

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>)

Shareholders present: Total number of outstanding shares: 5,352,095,854 shares (excluding 779,373 shares owned by FENC's subsidiaries)
Total shares represented by shareholders present: 4,853,369,009 shares
Percentage of shares held by shareholders: 90.68%

Directors: Mr. Douglas Tong Hsu, Mr. Johnny Hsi, Mr. Peter Hsu, Mr. Shaw Y. Wang, Mr. Kwan-Tao Li, Mr. Jeff Hsu, Ms. Alice Hsu, Ms. Tonia Katherine Hsu, Mr. Richard Yang, Mr. Champion Lee, Mr. Chen-En Ko and Mr. Raymond R. M. Tai.

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



Recorder: Ms. Grace Yang



Meeting called to order

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

Chairman's address (Omitted)

Reporting items:

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

There were no shareholder inquiries for the reporting items.

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 and II.
- iii. Please accept the aforesaid business report and financial statements.

Voting Results: 4,853,369,009 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,692,215,909 shares voted for the proposal, representing 96.68% of the total represented shares, 161,529 shares voted against the proposal, while 160,991,571 shares voted abstention the proposal.

RESOLVED, that the 2023 business report and financial statements be and hereby were accepted as submitted.

There were no shareholder inquiries in this item.

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.

Voting Results: 4,853,369,009 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,696,822,549 shares voted for the proposal, representing 96.78% of the total represented shares, 185,553 shares voted against the proposal, while 156,360,907 shares voted abstention the proposal.

RESOLVED, the proposal for distribution of 2023 profits be and hereby was accepted as proposed.

There were no shareholder inquiries in this item.

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, Greenfiltec Ltd. • Chairman, AnesTek Corp. • Director, Joushui company limited 	-	0

Voting Results:

Newly elected Directors (including Independent Directors) list and votes received

	Name	Votes Received
Directors	Douglas Tong Hsu	4,839,979,914
	Asia Cement Corp. Representative: Johnny Hsi	4,536,997,943
	Asia Cement Corp. Representative: Peter Hsu	4,443,688,010
	Asia Cement Corp. Representative: Shaw Y. Wang	4,354,467,597
	Asia Cement Corp. Representative: Jeff Hsu	4,221,163,202
	Far Eastern Department Stores Ltd. Representative: Richard Yang	4,095,184,378
	Far Eastern Department Stores Ltd. Representative: Tonia Katherine Hsu	4,285,071,840
	U-Ming Marine Transport Corp. Representative: Alice Hsu	4,162,749,769
	U-Ming Marine Transport Corp. Representative: Kwan-Tao Li	4,054,979,432
	Yue Ding Industry Co., Ltd. Representative: Champion Lee	4,018,174,709
Independent Directors	Shu-Chieh Huang	3,986,953,409
	Raymond R. M. Tai	3,957,160,665
	Way Kuo	3,941,543,097
	Chung-Shu Wu	3,926,766,981
	Sy-Ming Guu	3,911,005,917

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.

- iii. Please approve the above proposal.

Voting Results: 4,853,369,009 shares were represented at the time of voting (including via e-voting and virtual meeting platform); 4,639,286,328 shares voted for the proposal, representing 95.59% of the total represented shares, 4,248,580 shares voted against the proposal, while 209,834,101 shares voted abstention the proposal.

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

There were no shareholder inquiries in this item.

Extemporaneous motion: None

Meeting adjourned: 10:20 a.m., Thursday, June 27, 2024 (Taipei time)

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

Attachment I

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	<u>3,043,406</u>	-	<u>3,716,111</u>	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	<u>1,876,960</u>	-	<u>591,574</u>	-
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	<u>3,940,411</u>	<u>1</u>	<u>3,023,979</u>	-
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	<u>4,633,041</u>	<u>1</u>	<u>4,291,870</u>	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	<u>53,528,751</u>	<u>8</u>	<u>53,528,751</u>	<u>8</u>
Capital surplus	<u>13,300,370</u>	<u>2</u>	<u>3,408,541</u>	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	<u>13,904,964</u>	<u>2</u>	<u>13,311,926</u>	2
Total retained earnings	<u>153,952,880</u>	<u>23</u>	<u>153,231,662</u>	<u>23</u>
Other equity	<u>4,430,675</u>	-	<u>(1,117,817)</u>	-
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-
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	<u>46,511,609</u>	<u>38,510,852</u>

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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>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
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)

	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Gain on Property Revaluations	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 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>

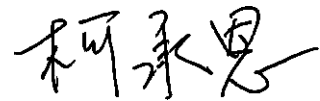
(Concluded)

Attachment II

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