessee, USA 	<ul style="list-style-type: none"> • Emeritus President and University Distinguished Professor, City University of Hong Kong 	-	0
14	Independent Director	Chung-Shu Wu	<ul style="list-style-type: none"> • Northwestern University, USA, Ph.D. in Economics 	<ul style="list-style-type: none"> • Chairman, Taiwan Academy of Banking and Finance • President, Chung-Hua Institution for Economic Research 	<ul style="list-style-type: none"> • Independent Director, Phihong Technology Co., Ltd. • Independent Director, Cheng Shin Rubber Ind. Co., Ltd. • Chairman, Taiwan Institute of Economic Research 	-	0
15	Independent Director	Sy-Ming Guu	<ul style="list-style-type: none"> • Stanford University, USA, Ph.D. in Operation Research 	<ul style="list-style-type: none"> • Dean of Academic Affairs, Yuan Ze University, Taiwan • Dean of College of Management, Chang Gung University, Taiwan • Chairman, Mytrex Health Technologies, Inc. 	<ul style="list-style-type: none"> • Independent Director, Greenfiltex Ltd. • Chairman, AnesTek Corp. • Director, Joushui company limited 	-	0

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. The motion is made subjected to the provisions of Article 209, paragraph 1 of the Company Act which stipulated that “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. Because the new elected Directors of the Company may have invested in or managed other companies with the same or similar business scope as the Company, and also served as directors or managerial officers of such companies (set forth in the table as follows). It is proposed to seek approval at the Shareholders’ Meeting to release new elected Directors and their representatives from the non-competition restriction under Article 209, paragraph 1 of the Company Act.

iii.

Title	Name	Serve as Director at other companies with the same or similar business scope
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 Corporation
Independent Director	Shu-Chieh Huang	<ul style="list-style-type: none">• Independent Director, Accton Technology Corporation• Director, Jie-Heng Consultant Ltd.
Independent Director	Chung-Shu Wu	<ul style="list-style-type: none">• Independent Director, Phihong Technology Co., Ltd.• Independent Director, Cheng Shin Rubber Ind. Co., Ltd
Independent Director	Sy-Ming Guu	<ul style="list-style-type: none">• Independent Director, Greenfiltec Ltd.• Director, Joushui company limited• Chairman, AnesTek Corp.

- iv. Please approve the above proposal.

Extemporaneous motion

Meeting adjourned

Attachment I

2023 Business Report

I. Preface

In this new era marked by exponential growth in artificial intelligence, ever-evolving advances in green technology, rapid transitions to new energy sources, and intensified industrial competition, Far Eastern New Century Corporation (FENC) has been a staunch companion to Taiwan for 75 years. With a resolute commitment to the enterprise spirit of “Sincerity, Diligence, Thrift, and Prudence,” coupled with its “Innovation”, FENC possesses a forward-thinking mindset and formidable ambitions. Leveraging its expertise in AI to tackle the challenges of this new competitive landscape, the Company has forged a fresh vision to address the global challenges confronting the business landscape. With adaptable strategies and business models, it is poised to demonstrate its continued ability to thrive.

On the heels of a turbulent 2023, 2024 is unfolding with a multiplicity of challenges. The global economic order, dominated by America, China, Europe, Japan and India, is being rocked by dizzying geopolitical crosscurrents. As the Russia-Ukraine war grinds on, the Israeli-Palestinian conflict has inflamed the Red Sea region. Crises smolder worldwide as animosity festers in Europe, Asia and the Middle East. Dynamic and ever-shifting, the US-China relationship is a complex tango of competition and cooperation. Despite a recent summit aimed at mitigating risks, the underlying struggle for geopolitical dominance continues, casting a long shadow over the US-Taiwan-China triangle. Furthermore, the global economic order has undergone a dramatic shakeup with the expansion of BRICS from five members to eleven, with fourteen more nations vying to join. Adding to the year's uncertainty, numerous countries grapple with pivotal elections following which political shifts could further unsettle the established world order and dictate the future course of economic policies and international collaboration.

Financially, the global economy is plagued by volatility. Soaring inflation prompted a succession of interest rate hikes by central banks worldwide last year and the major countermeasure, high interest rates, remains stubbornly in place, posing severe challenges to businesses and consumers alike. Though inflation is expected to ease, monetary policy remains restrictively tight to curb any resurgence. This double-edged sword presents a predicament for the business community, grappling with both elevated inflation and higher interest rates. Global trade volumes continue their downward trajectory. The manufacturing sector suffers from bloated inventories in Europe and the United States causing a softening in order demand, climbing costs, and other headwinds. The economic outlook is turbulent, with 2024 shaping up as a critical pivot point. Global GDP growth rates are forecast to flatten, as the momentum for economic recovery remains feeble. The United States is grappling with a growing fiscal deficit and mounting debts, while consumers are burdened by high mortgage costs, car loans, and other personal credit lines. Additionally, pressures in the commercial real estate market are adding to concerns, raising the specter of non-performing loans in the financial sector. In China, economic growth has decelerated as consumer demand wanes and a real estate crisis casts a shadow over the broader economy. Overcapacity has further hamstrung the manufacturing sector's performance. The protracted Russia-Ukraine war remains locked in stalemate, disrupting energy and food supplies, while various conflicts in the Middle East inject further uncertainty into crude oil prices. The Red Sea crisis has constricted transportation capacity, sowing chaos in the movement of raw materials. Oil and commodity prices could whipsaw as the tides of warfare shift. The hefty costs associated with energy transition add additional burdens to businesses and their supply chains. These cascading crises and potential threats create a fragile web for the global economy, demanding resilience from corporate management.

In terms of environmental concerns, the world is facing significant impacts from climate change, which have prompted the introduction of carbon tariffs. The EU's Carbon Border Adjustment Mechanism (CBAM) pilot launched in October 2023, while the United States, China, India and others have advanced their own carbon tariff regimes. This energy transition towards renewables will reshuffle the global competitive landscape. Ahead of COP28, the Alliance of CEO Climate Leaders issued an open letter calling on governments to invest in renewable energy and power grids while setting science-based emission reduction targets. While green, low-carbon products do present business opportunities, this trend also mandates that corporations significantly increase carbon-reduction expenditures. It demands a resolute commitment to transformation, backed by solid technological prowess and substantial investment. As the era of carbon pricing dawns, extreme climate events and persistent change still risk disrupting supply chains. These compounding challenges have made operating a global enterprise an increasingly precarious endeavor.

Amidst daunting political and economic hurdles and the swift advancement of the net-zero transition, FENC is committed to sustainable practices. Remaining attuned to the prevailing international trends while guided by a can-do spirit akin to industrious frontline workers, we translate ambitious vision into pragmatic strategy. Innovation ensures the Company's market longevity as it forges ahead, imbued with its strongly philanthropic ethos. Fearlessly confronting ever-evolving and formidable challenges, FENC meticulously strategize rapid response mechanisms, leaving no stone unturned in refining and enhancing its brand value.

II. Operating Results

The Company boasts high-quality asset portfolios spanning production, investment, and property businesses. This diversified approach, complemented by flexible strategic deployment, facilitates sustained adaptation and innovation to achieve stable growth trajectories. In 2023, the Company reported consolidated revenues of NT\$257.2 billion alongside consolidated net income of NT\$15.32 billion. Net income attributable to shareholders of the Company reached NT\$8.23 billion, translating to an EPS of NT\$1.64 calculated under IFRS standards. The 24th term Board of Directors, in its 11th meeting, proposed a cash dividend of NT\$1.35 per share. The Company's cash dividend yield is around 4%.

Production Business: Dominating the Industry with Green Production

The Company's growth strategy is in line with current trends. FENC actively pursues net-zero transformation, develop green products, invest in technological research and development, and bolster AI competitiveness, all aimed at laying out a blueprint for sustainable growth.

1. Fostering Synergy through Vertical Integration and Geographic Diversification

As the world's leading company in polyester materials and recycling production, FENC has established an integrated production and sales system spanning upstream, midstream, and downstream operations. Its core competencies include strategic deployment in global niche markets, multi-locale and diversified production capabilities, flexible manufacturing, and cross-sectoral technological collaborations. With a global vision, while continuously enhancing its industrial know-how in Taiwan, it is also actively expanding its international presence. Strategic investments have been made in regions offering long-term growth opportunities, resulting in production sites strategically positioned across Taiwan, the United States, China, Japan, Vietnam, Malaysia, and the Philippines. This geographical spread secures advantages in building a strong regional supply chain, enabling flexible scheduling among production lines across various geographic locations to optimize manufacturing processes and drive down costs. These factors have enhanced its competitiveness within the industry. FENC has built an agile and optimal production and sales structure, effectively diversifying regional operational

risks to bolster corporate resilience. Its products have an extensive range of applications, catering to renowned international brands and meeting diverse human needs encompassing clothing, food, housing, and transportation. This focus on vertical integration strengthens the Company's competitive advantage and solidifies its position as a global leader.

2. Leading the Industry with Innovative Eco-Friendly Products

The Company possesses a unique competitive advantage in green manufacturing, having been investing in the circular economy sector for over 35 years. To further solidify its presence in green industries, it spares no effort in expanding market reach, improving manufacturing processes, and establishing overseas production sites. Its goal is to provide customers with comprehensive solutions for eco-friendly products. Green revenue now accounts for over 30% of the revenue of the Production Business. FENC holds the distinction of being the world's largest producer of food-grade recycled polyester (rPET) and ocean recycled polyester filament, and boasts the second-largest rPET capacity globally. With its cutting-edge rPET technology, it was the world's first to craft World Cup national team jerseys from recycled ocean waste PET bottles in 2022. Following this milestone, it launched Taiwan's first 100% rPET water drinking bottle in 2023. Furthermore, by utilizing sustainable fabrics derived from recycled industrial waste gas (FENC®TOPGREEN® Bio3) in conjunction with waterless dyeing processes and 3D knitting technology, it has created "green fashion" products recognized as *Product Design Winner* at the prestigious *German Red Dot Design Awards*. Additionally, thanks to its exclusive collaboration on Ocean Recycled Anti-bursting Jerseys with a world-class brand, it was able to provide upgraded jerseys for a total of 16 teams in the FIFA Women's World Cup and UEFA competitions. This fusion of sustainability and functionality not only contributed to players' performance on the field but also attests to the remarkable achievements on the international stage of a Taiwanese company.

3. Forging Ahead with Relentless Efforts to Decarbonize to Realize Carbon Neutrality

In alignment with the global objective of achieving net-zero carbon emissions by 2050, the Company has formulated a comprehensive strategy to reduce greenhouse gas (GHG) emissions across all timeframes. It has implemented proactive and clear transformative policies geared towards attaining its 2030 targets, which include a 50% reduction in carbon emissions, green products constituting 50% of total production, and green raw materials comprising 50% of sourcing. These goals position the Company as a global leader in environmental protection. It has outlined five transformative strategies to facilitate the transition to a low-carbon future. These encompass enhancing energy efficiency, adopting low-emission fuels, developing renewable energy, leveraging carbon capture, utilization, and storage (CCUS) technologies, and exploring alternative raw materials. Beyond these strategic pillars, it has minimized its operational footprint through voluntary energy conservation efforts, expansion of solar power infrastructure, and procurement of renewable energy. To contribute to the collective goal of limiting global warming to less than 1.5°C above pre-industrial levels, the Company has dedicated itself to carbon reduction endeavors. Its carbon management platform facilitates a synergistic approach to both measuring and reducing its corporate carbon footprint. Additionally, it has implemented an internal carbon pricing mechanism aimed at realizing its long-term objective of achieving net-zero emissions. Its industry-leading GHG control, active participation in international initiatives, and spearheading of net-zero activities have solidified its role as a frontrunner in combating climate change. In product manufacturing, using rPET from recycled waste PET bottles reduces GHG emissions by 63% compared to traditional petroleum-based polymers, resulting in a yearly reduction of 650,000 tons of carbon emissions. Furthermore, the Company is also pioneering the use of captured carbon to create low-carbon raw materials for polyester production. Research and development efforts have focused on recycled and bio-based polyester substrates, successfully penetrating the

automotive industry and significantly lowering carbon emissions. The Kanto plant in Japan, stands as the world's first carbon-neutral rPET facility in 2022, while the Kansai plant, currently in operation as of 2024, functions as a carbon-neutral facility, utilizing green electricity for low-carbon manufacturing. These groundbreaking facilities exemplify the Company's proactive stance and exceptional achievements in carbon reduction.

4. Establishing Technological Advantages through a Dedicated and Highly Skilled R&D Team

The Company has built the largest and highest-quality R&D center, responsible for short, medium, and long-term R&D projects. By increasing strategic R&D investment and deployment, it has established R&D units in Taiwan, the Sharon Center in the United States, and Shanghai, which oversee three fields: Polyester Material, Fiber & Textile, and New Green Materials & Applications. These units align with the Company's growth plans and collaborate with R&D teams across various internal business units to expedite the development of core technologies. They have specifically prioritized the burgeoning green energy industry, successfully pioneering cutting-edge technologies for comprehensive recycling and repurposing. The R&D center has been granted 912 patents, and its innovative technologies and products have been seamlessly integrated into the production processes, yielding substantial profits. In the textile recycling field, the mechanical recycling method, FENC® TOPGREEN® rTEX, has been adopted to supply brand customers, while the chemical recycling technology, FENC® TOPGREEN® ChemCycle, has secured patents in the United States, Australia, South Korea, and Taiwan. The chemical recycling technology—ChemCycle and the source waste reduction technology—FENC® TOPGREEN® Bio3 for recycling industrial waste gas into polyester have garnered numerous international awards.

5. Standing Out with Unrivaled ESG Track Record

The Company proactively aligns with international sustainable development trends, embracing the spirit of the United Nations Sustainable Development Goals (UN SDGs). It integrates sustainability concepts in the environmental, social, and governance (ESG) fields into its core business and operational activities, actively participating in net-zero emission initiatives. It is committed to creating low-carbon, innovative, and environmentally friendly products that positively impact society. The Company's excellent ESG performances have been widely recognized by major awards at home and abroad. In the 2023 *Global Corporate Sustainability Awards (GCSA)* and *Taiwan Corporate Sustainability Awards (TCSA)*, it garnered a total of 9 awards, including the *Top 10 Taiwanese Companies Sustainability Model Award* for the fourth consecutive year, and 6 specific sustainability performance awards: *Climate Leadership Award*, *Circular Economy Leadership Award*, *Workplace Wellbeing Leadership Award*, *Information Security Leadership Award*, *Growth through Innovation Leadership Award*, and *People Development Leadership Award*. The Chinese and English version of the sustainability report each received *Platinum for Corporate Sustainability Report Award* and *Sustainability Reporting Award-Gold Class* for outstanding achievement respectively. For the fifth year running, its commitment to the highest standards in corporate governance has placed it among the top 5% of listed companies in the Taiwan Stock Exchange's *Corporate Governance Evaluation*. For two consecutive years, leading financial publications Institutional Investor, FinanceAsia, and Asiamoney have consistently recognized it as Asia's "*Most Honored Company*," "*Best Managed Company*," and "*Most Outstanding Company*" in its industry. As a leader in sustainable finance, it actively channels investments towards ESG projects, seamlessly integrating financial planning with sustainability strategies. This commitment to innovation and advocacy in sustainable finance was acknowledged with the "*Best Sustainable Treasury Solution*" award at the 2023 Adam Smith Awards Asia, elevating its leadership in global sustainable development efforts. As a leader in ESG practices, FENC received the

prestigious “*National Sustainability Development Award*” in 2023, setting a benchmark for the corporate world.

Investment Business: Maximizing Returns with a Multifaced Approach

Staying ahead of the curve, the Company strategically invests across various industries, fostering a diverse portfolio of high-quality businesses, ranging from textile and synthetic fiber, telecom and technology, green materials and energy, cement and building materials, transportation, retail, financial services, construction to hotels. Embracing the principle of “sharing resources for mutual benefit and collective prosperity,” it can maximize synergy and support continuous transformation and upgrades within these companies. The Company’s subsidiaries operate on robust fundamentals, contributing stable incomes. Key investments encompass high-performance listed companies like Far EasTone Telecom (FET), Asia Cement, and Far Eastern Department Stores (FEDS), all renowned industry leaders with forward-thinking and innovative growth strategies. The transition to 5G technology has fueled significant growth in both FET’s mobile services and phone sales. Additionally, the lifting of COVID travel restrictions has stimulated demand for international roaming and prepaid cards. Furthermore, FET’s merger with Asia Pacific Telecom has contributed to revenue and profit growth, establishing FET as the “Triple Spectrum Champion” in Taiwan’s telecommunications sector. This translates to the highest average bandwidth per user in the industry. FET prioritizes the needs of digital transformation, actively promoting new economy ventures, which now comprise 20% of its revenue. Asia Cement excels in cement production (its core business) and ready-mix concrete/power ventures in Taiwan. As a frontrunner in sustainability, it pioneered low-carbon cement. In China, Asia Cement expanded its Huanggang base and focuses on high-value products. With the relaxation of COVID control measures, department stores have witnessed a resurgence in foot traffic and consumer sentiment. Consequently, FEDS has experienced a notable uptick in performance, marked by an increase in overall revenue compared to the previous year. This upward trend has propelled operating income to unprecedented levels, resulting in a significant boost in profits. In conclusion, FENC’s diversified investment portfolio has outpaced market expectations, generating enhanced value for shareholders.

Property Business: Creating Theme-Based Properties to Enhance Asset Value

The Company has consolidated its land assets and formed the Far East Resources Development Corporation to optimize land resource utilization and performance. This entity oversees real estate development, leasing, sales, as well as operation and management. In addition to keeping a pulse on industry trends and optimizing development plans, it prioritizes maximizing the value of its land holdings. With over 200,000 pings (661,160 m²) of developable land in Taiwan, its projects span a variety of sectors including R&D office buildings, residential properties, telecom parks, hypermarkets, logistics centers, and resort hotels. Its land holdings boast prime locations in the Greater Taipei area and key transportation hubs, positioning them for significant value growth. Notable properties currently under lease include the Taipei Far Eastern Plaza in Taipei City and Mega Tower, the tallest super high-rise in New Taipei City, contributing to stable rental incomes. Its flagship development project is the Taipei Far Eastern Telecom Park (Tpark), tailored for industries such as ICT, digital, and intelligent technologies. This LEED-certified campus is the first of its kind in Taiwan, boasting four completed R&D buildings - TPKA, TPKC, TPKD, and TPKE - all of which are fully leased, some to internationally renowned companies, ensuring consistent rental returns. Additionally, the upscale residential building, Eco Park, has been completed and is generating substantial profits through sales. Tpark continues to expand with the addition of shopping centers, residences, and R&D buildings. Pioneering Taiwan’s real estate industry, the Company launched a first-of-its-kind sustainability-linked loan in 2023 in alignment with its vision of building a sustainable city, tying

financing to green building and energy-efficient practices. This initiative earned the *Triple A Country Award for Sustainable Finance* in the real estate category from the international magazine *The Asset*, highlighting the Company's success in promoting its forward-thinking and sustainable approach to land development on a global stage. Moving forward, its plans include developing the land in Jiaoxi Township, Yilan County into a high-end resort hotel, with construction set to commence in 2024. Additionally, a logistics center will be constructed in the Wugu area. Finally, the Neili textile factory is undergoing rezoning to be transformed into a thriving community hub, featuring art, culture, residences, businesses, and medical care. This project is expected to stimulate regional economic growth and significantly increase land value.

III. Business Goals and Prospects

The Company is highly attuned to industry trends and possesses unparalleled foresight, consistently pioneering new paths in sustainable development. With an ethos of innovative thinking, it continuously pursues growth and strives to reach the forefront of the global market.

A. Reinforcing Dominance in the Industry by Expanding Recycling Ventures

To solidify its position as a leader in the green industry, the Company is aggressively expanding production of its recycled polyester business, capitalizing on the growing opportunities in sustainable recycling. It aims not only to enhance the capacity of existing facilities in Taiwan, Japan, and the United States but also to establish new sites in Vietnam, China, the Philippines, and Malaysia. The recent completion of new production capacity at the FIGP's Kansai plant reinforces the Company's leadership, making it the largest supplier of recycled polyester in Japan. Furthermore, the Company champions the "closed-loop business model," which fosters strong partnerships among brand customers, retail channels, and recycled polyester suppliers. This model, initially implemented in Japan and expanding to Taiwan, Vietnam and beyond, also raises consumer awareness of environmental recycling and its benefits. Looking ahead, the Company remains committed to scaling up the industry, fostering sustainable recycling opportunities, and achieving its ultimate goal of global leadership.

B. Rejuvenating Assets for Substantial Returns

To boost the Company's overall investment performance and underscore its value, the Company has fostered collaboration between various business units. This deepens its resource synergy and allows for a more agile investment strategy, generating new opportunities. To capitalize on the Company's land assets and align with its development objectives, a strategic adjustment of development priorities has been made. It has prioritized prime locations for projects like the high-tech telecom digital park and renewable-powered smart office buildings. Moving forward, it will expedite land revitalization, targeting high-impact development projects. This includes activating dormant assets at opportune times and adjusting rental rates in line with prevailing economic conditions. By implementing a flexible development approach, we aim to optimize asset utilization and generate higher investment returns.

C. Becoming an Intelligent Organization through Rapid AI Integration

The Company is transforming into an intelligent organization by implementing a comprehensive digitalization strategy. This strategy integrates AI across production, sales, and administrative functions, aiming to streamline the supply chain and optimize production planning. In manufacturing, the Company has established AI-driven smart factories, pioneering a range of intelligent equipment and manufacturing processes within the industry. Additionally, an

intelligent manufacturing supply chain has been developed, alongside the implementation of intelligent logistics management systems. Predictive AI algorithms are employed for quality assessment and energy management, while an AI-assisted decision-making system monitors raw material scheduling and product transportation status. On the administrative front, a corporate-level AI platform has been established, featuring nine application scenarios such as the “Supply Chain Inventory Forecast Manager,” “Smart Office-efly,” and the “Financial Intelligent Digital Platform.” To further enhance operational efficiency and cross-border collaboration, the Company has constructed two AI common platforms – “Far Eastern GPT” and “Prompt Library.” The Company has also introduced a digital transformation solution called BANCS, encompassing six key areas: ESG data governance, cloud migration, corporate-level AI architecture, cybersecurity collaboration, supply chain digitalization, and digital talent training & innovation. Leveraging foundational technologies such as AI, Big Data, and Cloud (ABC), the Company aims to develop three core capabilities—Team, Platform, and Process (TPP)—as part of its corporate digital architecture. Additionally, a robust five-pronged strategy has been established for information security resilience: building a comprehensive and professional information security department, creating a joint defense team, complying with international regulations and certifications, bolstering supply chain information security, and implementing a zero-trust software and hardware architecture.

D. Navigating Carbon Tax Challenges by Leading the Charge in Carbon Reduction

To proactively address carbon taxes and reduction costs, the Company is implementing action plans ahead of mandated schedules. These plans include developing low-carbon materials and transitioning to renewable energy sources. This transition will involve equipment upgrades, process transformations, and investments in building and procuring renewable energy. Moving forward, it is committed to further bolstering low-carbon competitiveness through initiatives within the circular economy framework. This entails investing in the production of low-carbon materials, developing resource recycling and energy storage businesses. Furthermore, the Company will invest in renewable energy infrastructure and power networks. It will also establish science-based emission reduction policies and increase investments in technologies focused on energy efficiency, carbon emission reduction, and carbon removal. Its ultimate goal is to achieve the “three 50%” targets for green manufacturing: 50% carbon reduction across manufacturing and transportation, 50% of products using eco-friendly materials, and 50% of offerings being green products.

E. Delivering Corporate Management Synergy to Drive Upgrading

The Corporate Administration Team has established a unified management system to drive synergy across investment, production, and sales. This system serves as the backbone for the Company’s industrial upgrading efforts. Focusing on environmental sustainability, intelligent integration, technology application, energy management, and corporate governance, the Company is strengthening management at all levels – upstream, midstream, and downstream. This comprehensive approach ensures a holistic view for long-term success. To solidify its operational foundation, it has implemented flexible and stable financial policies, garnering recognition with six prominent international sustainable finance awards in recent years and securing top 3 awards in the foreign investment sector for two consecutive years. It has built a high-performing risk management and control system through regular self-assessments of legal compliance. Additionally, it is embracing digital transformation and innovation while strengthening information security to unlock opportunities for smart management. With an eye on sustainable development, it deepens ESG sustainability practices and fortifies carbon governance mechanisms, proactively conducting greenhouse gas inventories across all scopes ahead of mandated schedules. To cultivate a global talent pool, the Company is

establishing successor programs at all levels, fostering the development of transnational management capabilities across its leadership teams. The Corporate Administrative Team remains committed to fostering innovation, promoting intelligent management policies, and adapting to the evolving landscape of diverse industries.

F. Advancing Social Wellbeing Through Dedicated Public Charity Support

Upholding its deep convictions of giving back to society, the Company has committed itself to charity in four major areas—education, medical care, arts and culture, and scientific and technological innovation. To foster scientific and technological innovation, the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation actively promotes the development of emerging technologies across six fields, including nanotechnology, ICT technology, optoelectronic technology, biotechnology and medicine, green technology, and artificial intelligence, with its *Y. Z. Hsu Science Awards* becoming a prestigious accolade for individuals engaged in scientific and technological research. Within the domain of arts and culture, the Far Eastern Memorial Foundation has established the Far Eastern Architectural Design Award, drawing attention from the international architectural community to the evolving trends within Taiwan’s architecture scene. In the sphere of medical care, Far Eastern Memorial Hospital offers advanced medical services to benefit the local community. Partnering with Far EasTone, it leverages 5G and IoT to create mobile medical services, breaking geographical barriers in healthcare delivery. In the arena of education, Yuan Ze University fosters a multicultural learning environment and cultivates industry-ready talent. Notably, its graduate institute of clinical medicine has commenced student recruitment, promising to be a future driver of medical research. The Company prioritizes talent development and employee well-being by continuously investing resources to ensure a safe and healthy working environment, having been recognized as one of *HR Asia’s Best Companies to Work For in Asia* for three consecutive years, awarded the *1111 Job Bank Happiest Employees Golden Award* for four consecutive years, and certified as an age-friendly enterprise by the Taipei City government in the first year of the certification program. Furthermore, demonstrating its environmental stewardship, the Company launched the “*The Transformative Magic of Circularity*” educational program to promote circular economy principles. Moreover, the Company consolidates industry and university resources and technologies, fostering collaboration and talent exchange between academia and industry. Leveraging its influence, the Company plays a pivotal role in cultivating indispensable human resources for the betterment of society.

As the AI era dawns, FENC fearlessly embraces the challenges of this new epoch. It remains agile, adjusting its pace as needed and responding in real-time. Through innovative business models, green manufacturing technologies, climate change adaptability, robust R&D and innovation capabilities, elite human resources policies, and intelligent management practices, it is positioned to fully “pooling energy to create intelligent future.” With a commitment to leading industrial transformation and upgrading, the Company continuously revitalizes its corporate strengths, striving to maximize benefits for shareholders, employees, and society as it writes a new chapter in sustainable development.

Chairman



President



Chief Accountant



Attachment II

2023 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, 2023 and 2022, 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 (collectively referred to as the "consolidated financial statements").

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 are as follows:

Fair Value Evaluation of Investment Properties

The Group's investment properties 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 properties is considered a key audit matter.

For the accounting policies, significant accounting judgments, evaluations, and assumptions on the main source of uncertainty related to investment properties, 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 appraiser's work scope and process of engagement acceptance, evaluated the risk of possible impairment of the appraiser's independence and determined that the appraiser's work scope was free from limiting factors.
2. We assessed the reasonableness of the appraiser's assumptions and methods used in the valuation.
3. We audited items from management's supporting documentation, including data that was used by the appraiser 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 in the 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 on 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 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.

Recognition and Measurement of Net Assets Acquired from the Merger with Asia Pacific Telecom Co., Ltd.

In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, the Group merged with Asia Pacific Telecom Co., Ltd. in 2023. The purchase price was significant and the net assets acquired should be measured and recognized for their fair value through purchase price allocation. Those measurements were involved with judgements and estimates made by management; thus, the recognition and measurement of net assets acquired from the merger with Asia Pacific Telecom Co., Ltd. is considered a key audit matter.

We performed the main audit procedures as follows:

1. To confirm whether the transaction process of this merger was compliant with the internal control system and handling procedures for the acquisition and disposal of assets. We also assessed the eligibility of the engaged external expert.
2. To obtain the merger contract and registration records and confirm the recognition timing and basis were appropriate.
3. To review the purchase price allocation report issued by the engaged external expert, assess the rationalities of methodology, assumptions and parameters applied by the external expert and confirms the accuracy of the computed net asset fair value. We also confirmed the accuracy of the amounts recognized.

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, 2023 and 2022, 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\$25,483,136 thousand and NT\$24,111,666 thousand, both representing 4% of the Group's consolidated assets as of December 31, 2023 and 2022. The total operating revenue of the aforementioned companies were NT\$16,892,374 thousand and NT\$18,562,542 thousand, both representing 7% of the Group's consolidated net operating revenue, for the years ended December 31, 2023 and 2022.

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, 2023 and 2022 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, 2023 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 15, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Restated)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 31,763,569	5	\$ 47,244,499	7
Financial assets at fair value through profit or loss	5,416,642	1	5,973,631	1
Financial assets at fair value through other comprehensive income	121,720	-	113,543	-
Financial assets at amortized cost	2,545,614	-	1,904,585	-
Contact assets	6,427,253	1	6,807,718	1
Notes and accounts receivable, net	32,559,191	5	29,095,332	4
Other receivables	3,646,561	1	5,806,618	1
Current tax assets	215,643	-	178,449	-
Inventories	47,400,763	7	53,945,228	8
Prepayments	4,446,097	1	3,909,731	1
Other financial assets	3,212,463	-	3,088,720	1
Refundable deposits	144,845	-	88,991	-
Other current assets	3,043,406	-	3,716,111	1
Total current assets	<u>140,943,767</u>	<u>21</u>	<u>161,873,156</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	3,132,605	1	6,190,477	1
Financial assets at amortized cost	1,320,300	-	1,455,482	-
Financial assets for hedging	5,714	-	6,980	-
Investments accounted for using the equity method	79,097,393	12	80,443,033	12
Contract assets	4,119,329	1	3,670,471	1
Property, plant and equipment	178,337,912	27	172,053,588	26
Right-of-use assets	19,869,733	3	17,590,081	3
Investment properties	131,414,775	20	115,498,368	18
Concessions	68,548,681	10	66,899,173	10
Goodwill	20,326,521	3	12,289,981	2
Other intangible assets	3,642,185	1	2,906,901	1
Deferred tax assets	2,882,270	-	2,787,479	-
Prepayments for equipment	2,077,755	-	2,747,703	-
Refundable deposits	1,469,680	-	1,603,216	-
Long-term receivables	2,281,779	-	2,142,111	-
Incremental costs of obtaining a contract	5,783,434	1	3,702,294	1
Net defined benefit assets	2,140,441	-	1,684,780	-
Other financial assets	2,146,378	-	1,819,892	-
Other non-current assets	1,876,960	-	591,574	-
Total non-current assets	<u>530,473,845</u>	<u>79</u>	<u>496,083,584</u>	<u>75</u>
TOTAL	<u>\$ 671,417,612</u>	<u>100</u>	<u>\$ 657,956,740</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 22,540,974	3	\$ 45,591,748	7
Short-term bills payable	6,958,656	1	32,170,182	5
Financial liabilities at fair value through profit or loss	1,399	-	28,382	-
Contract liabilities	6,600,440	1	6,408,943	1
Notes and accounts payable	21,978,933	3	19,200,434	3
Lease liabilities	4,191,095	1	3,213,996	-
Payables to suppliers of machinery and equipment	3,910,197	1	3,973,468	1
Other payables	16,668,695	3	15,352,253	2
Current tax liabilities	2,831,592	-	3,462,990	1
Provisions	380,659	-	301,143	-
Guarantee deposits received	229,664	-	157,537	-
Current portion of long-term liabilities	28,226,813	4	25,081,824	4
Other current liabilities	3,940,411	1	3,023,979	-
Total current liabilities	<u>118,459,528</u>	<u>18</u>	<u>157,966,879</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Contract liabilities	172,712	-	10,375,860	2
Lease liabilities	7,827,663	1	6,491,971	1
Bonds payable	96,118,194	14	92,419,985	14
Long-term borrowings	111,493,359	17	93,047,183	14
Provisions	2,283,475	-	1,447,991	-
Deferred tax liabilities	18,978,838	3	18,576,180	3
Net defined benefit liabilities	781,740	-	756,716	-
Guarantee deposits received	906,690	-	769,600	-
Deferred credit-gains on related-party transactions	120,305	-	120,861	-
Other non-current liabilities	4,633,041	1	4,291,870	1
Total non-current liabilities	<u>243,316,017</u>	<u>36</u>	<u>228,298,217</u>	<u>35</u>
Total liabilities	<u>361,775,545</u>	<u>54</u>	<u>386,265,096</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common stock	53,528,751	8	53,528,751	8
Capital surplus	13,300,370	2	3,408,541	1
Retained earnings				
Legal reserve	21,594,642	3	20,777,078	3
Special reserve	118,453,274	18	119,142,658	18
Unappropriated earnings	13,904,964	2	13,311,926	2
Total retained earnings	<u>153,952,880</u>	<u>23</u>	<u>153,231,662</u>	<u>23</u>
Other equity	4,430,675	-	(1,117,817)	-
Treasury shares	(25,063)	-	(25,063)	-
Total equity attributable to owners of the Company	<u>225,187,613</u>	<u>33</u>	<u>209,026,074</u>	<u>32</u>
NON-CONTROLLING INTERESTS	<u>84,454,454</u>	<u>13</u>	<u>62,665,570</u>	<u>9</u>
Total equity	<u>309,642,067</u>	<u>46</u>	<u>271,691,644</u>	<u>41</u>
TOTAL	<u>\$ 671,417,612</u>	<u>100</u>	<u>\$ 657,956,740</u>	<u>100</u>

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$180,775,256	70	\$191,973,405	73
Telecommunications service revenue	48,460,509	19	46,149,939	17
Gain on disposal of investments, net	1,058,881	-	-	-
Construction revenue	4,767,051	2	4,861,293	2
Other operating revenue	<u>22,142,243</u>	<u>9</u>	<u>20,959,888</u>	<u>8</u>
Total operating revenue	<u>257,203,940</u>	<u>100</u>	<u>263,944,525</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	168,089,093	65	172,811,663	65
Cost of telecommunications services	24,783,859	10	24,358,966	9
Loss on disposal of investments, net	-	-	17,812	-
Construction costs	4,183,988	2	4,094,657	2
Other operating costs	<u>13,085,755</u>	<u>5</u>	<u>12,640,976</u>	<u>5</u>
Total operating costs	<u>210,142,695</u>	<u>82</u>	<u>213,924,074</u>	<u>81</u>
GROSS PROFIT	<u>47,061,245</u>	<u>18</u>	<u>50,020,451</u>	<u>19</u>
REALIZED CONSTRUCTION INCOME	<u>556</u>	<u>-</u>	<u>555</u>	<u>-</u>
OPERATING EXPENSES				
Selling and marketing	19,652,784	8	23,587,255	9
General and administrative	11,912,452	5	11,348,264	4
Research and development	1,132,331	-	989,952	1
Expected credit loss	<u>218,978</u>	<u>-</u>	<u>329,171</u>	<u>-</u>
Total operating expenses	<u>32,916,545</u>	<u>13</u>	<u>36,254,642</u>	<u>14</u>
OTHER INCOME AND EXPENSE	<u>827,426</u>	<u>1</u>	<u>583,435</u>	<u>-</u>
OPERATING INCOME	<u>14,972,682</u>	<u>6</u>	<u>14,349,799</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	5,614,519	2	4,416,876	2
Interest income	740,275	-	441,709	-
Other income	1,301,508	1	1,579,547	-
Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net	393,383	-	(679,849)	-
Gain on change in fair value of investment properties	2,982,542	1	341,971	-
Interest expense	(4,398,866)	(2)	(3,340,022)	(1)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022 (Restated)	
	Amount	%	Amount	%
Other expenses	(1,021,065)	-	(744,162)	-
Loss on disposal of non-financial assets	(324,767)	-	(531,464)	-
Exchange gain, net	146,037	-	1,375,481	-
Impairment loss	<u>(1,647,893)</u>	<u>(1)</u>	<u>(60,256)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,785,673</u>	<u>1</u>	<u>2,799,831</u>	<u>1</u>
INCOME BEFORE INCOME TAX	<u>18,758,355</u>	<u>7</u>	<u>17,149,630</u>	<u>6</u>
INCOME TAX EXPENSE	<u>(3,438,867)</u>	<u>(1)</u>	<u>(3,802,568)</u>	<u>(1)</u>
NET INCOME	<u>15,319,488</u>	<u>6</u>	<u>13,347,062</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	288,896	-	363,331	-
Gain on property revaluation	6,454,074	2	52,685	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(559,792)	-	(1,290,251)	(1)
Share of the other comprehensive income (loss) gain of associates accounted for using the equity method	1,356,665	1	(327,431)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(798,969)</u>	<u>-</u>	<u>(69,904)</u>	<u>-</u>
	<u>6,740,874</u>	<u>3</u>	<u>(1,271,570)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(1,259,545)	(1)	3,666,786	2
Gain (loss) on hedging instruments	(1,266)	-	3,463	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(226,996)</u>	<u>-</u>	<u>717,338</u>	<u>-</u>
	<u>(1,487,807)</u>	<u>(1)</u>	<u>4,387,587</u>	<u>2</u>
Other comprehensive income (loss), net of income tax	<u>5,253,067</u>	<u>2</u>	<u>3,116,017</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 20,572,555</u>	<u>8</u>	<u>\$ 16,463,079</u>	<u>6</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	<u>2023</u>		<u>2022 (Restated)</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,229,199	3	\$ 8,165,609	3
Non-controlling interests	<u>7,090,289</u>	<u>3</u>	<u>5,181,453</u>	<u>2</u>
	<u>\$ 15,319,488</u>	<u>6</u>	<u>\$ 13,347,062</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,544,141	5	\$ 11,289,441	4
Non-controlling interests	<u>7,028,414</u>	<u>3</u>	<u>5,173,638</u>	<u>2</u>
	<u>\$ 20,572,555</u>	<u>8</u>	<u>\$ 16,463,079</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.64</u>		<u>\$ 1.63</u>	
Diluted	<u>\$ 1.64</u>		<u>\$ 1.63</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Other Equity										Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Gain on Property Revaluations	Treasury Shares			
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2022	\$ 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
Effects of retrospective application and retrospective restatement	-	-	-	-	12,580	-	-	-	-	-	12,580	1,409	13,989
BALANCE AT JANUARY 1, 2022 AS RESTATED	53,528,751	3,403,003	19,759,271	119,451,597	13,869,152	(8,719,525)	2,195,786	23,392	2,574,951	(25,063)	206,061,315	63,367,592	269,428,907
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)	-	(8,029,313)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,290,167)	(5,290,167)
Cash dividends distributed by subsidiaries from capital surplus and legal reserve	-	-	-	-	-	-	-	-	-	-	-	(1,464,953)	(1,464,953)
Net income for the year ended December 31, 2022	-	-	-	-	8,165,609	-	-	-	-	-	8,165,609	5,181,453	13,347,062
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	342,487	4,146,600	(1,384,912)	1,192	18,465	-	3,123,832	(7,815)	3,116,017
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,508,096	4,146,600	(1,384,912)	1,192	18,465	-	11,289,441	5,173,638	16,463,079
Change in associates accounted for using the equity method	-	(288)	-	-	1,054	-	(142)	-	(6)	-	618	(7,585)	(6,967)
Cash capital increase by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	679,871	679,871
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 transaction	-	76	-	-	-	-	-	-	-	-	76	123	199
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	53,528,751	3,408,541	20,777,078	119,142,658	13,311,926	(4,572,925)	837,114	24,584	2,593,410	(25,063)	209,026,074	62,665,570	271,691,644
Appropriation of the 2022 earnings													
Legal reserve	-	-	817,564	-	(817,564)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	271,822	(271,822)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,226,382)	-	-	-	-	-	(7,226,382)	-	(7,226,382)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,271,287)	(5,271,287)
Cash dividends distributed by subsidiaries from legal reserve	-	-	-	-	-	-	-	-	-	-	-	(1,807,723)	(1,807,723)
Net income for the year ended December 31, 2023	-	-	-	-	8,229,199	-	-	-	-	-	8,229,199	7,090,289	15,319,488
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	296,886	(1,213,405)	1,349,258	(402)	4,882,605	-	5,314,942	(61,875)	5,253,067
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	8,526,085	(1,213,405)	1,349,258	(402)	4,882,605	-	13,544,141	7,028,414	20,572,555
Change in associates accounted for using the equity method	-	765	-	-	8,126	-	(215)	-	(10)	-	8,666	43	8,709
Cash capital increase by subsidiaries	-	190	-	-	-	-	-	-	-	-	190	45,233	45,423
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,052	-	-	-	-	-	-	-	-	1,052	-	1,052
Disposal of equity-method investment	-	-	-	-	37,280	-	(35,962)	-	(1,318)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(68,515)	(68,515)
Differences between the acquisition or disposition of the consideration and the carrying amount of subsidiaries	-	3,282,044	-	-	-	(506)	14,562	(57)	(980)	-	3,295,063	1,431,112	4,726,175
Change in ownership interest of subsidiaries	-	6,606,054	-	-	(68,969)	-	-	-	-	-	6,537,085	20,426,123	26,963,208
Share-based payment transaction	-	1,711	-	-	-	-	-	-	-	-	1,711	5,484	7,195
Disposal of equity instruments designated as fair value through other comprehensive income	-	-	-	-	(812,204)	-	812,204	-	-	-	-	-	-
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	257,282	-	(257,282)	-	-	-	-	-	-
Donations received from shareholders	-	13	-	-	-	-	-	-	-	-	13	-	13
Reversal of special reserve	-	-	-	(961,206)	961,206	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 53,528,751	\$ 13,300,370	\$ 21,594,642	\$ 118,453,274	\$ 13,904,964	\$ (5,786,836)	\$ 2,719,679	\$ 24,125	\$ 7,473,707	\$ (25,063)	\$ 225,187,613	\$ 84,454,454	\$ 309,642,067

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 18,758,355	\$ 17,149,630
Adjustments for:		
Depreciation	20,853,434	20,945,978
Amortization	7,276,710	6,778,942
Expected credit losses	218,978	329,171
Interest expense	4,398,866	3,340,022
Interest income	(740,275)	(441,709)
Dividend income	(138,467)	(148,385)
Share-based payment transaction	7,195	199
Share of the profit of associates	(5,614,519)	(4,416,876)
Loss on disposal of non-financial assets	324,767	531,464
(Gain) loss on disposal of investments	(1,066,495)	3
Impairment loss	1,647,893	60,256
(Reversal of) write-down of inventories	(463,082)	364,176
Realized gain on the transactions with associates	(556)	(555)
Gain on change in fair value of investment properties	(2,982,542)	(341,971)
Gain on modifications of lease arrangements	(2,693)	-
Others	(3,410)	-
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	545,109	149,104
Contract assets	305,729	(274,189)
Notes and accounts receivable	(2,749,329)	488,685
Other receivables	403,034	(389,306)
Inventories	7,307,138	(3,991,114)
Prepayments	(478,060)	749,821
Other current assets	717,178	(181,647)
Incremental cost of obtaining a contract	208,414	206,674
Financial liabilities at fair value through profit or loss	(26,893)	28,010
Contract liabilities	2,435	1,265,607
Notes and accounts payable	2,096,794	(517,546)
Other payables	(960,520)	(788,364)
Provisions	91,456	94,693
Other current liabilities	951,774	(443,102)
Net defined benefit assets and liabilities	(141,741)	(212,766)
Other non-current liabilities	(859,847)	(620,827)
Cash generated from operations	49,886,830	39,714,078
Interest received	802,960	420,544
Dividends received	4,070,792	5,334,049
Interest paid	(4,490,334)	(3,268,399)
Income tax paid	(3,758,639)	(3,689,420)
Net cash generated from operating activities	46,511,609	38,510,852

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 39,676)	(\$ 3,003)
Refund from capital reduction of financial assets at fair value through other comprehensive income	9,000	15,769
(Increase) decrease in financial assets at amortized cost	(505,847)	891,412
Acquisition of investments accounted for using the equity method	(966,624)	(901,266)
Proceeds from disposal of investments accounted for using the equity method	4,912,641	-
Prepayments for long-term investment	-	(168,812)
Net cash outflow on disposal of subsidiary	(67,282)	-
Proceeds from the capital reduction on investments accounted for using the equity method	1,404,742	-
Acquisition of property, plant, equipment and prepayments for equipment	(22,043,582)	(22,869,950)
Proceeds from the disposal of property, plant and equipment	102,474	138,674
Decrease (increase) in refundable deposits	286,166	(259,096)
Decrease (increase) in other receivables	1,822,910	(1,618,640)
Acquisition of intangible assets	(773,806)	(760,501)
Increase in concessions	(212,549)	(336,028)
Proceeds from disposal of concessions	-	5,516
Proceeds on the disposal of intangible assets	20	41,291
Cash received through a merger	190,316	-
Acquisition of investment properties	(16,268)	(30,285)
Proceeds from the disposal of investment properties	10,549	62,434
Decrease in other financial assets	18,780	192,509
(Increase) decrease in other non-current assets	(598,845)	212,821
Other investing activities	<u>1,109,563</u>	<u>1,864,609</u>
Net cash used in investing activities	<u>(15,357,318)</u>	<u>(23,522,546)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(26,115,446)	2,086,686
(Decrease) increase in short-term bills payables	(25,906,000)	26,365,800
Proceeds from issue of bonds	27,400,000	9,500,000
Repayments of bonds payable	(21,000,000)	(22,200,000)
Proceeds from long-term borrowings	311,831,949	266,109,827
Repayments of long-term borrowings	(298,382,777)	(266,058,369)
Increase in guarantee deposits received	71,405	2,498
Repayment of the principal portion of lease liability	(4,072,484)	(3,969,182)
Increase (decrease) in other non-current liabilities	7,984	(5,489)
Cash dividends paid	(7,226,382)	(8,029,313)
Changes in ownership interests in subsidiaries	35,727	-
Donations received from shareholders	13	-

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Subsidiaries issue of ordinary shares for cash	\$ 45,423	\$ 679,871
Disposal of subsidiaries	5,065,076	-
Acquisition of partial equity in subsidiaries from non-controlling interest	-	(90,181)
Dividends paid to non-controlling interests	<u>(7,079,879)</u>	<u>(6,754,712)</u>
Net cash used in financing activities	<u>(45,325,391)</u>	<u>(2,362,564)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(1,309,830)</u>	<u>73,794</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,480,930)	12,699,536
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>47,244,499</u>	<u>34,544,963</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 31,763,569</u>	<u>\$ 47,244,499</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, 2023 and 2022, 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 (collectively referred to as the “financial statements”).

In our opinion, based on our audits and the reports 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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 property held by subsidiaries accounted for by using the equity method) was 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 judgments, evaluations, and assumptions on the main sources of uncertainty related to investment properties, refer to Notes 4(i) and 5 to the 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, 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 appraiser's work scope and process of engagement acceptance, evaluated the risk of possible impairment of the appraiser's independence and determined that the appraiser's work scope was free from limiting factors.
2. We assessed the reasonableness of the appraiser's assumptions and methods used in the valuation.
3. We audited items from management's supporting documentation, including data that was used by the appraiser in the valuation process.

Recognition of Revenue Derived from Mobile Telecommunications Service of Subsidiary Accounted for Using the Equity Method

Far EasTone, an associate of the Company's subsidiary is a material component. Mobile telecommunications service revenue is the main 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 in the 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 on 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 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.

Recognition and Measurement of Net Assets Acquired from the Merger with Asia Pacific Telecom Co., Ltd. of Subsidiary Accounted for Using the Equity Method

In order to enhance the competitiveness, expand the business scale and achieve the operating synergy, Far EasTone, an associate of the Company's subsidiary merged with Asia Pacific Telecom Co., Ltd. in 2023. The purchase price was significant and the net assets acquired should be measured and recognized for their fair value through purchase price allocation. Those measurements were involved with judgements and estimates made by management; thus, the recognition and measurement of net assets acquired from the merger with Asia Pacific Telecom Co., Ltd. is considered a key audit matter.

We performed the main audit procedures as follows:

1. To confirm whether the transaction process of this merger was compliant with the internal control system and handling procedures for the acquisition and disposal of assets. We also assessed the eligibility of the engaged external expert.
2. To obtain the merger contract and registration records and confirm the recognition timing and basis were appropriate.
3. To review the purchase price allocation report issued by the engaged external expert, assess the rationalities of methodology, assumptions and parameters applied by the external expert and confirms the accuracy of the computed net asset fair value. We also confirmed the accuracy of the amounts recognized.

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 share of the comprehensive income of equity method investment 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 were NT\$23,187,314 thousand and NT\$20,292,936 thousand, both representing 6% of the Company's total assets as of December 31, 2023 and 2022, respectively. The share of the comprehensive income of the aforementioned investees were NT\$478,212 thousand and NT\$3,321,429 thousand, representing 4% and 29% of the Company's total comprehensive income, for the years ended December 31, 2023 and 2022, 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, 2023 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 15, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Restated)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 17,241,562	4	\$ 12,777,733	4
Financial assets at fair value through profit or loss	17,796	-	-	-
Notes and accounts receivable, net	6,738,779	2	7,315,406	2
Other receivables	327,124	-	293,306	-
Current tax assets	15,966	-	7,058	-
Inventories	6,338,567	2	7,549,667	2
Prepayments	335,675	-	591,340	-
Refundable deposits	67	-	67	-
Other current assets	231,024	-	222,784	-
Total current assets	31,246,560	8	28,757,361	8
NON-CURRENT ASSETS				
Investments accounted for using the equity method	311,388,829	84	289,364,924	84
Property, plant and equipment	18,881,417	5	21,800,981	7
Right-of-use assets	1,036,645	-	494,523	-
Investment properties	5,097,454	2	1,090,987	-
Other intangible assets	23,330	-	17,971	-
Deferred tax assets	14,977	-	19,359	-
Prepayments for equipment	201,663	-	354,757	-
Refundable deposits	58,834	-	58,473	-
Net defined benefit assets	1,980,694	1	1,563,512	1
Other financial assets	64,343	-	66,943	-
Other non-current assets	58,898	-	81,245	-
Total non-current assets	338,807,084	92	314,913,675	92
TOTAL	\$ 370,053,644	100	\$ 343,671,036	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ -	-	\$ 4,683,921	1
Short-term bills payable	-	-	15,547,728	5
Financial liabilities at fair value through profit or loss	-	-	19,691	-
Contract liabilities	148,221	-	211,605	-
Notes and accounts payable	1,613,849	-	1,854,052	1
Notes and accounts payable to related parties	1,665,576	1	1,320,418	-
Payables to suppliers of machinery and equipment	5,904	-	7,390	-
Other payables	4,554,979	1	4,904,046	2
Lease liabilities	203,856	-	240,617	-
Current portion of long-term liabilities	13,997,498	4	10,663,990	3
Other current liabilities	830,790	-	811,390	-
Total current liabilities	23,020,673	6	40,264,848	12
NON-CURRENT LIABILITIES				
Lease liabilities	858,139	-	264,705	-
Bonds payable	58,552,197	16	56,649,673	16
Long-term borrowings	60,108,813	16	34,840,806	10
Deferred tax liabilities	2,281,450	1	2,579,382	1
Guarantee deposits received	1,175	-	1,043	-
Deferred credit-gains on related-party transactions	43,584	-	44,505	-
Total non-current liabilities	121,845,358	33	94,380,114	27
Total liabilities	144,866,031	39	134,644,962	39
EQUITY				
Share capital				
Common stock	53,528,751	14	53,528,751	15
Capital surplus	13,300,370	4	3,408,541	1
Retained earnings				
Legal reserve	21,594,642	6	20,777,078	6
Special reserve	118,453,274	32	119,142,658	35
Unappropriated earnings	13,904,964	4	13,311,926	4
Total retained earnings	153,952,880	42	153,231,662	45
Other equity	4,430,675	1	(1,117,817)	-
Treasury shares	(25,063)	-	(25,063)	-
Total equity	225,187,613	61	209,026,074	61
TOTAL	\$ 370,053,644	100	\$ 343,671,036	100

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$ 42,846,673	100	\$ 51,246,072	100
OPERATING COSTS				
Cost of goods sold	<u>39,190,161</u>	<u>91</u>	<u>43,950,999</u>	<u>86</u>
GROSS PROFIT	<u>3,656,512</u>	<u>9</u>	<u>7,295,073</u>	<u>14</u>
OPERATING EXPENSES				
Selling and marketing	2,567,854	6	5,322,093	10
General and administrative	1,729,783	4	1,980,934	4
Research and development	965,005	2	813,144	2
Expected credit (gain) loss	<u>(32,727)</u>	<u>-</u>	<u>6,695</u>	<u>-</u>
Total operating expenses	<u>5,229,915</u>	<u>12</u>	<u>8,122,866</u>	<u>16</u>
OPERATING LOSS	<u>(1,573,403)</u>	<u>(3)</u>	<u>(827,793)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates	10,378,021	24	9,254,561	18
Interest income	89,609	-	44,953	-
Other income	337,229	1	251,601	-
Gain on disposal of property, plant and equipment	5,127	-	15,508	-
Gain on disposal of investments	64	-	83	-
Gain on change in fair value of investment properties	414,121	1	25,862	-
Exchange gain, net	68,952	-	880,347	2
Loss on financial assets (liabilities) at fair value through profit or loss	(46,408)	-	(161,086)	-
Interest expense	(1,620,728)	(4)	(1,110,613)	(2)
Other expenses	(223,794)	-	(205,894)	-
Impairment (loss) recovery benefit	<u>(278,497)</u>	<u>(1)</u>	<u>60,872</u>	<u>-</u>
Total non-operating income and expenses	<u>9,123,696</u>	<u>21</u>	<u>9,056,194</u>	<u>18</u>
INCOME BEFORE INCOME TAX	7,550,293	18	8,228,401	16
TAX BENEFIT (EXPENSE)	<u>678,906</u>	<u>1</u>	<u>(62,792)</u>	<u>-</u>
NET INCOME	<u>8,229,199</u>	<u>19</u>	<u>8,165,609</u>	<u>16</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	<u>2023</u>		<u>2022 (Restated)</u>	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 310,279	1	\$ 131,201	-
Gain on property revaluation	1,454,525	3	-	-
Share of other comprehensive income (loss) accounted for using the equity method of subsidiaries and associates	5,009,749	12	(801,101)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(334,211)</u>	<u>(1)</u>	<u>(26,240)</u>	<u>-</u>
	<u>6,440,342</u>	<u>15</u>	<u>(696,140)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive (loss) income of subsidiaries and associates	<u>(1,125,400)</u>	<u>(2)</u>	<u>3,819,972</u>	<u>7</u>
Other comprehensive income, net of income tax	<u>5,314,942</u>	<u>13</u>	<u>3,123,832</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 13,544,141</u>	<u>32</u>	<u>\$ 11,289,441</u>	<u>22</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.64</u>		<u>\$ 1.63</u>	
Diluted	<u>\$ 1.64</u>		<u>\$ 1.63</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

			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
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$ 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
Effects of retrospective application and retrospective restatement	-	-	-	-	12,580	-	-	-	-	-	12,580
BALANCE AT JANUARY 1, 2022 AS RESTATED	53,528,751	3,403,003	19,759,271	119,451,597	13,869,152	(8,719,525)	2,195,786	23,392	2,574,951	(25,063)	206,061,315
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	-	-	-	-	8,165,609	-	-	-	-	-	8,165,609
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	342,487	4,146,600	(1,384,912)	1,192	18,465	-	3,123,832
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,508,096	4,146,600	(1,384,912)	1,192	18,465	-	11,289,441
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	13,311,926	(4,572,925)	837,114	24,584	2,593,410	(25,063)	209,026,074
Appropriation of the 2022 earnings											
Legal reserve	-	-	817,564	-	(817,564)	-	-	-	-	-	-
Special reserve	-	-	-	271,822	(271,822)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,226,382)	-	-	-	-	-	(7,226,382)
Net income for the year ended December 31, 2023	-	-	-	-	8,229,199	-	-	-	-	-	8,229,199
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	296,886	(1,213,405)	1,349,258	(402)	4,882,605	-	5,314,942
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	8,526,085	(1,213,405)	1,349,258	(402)	4,882,605	-	13,544,141
Change in associates and subsidiaries accounted for using the equity method	-	9,890,770	-	-	(579,979)	(506)	534,801	(57)	(2,308)	-	9,842,721
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,052	-	-	-	-	-	-	-	-	1,052
Changes in ownership interests of subsidiaries	-	(6)	-	-	-	-	-	-	-	-	(6)
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,494	-	(1,494)	-	-	-	-
Donations received from shareholders	-	13	-	-	-	-	-	-	-	-	13
Reversal of special reserve	-	-	-	(961,206)	961,206	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2023	<u>\$ 53,528,751</u>	<u>\$ 13,300,370</u>	<u>\$ 21,594,642</u>	<u>\$118,453,274</u>	<u>\$ 13,904,964</u>	<u>\$ (5,786,836)</u>	<u>\$ 2,719,679</u>	<u>\$ 24,125</u>	<u>\$ 7,473,707</u>	<u>\$ (25,063)</u>	<u>\$ 225,187,613</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,550,293	\$ 8,228,401
Adjustments for:		
Depreciation	2,298,932	2,305,187
Amortization	8,450	10,066
Expected credit loss recognized (reversed)	(32,727)	6,695
Interest expense	1,620,728	1,110,613
Interest income	(89,609)	(44,953)
Share of the profit of subsidiaries and associates	(10,378,021)	(9,254,561)
Gain on disposal of property, plant and equipment	(5,127)	(15,508)
Gain on disposal of investments	(64)	(83)
Impairment loss recognized (reversed)	278,497	(60,872)
Reversal of write-down of inventories	(38,589)	(128,876)
Gain on change in fair value of investment properties	(414,121)	(25,862)
Gain on modification of lease arrangements	(126)	-
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(17,796)	10,163
Notes and accounts receivable	609,354	427,172
Other receivables	75,581	13,457
Inventories	1,249,689	(764,638)
Prepayments	255,665	(5,867)
Other current assets	(8,240)	16,178
Contract liabilities	(63,384)	(40,117)
Notes and accounts payable	(240,203)	183,865
Notes and accounts payable to related parties	345,158	(15,307)
Other payables	(370,924)	(216,250)
Financial liabilities at fair value through profit or loss	(19,691)	19,691
Other current liabilities	19,400	32,210
Net defined benefit assets	(106,903)	(109,962)
Cash generated from operations	2,526,222	1,680,842
Interest received	89,609	44,953
Dividends received	8,664,082	10,277,476
Interest paid	(1,556,023)	(1,106,500)
Income tax received	15,968	12,543
Net cash generated from operating activities	9,739,858	10,909,314

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(\$ 7,254,509)	(\$ 13,572,613)
Proceeds from the capital reduction on investments accounted for using the equity method	589,638	39,984
Acquisition of property, plant, equipment and prepayments for equipment	(1,362,005)	(1,373,552)
Refund from disposal of property, plant and equipment	5,609	16,641
(Increase) decrease in refundable deposits	(361)	4,400
Acquisition of intangible assets	(13,809)	(12,426)
Decrease (increase) in other financial assets	2,600	(10,301)
Decrease in other non-current assets	<u>21,479</u>	<u>95,079</u>
Net cash used in investing activities	<u>(8,011,358)</u>	<u>(14,812,788)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(4,683,921)	911,053
(Decrease) increase in short-term bills payable	(15,600,000)	15,600,000
Proceeds from issue of bonds	15,900,000	5,000,000
Repayments of bonds payable	(10,000,000)	(9,500,000)
Proceeds from long-term borrowings	230,438,623	168,162,380
Repayments of long-term borrowings	(205,825,290)	(173,090,734)
Repayment of the principal portion of lease liabilities	(267,846)	(260,034)
Increase in guarantee deposits received	132	-
Cash dividends paid	(7,226,382)	(8,029,313)
Donations from shareholders	<u>13</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>2,735,329</u>	<u>(1,206,648)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,463,829	(5,110,122)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>12,777,733</u>	<u>17,887,855</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 17,241,562</u>	<u>\$ 12,777,733</u>


(Concluded)

Attachment III

The Audit Committee's Review Report

To the 2024 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 2023 which had been audited by Deloitte & Touche, and found them in order.



The Convener of the Audit Committee: Chen-En Ko

May 7, 2024

Attachment IV

Information of the Corporate Bonds Issued in Year 2023

Offering Type		Domestic unsecured bonds (Tranche A) (1 st of Year 2023)	Domestic unsecured bonds (Tranche B) (1 st of Year 2023)	Domestic unsecured bonds (Green bond) (2 nd of Year 2023)	Domestic unsecured bonds (Tranche A) (3 rd of Year 2023)	Domestic unsecured bonds (Green Bond) (Tranche B) (3 rd of Year 2023)
Total Amount		NT\$ 0.7 billion	NT\$ 2.3 billion	NT\$ 2.5 billion	NT\$ 0.9 billion	NT\$ 2.1 billion
Maturity		3 years	5 years	5 years	3 years	5 years
Coupon rate		1.70% p.a.	1.80% p.a.	1.50% p.a.	1.60% p.a.	1.67% p.a.
Repayment		These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th 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.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Guarantor		None	None	None	None	None
Approval authority	Agency	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)
	Date	December 29, 2022	December 29, 2022	March 22, 2023	July 19, 2023	July 19, 2023
	Letter No.	Securities-TPEX-Bond - 11100135081	Securities-TPEX-Bond - 11100135081	Securities-TPEX-Bond - 11200014341	Securities-TPEX-Bond - 11200075231	Securities-TPEX-Bond - 11200075231
Use of proceeds		To payback long-term liabilities due within one year to strengthen medium and long-term financing and enhance financial structure	To payback 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	To payback debt to stable medium and long-term financing sources and to payback the loans required by the green investment projects of the Company	To payback debt to stable medium and long-term financing sources and To payback the loans required by the green investment projects of the Company
Remark		To be issued at par value on January 6, 2023	To be issued at par value on January 6, 2023	To be issued at par value on March 30, 2023	To be issued at par value on July 27, 2023	To be issued at par value on July 27, 2023

Offering Type		Domestic unsecured bonds (4 th of Year 2023)	Domestic unsecured bonds (Green bond) (Tranche A) (5 th of Year 2023)	Domestic unsecured bonds (Tranche B) (5 th of Year 2023)
Total Amount		NT\$ 3.0 billion	NT\$ 1.25 billion	NT\$ 3.15 billion
Maturity		5 years	5 years	5 years
Coupon rate		1.73% p.a.	1.77% p.a.	1.80% p.a.
Repayment		70% and 30% of the face value of the bond is repayable at the end of the 4 th and 5 th 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.	80% and 20% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Guarantor		None	None	None
Approval authority	Agency	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)
	Date	October 20, 2023	December 18, 2023	December 18, 2023
	Letter No.	Securities-TPEX-Bond - 11200105211	Securities-TPEX-Bond - 11200124421	Securities-TPEX-Bond - 11200124421
Use of proceeds		To payback borrowings and stable medium and long-term financing sources	To payback debt to stable medium and long-term financing sources and to support and payback the loans required by the green investment projects of the Company	To payback debt to stable medium and long-term financing sources and to support and payback the loans required by the green investment projects of the Company
Remark		To be issued at par value on October 30, 2023	To be issued at par value on December 25, 2023	To be issued at par value on December 25, 2023

Attachment V

Current Shareholding of Directors

The list of the 24th term of Board of Directors of Far Eastern New Century Corporation

Book closure date: April 28, 2024

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 Dept. Store, 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 Industry 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.

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 to 5 of the Directors in the preceding paragraph shall be Independent Directors.
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
Seventieth amendment on June 28, 2023

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 seconders shall reach 100,000.

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

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

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

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

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

Article 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.

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

The latest amendment on June 30, 2022

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

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

- 4) In the beginning of the election, the chairperson shall assign two personnel for vote overseeing and vote counting respectively. The personnel for vote overseeing shall be of the stockholder status.
- 5) The responsibility of the vote-overseeing personnel's responsibility shall be as follows:
 - Check and seal the ballot box in public before ballot casting.
 - Maintain the order and check for any negligence and illegality for voting.
 - Unseal the ballot box and check the ballot number after ballot casting.
 - Check for any invalid ballots and hand in the valid ballots to the vote-counting personnel.
 - Oversee the vote-counting personnel recording the ballot numbers received by each candidate.
- 6) If the candidate is a natural person, the voters shall fill out the ballot with the name of the candidate. If the candidate is the government or juristic stockholder, the ballot shall be filled out with the name of government or juristic person. If the candidate is the representative of the government or juristic stockholder, the ballot shall be filled out with the name of government or juristic person and the representative's name.
- 7) The ballot shall be considered invalid in any of the following situations:
 - Not the ballot provided under the rules herein
 - One ballot with more than two candidate names listed
 - Blank ballot
 - Other words or marks are entered in addition to the candidate's name and the number of voting rights allotted
 - Written characters blurred and not legible
 - The candidate whose name is entered in the ballot does not conform to the director candidate list.
 - The total number of voting rights exercised by the voters exceeds to the total number of voting rights the voters entitled to.

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



遠東新世紀股份有限公司

FAR EASTERN NEW CENTURY CORPORATION

台北市敦化南路二段207號 遠企大樓 36樓

36F, Taipei Metro Tower 207, Tun Hwa South Rd., Sec.2, Taipei, Taiwan, R.O.C

Tel +886 2 2733-8000